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POLICY BRIEF

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Lowering the Cost of Secondary Education through Strategic Public-Private Partnerships: Evidence from the PEAS programme in Uganda

Executive Statement

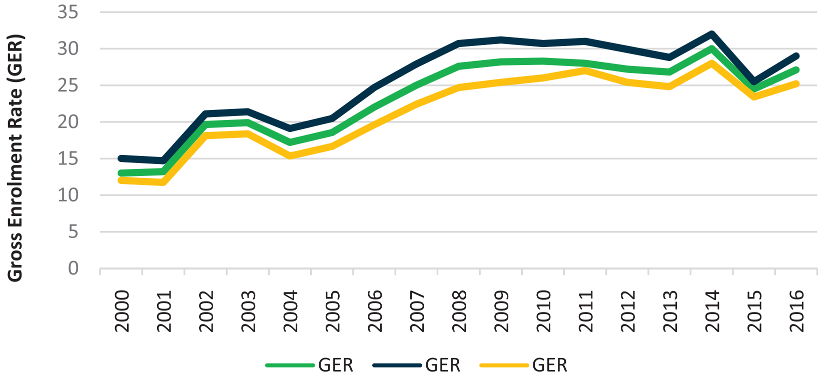
The need to pay school fees remains a challenge for many secondary students despite the existence of the Universal Secondary Education (USE) programme in Uganda and its associated capitation grants. Due to the variety of income sources for secondary schools, the average expenditures between public and other schools differ markedly. This brief examines the drivers of secondary school expenditures and whether private schools delivering USE services offer an opportunity to reduce the overall cost of secondary education in Uganda. The brief is based on the analysis of costs of secondary education undertaken as part of the 3 year impact evaluation of the Promoting Equality in African Schools (PEAS) programme in Uganda—implemented under a Public Private Partnerships (PPPs) arrangement. We find that government schools on average have a total expenditure of UGX 548 million per year and this is about 60 percent more than what is spent on average in non-government schools. The large differences in expenditures between public and other schools is primarily attributed to higher teacher salaries in government schools as well as the provision to teachers of several non-salary benefits like meals and rent for accommodation —paid from the school dues. As such, the estimated per student recurrent expenditure is highest for government schools at UGX 1.4 million compared to UGX 1 million and UGX 736,000 for PEAS and private schools respectively. As such, strategic partnerships between Government and Non-Governmental Organisations (NGOs) have the potential to significantly reduce the cost to households of sending their children to school.

Low Enrolment for and Completion of Secondary Education

Enrolment for secondary education remains low in Uganda- below 30 percent for boys and girls aged 13-17 years. In 2016, the Gross Enrolment Rate (GER) for girls was below that of boys by about four percentage points (Figure 1). The low secondary school enrolment compared to primary school enrolment rate is largely attributed to high cost of secondary education. Despite the introduction of the Universal Secondary Education (USE) programme in 2007, the cost of sending children to secondary schools is remains high and unaffordable by many parents/guardians. Further, due to financial constraints, even some of the students who enrol at the start (Senior 1) drop out of school before completing at least the first-four year cycle of secondary education (Ordinary level). Indeed, Figure 2 shows S.4 completion rates for both boys and girls.[1] Similar to enrolment, the completion rate for girls falls below the one for boys. Indeed, in 2016, the completion rate for boys was higher than that of girls by four percent points.

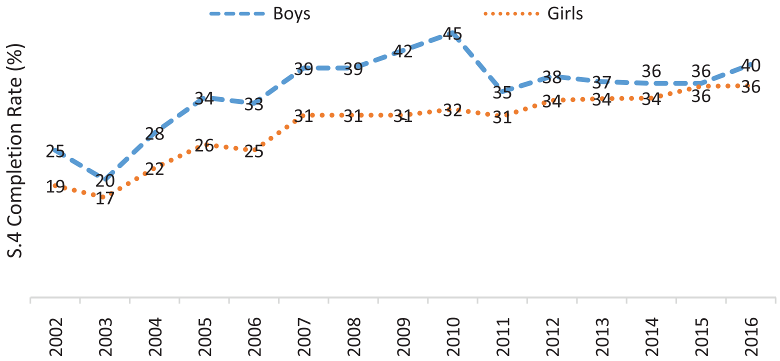
Beyond providing the USE subsidy, Government of Uganda has partnered with international organisations with intent to further lower the cost of secondary schooling. One particular case and which is focus for this policy brief is the partnership between Government of Uganda and PEAS [Promoting Equality in African Schools]. In 2008, PEAS, under the USE PPP started to open schools in poor and under-served communities, and to enrol students who would fail to gain access to secondary education elsewhere. Most PEAS schools are located in rural areas and admit students from poor backgrounds. Additionally, PEAS schools have a more considerate primary leaving examinations (PLE) cut-off points for admission. The PEAS's cut off point is on average 30 aggregates compared to aggregates 26 for government admissions and aggregate 25 for private schools.[2] These are some of the findings from a three-year impact evaluation of the PEAS programme in Uganda. In 2015, Ark and PEAS commissioned the Economic Policy Research Centre (EPRC) to undertake a holistic evaluation of the PEAS programme in Uganda to assess the access, quality and sustainability of education delivered in PEAS schools in comparison with government and private schools.[3] The study was conducted over 3 years (2015, 2016 and 2017) by the Economic Policy Research Council (EPRC). This brief examines ways through which strategic partnerships between Government and NGOs can be meaningfully exploited to reduce the cost of secondary schooling.

Figure 1: Gross Enrolment Rate in Secondary Schools; 2000-2016



Source: Education Management Information System (EMIS) 2000 - 2016

Figure 2: Senior Completion rates; 2002 - 2016



Source: Education Management Information System (EMIS) 2000 - 2016

The Cost to Households of Secondary Schooling

Figure 3 presents an overview of the total school fees charged to households (tuition and non-tuition). The average fees per term indicates the entirety of what a parent will pay to access a particular type of school for their son or daughter. The figure shows that for O-level, PEAS schools charge less than government schools, which in turn charge less than private schools. The differences are quite stark: non-USE day scholars in PEAS schools pay on average UGX 127,000 Uganda shillings less than their counterparts in private schools. For boarding students, the differences are even more pronounced, with PEAS schools by far the most affordable. At A-level, the picture is slightly different, with PEAS schools costing moderately more than government schools except in the case of boarding non-UPOLET (Universal Post Ordinary Level Education and Training) students, for whom government schools charge more than PEAS. Private schools are the most expensive across the board, often by quite a large margin. The main conclusion to draw from this chart is that PEAS schools are extremely competitively priced. At O-level they are nearly universally cheaper than non-PEAS schools. At A-level, where PEAS schools are not cheaper, the difference with government schools is not very large overall.

School Fees Payments and Collection Remain a Challenge

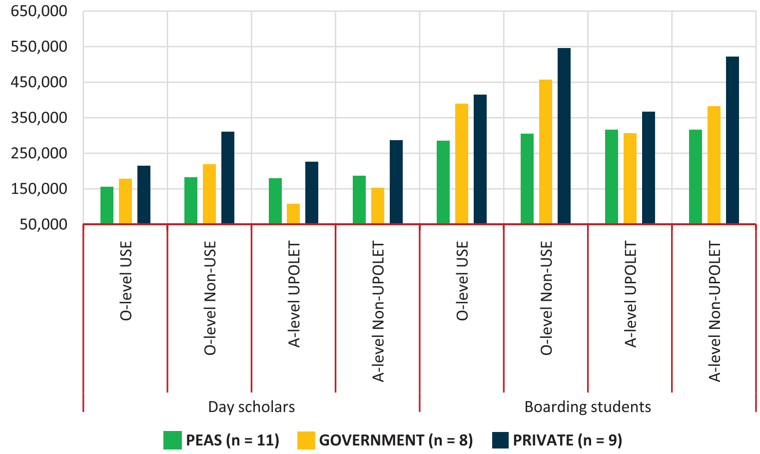
Despite that fact that PEAS schools generally charge the least amount of school fees, many parents/guardians fail to pay on time and worse still, others completely default, hence causing the schools heavy financial losses. According to the 2017 end-line evaluation survey, PEAS schools registered the lowest percentage of parents/guardians (10 percent) who usually pay the mandatory school fees in full and on time (i.e. within the first week of reporting). According to the estimates by head-teachers, most parents/guardians in PEAS (40 percent) and private (46 percent) schools pay the mandatory fees in instalments, as and when they find money and without any agreed payment plan. Also in government schools many parents/guardians (34 percent) pay the mandatory school fees in instalments but following an agreed payment plan.

As part of the evaluation, head teachers were asked to estimate the percentage of income they lose annually as a result of parents' failure or refusal to pay mandatory fees. Findings suggest that PEAS schools suffer the highest losses at 21 percent of expected annual income from fee collection, followed closely by private schools at 19 percent, and government schools at 16 percent (**Figure 4**). Since PEAS schools targets children from the poorest background, this explains the highest default rates even when they charge the least fees. The result calls for improvement in efficiency of fees collection by all school types, especially PEAS. Efficiency in fees collection will lessen the financial constraints that many schools face, as indicated in **Table 1**.

Annual School Incomes and Recurrent Expenditures

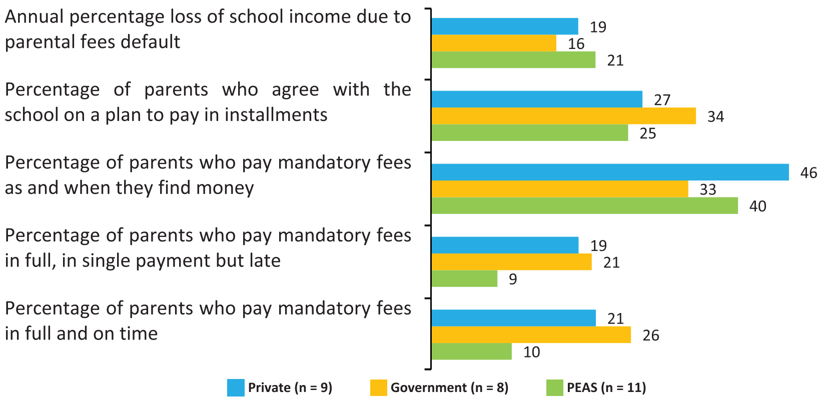
Schools obtain their income from multiple sources—ranging from school fees paid by parents/guardians, government USE and UPOLET capitation grants, and grants from NGOs and religious organisations. **Figure 5** shows that, the most important source of income for PEAS and private schools is

Figure 3: Total termly fees (tuition and non-tuition) per student (shillings) based on 2017 Term I



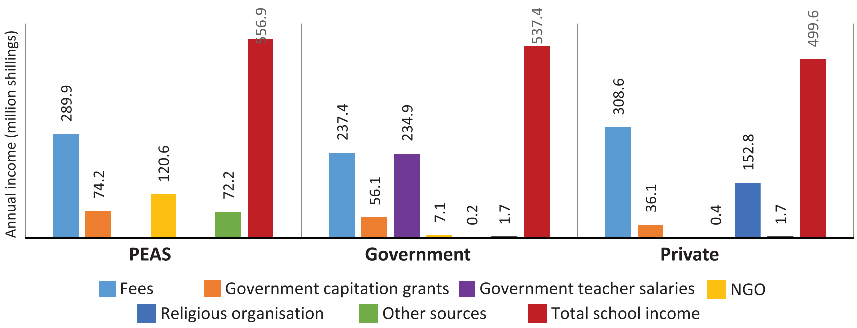
Source: PEAS programme evaluation endline survey of 2017

Figure 4: Performance of schools in fees collection



Source: PEAS programme evaluation endline survey of 2017

Figure 5: Total income (by source) received by schools for the entire 2016 school year



Source: PEAS programme evaluation endline survey of 2017

school fees collection, while government schools receive the most income from government grant, if the cost of teacher salaries—paid directly to teachers and not through school bank accounts—is considered.[4] For PEAS schools, support from the parent PEAS organisation and capitation grants from the government are the second and third largest income sources, followed by all other sources, including schools' own income-generating activities. For private schools, support from religious missions is the second largest source of income, followed by government capitation grants. Overall, having multiple income streams is necessary if schools are to sustainability provide quality education.

School expenditure is important for evaluating the efficiency and also the effectiveness of an intervention. We note that overall, government schools have the highest recurrent expenditures due to relatively higher wages paid to teachers. They also spend the most in terms of capital inputs annually (their annual spending comes to average of UGX 548 million Shillings). PEAS spends considerably less than government schools at an average UGX 343 million per year , but slightly more than private schools at an average of 320 million per year. . Private schools manage to spend less by providing less in terms of non-salary benefits such as meals and rent for teachers' accommodation. The estimated per student recurrent

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Table 1: Per student annual income and recurrent expenditure (shillings) for 2016 school year

	PEAS	Government	Private
Per student annual income from all sources (including external support)	956,872	932,986	752,410
Per student annual recurrent expenditure (including external support)	1,009,484	1,387,187	736,476
Mean difference between per student income and expenditure	-52,612	-454,201	15,934

Source: PEAS programme evaluation endline survey of 2017

expenditure is highest for government schools at UGX 1.4 million, followed by PEAS schools (UGX 1 million) and lastly private schools (UGX 736,000).

In **Table 1**, we compare annual per student income from both school fees collection and all other monetary and non-monetary sources and recurrent expenditure (including what is funded using income from external sources). The forms of external support include financial support (grants and donations) and other non-monetary support such as donations of goods, construction of school buildings, labour, and expertise. During the evaluation, for all non-monetary support, head-teachers provided their own estimates of the monetary value. It is noted that the annual income per student is less than the annual unit cost of operations except in the case of private schools. Indeed, the percentage of head-teachers reporting that they end school years in deficits are high, particularly for Government schools — about 88 percent of government schools, 50 percent of Private schools and 46 percent of PEAS schools reportedly ended 2016 school year in deficits.

Conclusion and Recommendation

The costs of secondary education (tuition and non-tuition fees) remain a barrier for children that might have wished to attend secondary school but cannot afford the fees, but also a hurdle to full participation for those who have made the transition from primary school. The fact that the total cost for a household to send a child to a PEAS school is appreciably low compared to Government and private schools, means that the partnership between Government and PEAS presents a cost advantage to households. Therefore, Government should identify and consider scaling up partnerships with Non-Government organisations and private schools that have proven capacity to heavily subsidise education service provision.

Endnotes

1 Senior four (Ordinary secondary level) completion rate is the total number of students who have completed s.4 (regardless of age), expressed as a percentage of the population of the age group that officially corresponds to that of students graduating from ordinary level.
2 Evaluation of the PEAS Network under the Uganda Universal Secondary Education (USE) Programme. Endline Evaluation Survey Report by the Economic Policy Research Centre (2018).
3 In the context of the PEAS programme evaluation, we defined government schools as those owned and operated by government, and provide schools as those owned and operated independently of the state.
4 While the funds to pay teachers' salaries never actually reach the school, in order to compare like with like, it is important to include the cost of teachers as a form of income for the school. In the case of PEAS and private schools, the costs of teacher salaries are covered by their total school income.

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