

Developing Effective Private Education Nigeria (DEEPEN)

Assignment Report

Parental Fee Default: Extent, Determinants and Implications

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Abstract

1. This report looks at the issue of late parental fee payments and default (or 'bad debts') and how this impacts on schools' economic viability. It finds that late and unpredictable payments are an ongoing issue for private schools, the more so at the lower end of the fee spectrum.

Glossary

AFED	Association of Formidable Educational Development
APEN	Association of Private Educators in Nigeria
DEEPEN	Developing Effective Private Education Nigeria
DFID	Department for International Development
ESSPIN	Education Sector Support Programme in Nigeria
LGA	Local Government Authority
NAPPS	National Association of Proprietors of Private Schools
NGO	Non-governmental Organisation

Executive Summary

2. This report provides findings from an in-depth survey conducted at 179 low-, medium- and high-fee schools in two electoral wards of Alimosho Local Government Area (LGA) in Lagos. The aim of the study is to provide a better understanding of private school finances, focussing specifically on the issue of parents' late and partial payment of school fees, and the extent of ultimate default, or 'bad debts'. This report extends and deepens knowledge on issues facing proprietors of schools, and examines these issues in a context of economic recession; the country's first in over a decade.
3. There has been continued major growth in the sector since the 2010-2011 census of private schools was carried out, with 42% of surveyed schools established in the last five years. This has meant an increase in unregistered schools, with only 23% of our sample having completed the process. Despite unregistered schools being younger, their average age is still a relatively long 6.6 years. Our surveyed schools have a large range of fees, even within two wards, and fees are progressively higher with school size, and with becoming registered schools (and therefore older schools). The annual fee alone ranges from N9,000 at small and medium unregistered schools, up to a maximum of 93,000 at medium-sized registered schools. Over three-quarters of our surveyed schools are nursery-primary schools, serving from Kindergarten up to primary grades five or six. Schools rely heavily on entirely unqualified staff, with 56% of teachers having no teaching qualification. Teachers' qualifications are higher at high-fee schools. Pay is often poor, at only N8,681 per month on average for low-fee, unregistered schools, while the average high-fee school salary is over three times as much. Average pay is as low as N5,731 on average for teachers at the smallest schools (with up to 25 pupils).
4. Our study shows that schools are proliferating at a faster pace than the school-aged population is growing, meaning that schools are getting smaller. In 2011, the average nursery-primary section in Alimosho had 104 pupils, while in our sample this has dropped to 82 pupils, with implications for quality and financial viability. Overall, our 179 schools have 16,804 pupils in 2016, up by just 51 children from 2015, or 0.3% growth. With population growth at close to 3% per year, this means a real terms loss of enrolment. The biggest losers of enrolments are large and high-fee schools which seems to indicate that parents are down-sizing, choosing smaller and cheaper private schools in these economically difficult times, although low-fee schools have also lost enrolments, though proportionally less.

5. Low-fee schools especially tend to be small, at just 64 pupils on average, with very low pupil-teacher ratios (PTRs). Indeed a key finding from this study is in general our sample schools have very low and extremely inefficient PTRs, at just 9:1 on average, and for small schools of up to 50 pupils, there are fewer than 6 pupils per teacher. This means that schools' input costs are very high relative to the number of students from whom they are earning fee income. This appears to be an inefficient model and schools would benefit from arriving at an arrangement whereby there would be a larger number of pupils per teacher.
6. Low-fee schools are not proving as able as middle- and high-fee schools to take advantage of economies of scale – however it is possible that the smaller low-fee schools can at least take advantage of their small size in not requiring as many non-teaching staff members. Medium- and high-fee schools are managing to spend less per pupil at higher levels of enrolment. New schools usually start out with relatively low PTRs which are likely to prove quite inefficient, but this often changes when the school grows. The study found that many schools have a secondary source of funding outside of parental fee payments; of these schools, 81% draw on the proprietor's other income or savings, while 19% draw on loans.
7. Proprietors reported what socioeconomic levels they believe that most of their pupils are drawn from, and despite many reporting serving lower middle- and middle-class families, in the current economic climate, many families are struggling. Fifty-eight percent of private school clients are reported to be middle class, with just 35% being reportedly poor and 7% very poor. Poor families are reported by proprietors to make up 48% of low-fee schools' clients. Schooling is demonstrably difficult to afford for many: only 32% of children are reported to come to school with all of the stationery and materials they need, and only 7% have all of the textbooks.
8. Struggling parents mean that most proprietors will accept the fees however they can get them. Only 9% of all schools report that 80% (or more) of parents paid their fees on time, and half of all respondents report that fewer than 40% of parents pay on time. We find that 73% of parents are often or always irregular with fee payments. For low-fee schools and also for small schools this rises to 83%. Yet still 57% of high-fee school parents pay late. Late and unpredictable fee payments from parents have meant that 67% of proprietors face shortfalls affecting salary payments; and of those facing these shortfalls, 67% deal with this by delaying salary payments to teachers, many of whom are already poorly paid.
9. For over half of proprietors, it is considered a frequent occurrence that parents withdraw their children from school while still owing a debt of fees, while another third state that

this sometimes happens. It is the most common for low-fee schools, with 59% of proprietors saying it happens frequently; there is no real difference between registered and unregistered schools. By the end of the last academic year, 36% of parents across our 179 surveyed schools had not paid in full.

10. Proprietors tend to allow children back the following year, despite outstanding debts, because they perceive this to be the best way to eventually receive payment for the previous year and for the present year as well; they do not want to lose clients. Fully 13% of children attending unregistered, low-fee schools are withdrawn from schools (i.e. not intending to return the next year) while still owing a debt.
11. The top three reasons reported as to why parents default include sudden income shocks as cited by two-thirds of respondents; families' choosing a school they could not really afford; and lastly families choosing to default wilfully (cited the most for high-fee school families) or as the result of conflict within the household regarding spending priorities. With regard to paying late and unpredictably, the most commonly cited issue was the irregular income of parents.
12. The absolute losses from the last school year, that no longer have a chance for recovery by the school, is found to represent 13% of this year's intended income for unregistered, low-fee schools. Most proprietors seldom expect to recover much of the owings and commonly report that once a child leaves the school, it is too late. Only 11% report getting up to half of the debt cleared and over a fifth stated that they can recover hardly anything. Nearly two-thirds (64%) state that they get nothing back once a child leaves.
13. Few schools have a policy of never allowing a child to return the next school year with debts still pending, however this is by far the most common at high-fee schools (13%), and least common at low-fee schools. Our multivariate analysis shows that proper record keeping and schools' admissions policies are not associated with less default. What comes out strongly from this analysis is that the practice of allowing pupils to return the next academic year when debts are still pending from the previous year, is significantly associated with default.
14. The key findings from this report include that schools appear to be proliferating too extensively now, meaning many small schools that are inefficient and unlikely to be able to provide good quality or invest in school improvement. Pupil-teacher ratios are extremely inefficient, and also most schools face late and erratic fee payments, as well as actual default and bad debts. However many schools appear to be fairly viable despite this. We found, surprisingly, that school record-keeping and management of cash flows is not associated with less default, but rather that more expensive schools

are less likely to suffer default, and that this appears to be associated with not allowing debtor-clients to return the next year. While excluding pupils appears to be hard on families, it appears that letting pupils continue when the chosen school is not truly affordable is likely only to delay an inevitable upheaval and likely interruption to the child's education. The report concludes by making certain recommendations, some of which are more or less straight forward to implement.

1. Introduction

15. The private school sector in Lagos caters to the majority of children and has done so for some time: private schools of all types enrolled 62% of primary school children in 2015, and were known to have enrolled around 88% of all pre-primary children in 2011. The first comprehensive private school census of 2010-2011 established that there were 12,098 private schools serving from pre-primary to senior secondary levels in Lagos. The number is estimated to have grown to over 15,000 schools, and possibly as many as 18,000, in recent times¹. Participation in schooling at these levels is high in Lagos State, and many parents have opted to send their children to private schools. According to household survey data, gross attendance at primary school is 99%, and 106% at the junior secondary level².
16. Despite the ubiquitous nature of private education in the state, proprietors of these schools face a number of challenges, many of which are shared with other small and medium enterprises in other sectors of the economy. Some of the challenges have become worse over the course of 2016 due to the country suffering its first recession in over a decade; other challenges are connected with existing in the informal sector.
17. School proprietors, like other business owners, face challenges of overly burdensome, bureaucratic and demanding regulations for becoming registered and therefore legal. They also face unpredictable and numerous government taxes and fees, some of which appear to be 'informal' themselves, and therefore impossible to budget and plan for. Land is a particular challenge in Lagos: it is extremely costly to purchase, and gaining security of tenure on rented premises is challenging – this issue is addressed in detail in another report from this study, as is the government tax issue. Insecurity and therefore disincentives to invest mean many schools are essentially unable to move out of a very low-input, possibly low-quality segment of the market – although it should be noted that significant investments in quality improvement are likely to price schools out of the reach of the poor so there are costs as well as benefits involved with school improvement. Informality for the most part cuts off access to borrowing at affordable rates of interest and with repayment terms that would enable capital investment, although it is the case that borrowing is also expensive in the formal sector at between 20% and 30% per annum.

¹ Rosales-Rogge, G., Kadiri, D. and Hinton, P. (2014) Schools as a Sustainable Business Survey Report, DEEPEN Report number FN-2014-01. Lagos, DFID-DEEPEN.

² Nigeria 2015 Nigeria Education Data Survey (NEDS) for Lagos.

18. In addition to these issues, and providing the focus for the present study, proprietors face their greatest challenge in getting parents to pay fees in full and on-time as. In previous studies based on interviews with proprietors, both in Lagos and across several African capital cities (including Nigeria's), the responses show that the largest single challenge faced is the unpredictable and erratic cash flow that limits the ability to make financial plans, and to invest.
19. Unsurprisingly, parents want the most expensive school for their children that they can expect or hope to afford. Many then struggle to pay the fees, with reports of late and partial payment, as well as full default, where parents fully withdraw the child from a school, leaving 'bad debts' that are never paid. Boosting the extent of 'fee capture' is a difficult and sensitive issue: it is difficult to get full information on schools' finances due to the sensitivity of disclosing such details, but also because proper records are not kept in many instances. Proprietors are loath to be too hard on parents for fear of driving them away, and consequently by allowing parents leeway in payment, and keeping children in school, proprietors hope eventually to receive full payment. This study documents that this issue is becoming an even greater challenge in the current economic climate. It is also likely to have been exacerbated by the increasing proliferation of schools: the percent increase in school numbers since 2011 appears to be far greater than the increase in numbers of children, meaning ultimately that there are fewer pupils per school, class sizes are shrinking, and so fee default will hit the average school even harder.
20. None of these issues are new. However, aspects of these challenges have not been carefully document and explored to date. And significantly, the effects of economic recession on private education participation and school operations have not been documented. This report draws on primary research conducted in Autumn 2016 in one local government area, delving into school finances and the struggles of proprietors. Other reports from this research exercise will examine the issues from the household perspective and will investigate the extent of true affordability of low-fee private schooling for poor families, in particular in the current climate of economic recession.

1.1. Purpose of the Consultancy: the research questions

The report addresses these research questions:

- (i) How severe is the issue of late payment and default on school fees?
- (ii) What extent of fee collection are schools able to achieve, and at what point of the year?
- (iii) What coping mechanisms are proprietors using and what strategies do they employ (if any) to curb parental fee default?

- (iv) How profitable are schools at different fee levels in the current economic climate?

1.2. Structure of the Report

21. The next section discusses the methodology and the research activities carried out.

Following this is a section providing background to the present study. The fourth section presents the findings of the report, which start with sections on the basic characteristics of schools; school size and how it has changed in recent years; school staffing and pupil-teacher ratios. After this the next main findings section addresses the challenges facing private school proprietors, including issues of fee collection. The final section concludes and sets out recommendations.

2. Methodology

22. The population of schools (meaning all those schools in existence at any given time) is never stable for long in Lagos, with new schools opening all the time, and other schools closing. For this reason there was no definitive sampling frame available, so in the chosen geographical area a school listing exercise was carried out, from which schools would be selected for survey. Two wards of Alimosho LGA were purposively selected for their density of private schools, Ijegan and Ikotun. A central point in each ward was identified and researchers worked their way out from those points until a sampling frame of 500 schools had been achieved.

23. There was an unavoidable element of self-selection involved in arriving at the sample for the study because it was known that there would be a high rate of refusal due to the nature of the questions being asked. At the time of the school listing, the researchers informed the proprietor or head teacher about the survey, explaining that it was aimed at better understanding parental fee payment and default behaviour with the ultimate aim of finding ways to reduce the problem. It was explained that their school's data would not be used to benefit anyone else. The proprietors were asked to indicate whether or not they would be interested in taking part in the study, with those refusing not included in the sampling frame. The loss of total randomness was unavoidable as otherwise the numbers of refusals and replacement schools would have been too high. Despite having asked at the initial stage regarding readiness to participate, 70 proprietors ultimately ended up refusing to participate, and some after already commencing the survey. However the result was a complete sample of 179 schools which was large enough to perform analysis on.

24. At each school the proprietor, or sometimes the head teacher or other senior administrative staff member was interviewed in depth which took up to three or four

hours. The respondent was then asked to provide us with the names and contact details of 8 parents from the school (primary classes only) to interview, in order to get to understand parental fee-payment behaviour. Four were randomly selected, two households where fees were in arrears were asked for, and two households that had withdrawn a child while still owing to the school. These household survey results are discussed in another report in the short series of reports from this study. Other reports in the series examine the impact of parental fee default and late payment on school functioning and also from the household perspective, while another looks at the issue of multiple taxation and fees charged by government. There are four reports in all written from the study.

25. Data from the questionnaires were entered into Excel and analysed, using simple descriptive methods for the most part, and written up by the authors. Stata was used to run a regression analysis to determine the key factors correlated with the size of schools' 'bad debts'.

3. Background

26. The ideal and actual roles played by private schools in developing countries are hotly debated. Some argue that private schools should be encouraged to play an ever-greater role in education provision while others argue for a scaling back, due to the costs involved and the de facto exclusion of the poor. Key issues surround whether these schools are actually providing a better quality of education, and to what extent the truly poor can pay for them; i.e. quality and affordability.
27. School proprietors pitch their offerings at a certain socioeconomic level of families living in the community or communities around the school. Yet even within a given community schools' fee levels and parents' ability to pay vary sometimes significantly, along with household wealth (or poverty). Despite the contradictory notion of expecting poor families to pay for basic services, it is still a hotly debated issue as to whether or not low-fee private schools are outside of the affordability and therefore accessibility of the poor. There are schools of varying fee levels that would all see themselves as targeting the relatively poor, however it is likely that all lower fee schools will be unaffordable to many very poor families.
28. The issue of affordability is particularly relevant at the current time. Nigeria finds itself in its first recession in a decade, which has meant a significant economic squeeze for the poorest who have few areas of their lives in which to economise. The effects are felt all the way along the socioeconomic spectrum: families that would have sent their children to elite private boarding schools abroad are now keeping their children in-country at elite

Nigerian private schools, and middle class families are choosing cheaper private schools. But at the lowest end of the spectrum parents may be taking their children out of low-fee private schools and enrolling them in government schools or, worryingly, pulling their children out of school entirely³.

29. The Nigerian economy has come to be very much dependent on oil. Natural resources generate around 14% of GDP⁴, and bring in around 70% of government revenues, and nearly all of Nigeria's foreign currency earnings⁵. Recent months have seen the international price for oil drop to less than half of the more than \$112 per barrel price in 2014. In addition to this, Nigerian production has been dipping due to problems in the Niger Delta. Nigeria relies very heavily on imports of nearly everything it needs from food to clothing, meaning great demand for foreign currency to bring in imported goods. To counter this, the government has been limiting access to foreign currency to encourage people to buy Nigerian, and until 2016, and in order to curb inflation, the currency was kept at an unrealistic rate of 197-199 Naira to the US dollar. Eventually, after considerable pressure, the Naira has been allowed to float freely, meaning that its value has decreased to around 350 Naira to the dollar. This move was aimed at attracting foreign investment in the country, however positive signs are yet to be seen.
30. The current limited access to imports and foreign currency has led to businesses shedding personnel as they are often unable to access essential inputs. Some companies have resorted to the black market for both, and others are defaulting on loans they can no longer afford to repay⁶. Half a million jobs have been lost in the last six months and inflation is at its highest rate in ten years, around 17% at the time of writing⁷. Foreign companies, worried for the value of their assets, have stopped work and in some cases withdrawn their investment from the country⁸. These factors are contributing to suppressed demand for all types of goods and services, further exacerbating

³ This issue will be explored in depth in another report from this research, focusing on the affordability of private schools to households.

⁴ Leke, A., Fiorini, R., Dobbs, R., Thompson, F., Suleiman, A. and Wright, D. (2014) *Nigeria's Renewal: Delivering Inclusive Growth in Africa's Largest Economy*. New York, McKinsey and Company, p.ii.

⁵ The Economist (2016) *Nigeria's Economy: Crude Tactics*. Available online at: <http://www.economist.com/news/middle-east-and-africa/21689584-cheap-oil-causing-currency-crisis-nigeria-banning-imports-no> (Accessed 23 December 2016).

⁶ See source, note 5.

⁷ BBC (2016) *Nigerian Economy Slips into Recession*. Available online at: <http://www.bbc.com/news/business-37228741> (accessed 23 December 2016).

⁸ See source, note 5.

economic woes as income is lost across businesses of all sizes. Gross domestic product per capita has shrunk: from \$3,182 in 2014 to \$2,677 in 2015⁹.

The challenges of formal sector working deter transition from the informal world

A Chatham House report from one year ago carefully explains and documents the impact on the Nigerian economy of the large extent of informal, unrecorded and untaxed trade between Nigeria and the rest of the world. It shows how much the low-fee private school sector shares with other business sectors that operate outside of the formal sphere. Formal processes are slow, complex and expensive; the burden of 'unofficial' and multiple taxation is heavy and impossible to plan for, and the proprietors of smaller entities may feel that there is little benefit likely from becoming registered and legal.

Due to these hurdles many small and medium enterprises (SMEs), similarly to smaller schools, choose to remain unregistered and (as far as possible) untaxed. There are now many, many unregistered schools. 'The dynamism of this flourishing and growing informal traffic is the cumulative result of current economic and governance conditions. The result is to damp down constantly the potential growth in Nigeria's formal external trade' (p.2). Large schools and other businesses in the wider economy operate in the formal sector because they can and because they are more visible. Some companies combine some formal and some informal sector arrangements, but for many small and medium enterprises – including schools – the costs associated with operating formally are simply prohibitively high. Indeed, 'costs, regulatory and capacity hurdles' end up serving to disincentivise becoming a part of the formal sector; and while 'this is not to say that trading informally is without costs or challenges'... 'long-established [informal, de-facto] systems provide a practical alternative to officially regulated channels' (p.3).

Particularly in the current economic climate there is just no incentive to join the formal sector and, perversely, this contributes further to economic issues as government revenues are suppressed and expansion for smaller schools and other businesses is more difficult, if not impossible. The current economic climate is only exacerbating the long-standing challenges already faced by schools and other businesses.

Source: Koni Hoffmann, L. and Melly, P. (2015) Nigeria's Booming Borders: the Drivers and Consequences of Unrecorded Trade. London, Chatham House.

31. Private schools are in many respects similar to other informal and/or formal sector enterprises, on which the government broadly lacks data. This has much to do with the

⁹ Focus Economics (2016) Nigeria Economic Outlook. Available online at: <http://www.focus-economics.com/countries/nigeria> (accessed 23 December 2016).

large degree of informality, which is a response to today's realities of burdensome regulation, multiple taxation and corruption. Individuals' drive to stay under the radar leads to much lower tax revenues for government than they could receive if more businesses and schools were operating legally. One source has estimated that the informal sector accounts for 64% of GDP. A better understanding of non-oil sectors is key to lessening the government's dependence on the oil sector and helping the country pursue a path of economic recovery that would be more sustainable, and less volatile.

32. There is little documented information on what businesses are operating in Nigeria and how many there are; what these business are doing and selling; and what goods and services Nigerian families prioritise their spending on¹⁰. Lagos is the strongest part of the Nigerian economy, accounting for 60% of industrial and commercial activity in the country, from which the state government manages to generate three quarters of its own revenue independent of the Federal Government and its oil revenues. This economic diversification contrasts strongly with the rest of the country, drawing on a workforce, good market for goods and services; relatively better infrastructure; and good transportation links including land, sea and air. At the same time there are challenges, including an under-skilled population; poor regulatory enforcement; interrupted power supply; aging infrastructure and multiple taxation, all leading to relatively low productivity¹¹.
33. The challenges related to becoming formal sector enterprises have already been documented in past research on the obstacles and issues that proprietors must overcome, including reports for the DEEPEN programme¹² and previous research for the Education Sector Support Programme in Nigeria (ESSPIN) in Lagos¹³. Further research was carried out with proprietors of private schools in Kwara State, throwing up broadly similar challenges¹⁴. A recent study in Abuja has resulted in similar findings regarding the challenges facing proprietors¹⁵.
34. Key issues documented in these studies include erratic and unpredictable cash flow due to parents' late payment of fees; difficulties accessing finance for expansion and

¹⁰ Friedman, U. (2014) How Nigeria Became Africa's Largest Economy Overnight. The Atlantic. Available online at: <http://www.theatlantic.com/international/archive/2014/04/how-nigeria-became-africas-largest-economy-overnight/360288/> (accessed 29 December 2016).

¹¹ Nwagwu, I. and Oni, T. (2015) Lagos and its Potentials for Economic Growth. Available online at: <https://ng.boell.org/2015/07/02/lagos-and-its-potentials-economic-growth> (accessed 29 December 2016).

¹² See source, note 1.

¹³ Härmä, J. (2011) Study of Private Schools in Lagos. Lagos, DFID-ESSPIN Report number LG303.

¹⁴ Härmä, J. (2011) Study of Private Schools in Kwara State. Abuja, DFID-ESSPIN Report number KW326.

¹⁵ Härmä, J. (2016) Study of Low-Fee Private Schools in the Slums of Abuja. Unpublished report for Capital Plus Exchange.

development; land-related issues including the unaffordability of land to buy, and problems of security of tenure on rented land; and lastly difficulties dealing with the government, including the process of applying for registration and the regime of unpredictable and multiple fees and taxation. All of these issues are dealt with in the present research. This report examines issues of parental default on fees and the consequent problems of making ends meet. Other reports from this research will examine the reality of government taxation and information provision or the lack thereof for schools' planning processes, as well as land issues, and current affordability of private schooling for households.

4. Findings

4.1. School fee levels as a means of disaggregating schools

The DEEPEN school fee categories

35. The private schooling market is very far from homogeneous with some significant variation even within communities, and even more variation between different communities with different economic levels. While the registered/unregistered distinction is often used and does say a considerable amount about the school concerned, the DEEPEN programme disaggregates Lagos private schools by their fee level, and has established three categories¹⁶. This takes into account the termly fee (multiplied by three to come to the yearly total) rather than the complete costs of schooling to the family (with the latter including books, stationery, uniforms and any other costs that parents must pay). The report starts by showing the variation in school fees and explaining the fee categories as the rest of the data will be provided disaggregated by school fee levels.
36. Parents tend to spend more on the other costs of schooling when they are also spending more on the school fee – these expenditures tend to increase fairly proportionally with fees. It is therefore still an indication of the 'level' of the school to categorise it according to the school fee alone, and DEEPEN's three categories are presented here in table 1. All of the analysis of data in this report will be disaggregated, as much as possible, by these fee level groupings.

Table 1: The DEEPEN Programme's school fee categories (full year's fee)

Category	Term fee	Number in our sample
Low cost schools	Up to N25,000	86
Middle cost schools	N25,001 – N50,000	70

¹⁶ See source, note 1, p.7.

High cost schools	N50,001 +	23
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School fees at the surveyed schools

37. There is a large range of fees charged at private schools even from within the same electoral ward, a relatively small geographical area. Table 2 shows the average fees (per year) charged by school size¹⁷ and registration; however looking beyond registration status we see that the average fees get progressively higher with school size. It is most common for smaller schools to be the cheaper schools.
38. Considering registration status, average fees at registered schools are significantly higher than at unregistered schools. The minimum fees range from an extremely low N9,000 at small and medium unregistered schools, up to a maximum of 93,000 at medium-sized registered schools (table 3). The minimum fee at all registered schools is substantially higher than for unregistered schools, whereas the maximum fee at small unregistered schools is actually higher than at small registered schools (table 4). So, for the maximum fee, these increase with school size, but registered schools are not always necessarily higher than unregistered schools.

Table 2: Average primary school fee per year by school size and registration status

	Unregistered	Registered	All
Small	23,475	39,252	24,884
Medium	29,245	44,692	32,383
Large	33,310	41,017	36,315
All	28,173	41,967	31,333

Table 3: Minimum primary school fee per year by school size and registration status

	Unregistered	Registered	All
Small	9,000	16,500	9,000
Medium	9,000	19,000	9,000
Large	15,000	13,500	13,500
All	9,000	13,500	9,000

¹⁷ In this report school size will sometimes be presented using three size categories, and sometimes a more disaggregated categorization.

Table 4: Maximum primary school fee per year by school size and registration status

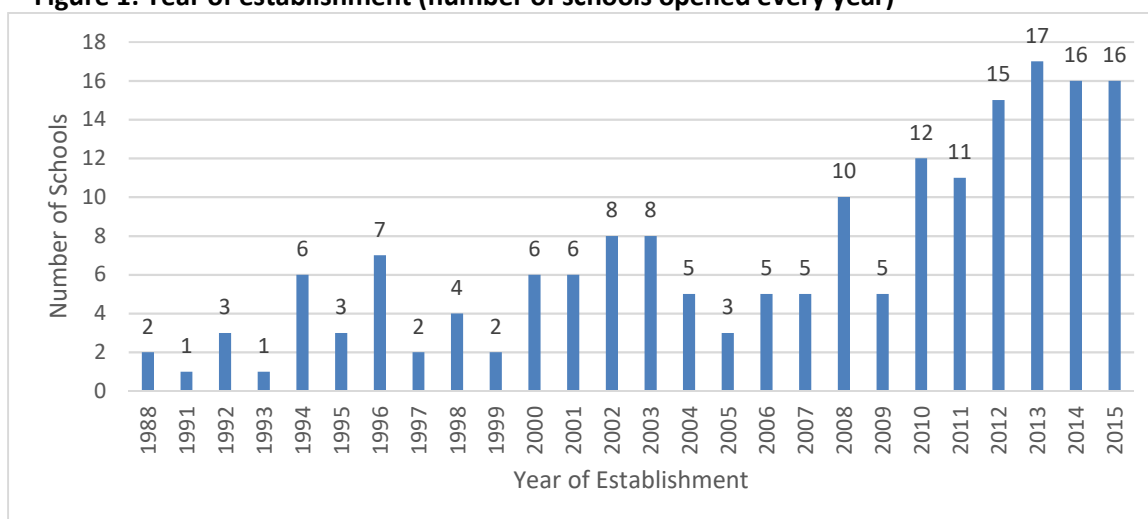
	Unregistered	Registered	All
Small	80,000	76,800	80,000
Medium	87,300	93,000	93,000
Large	71,400	77,600	77,600
All	87,300	93,000	93,000

4.2. Some descriptive data on the sample schools

Basic characteristics of the schools surveyed

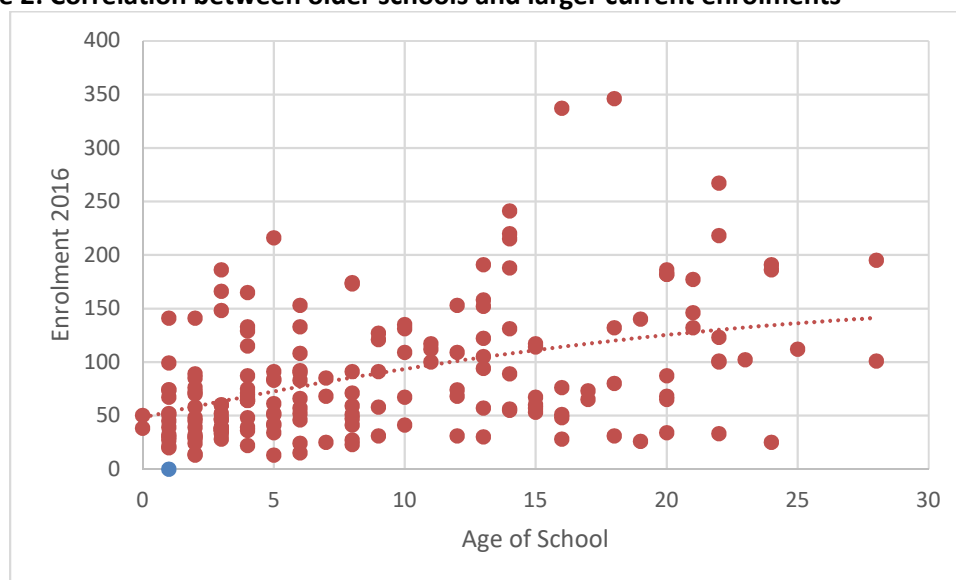
39. The year of establishment of the school is significant in showing the rising numbers of schools, illustrating how many new schools are opening every year. It provides information only on schools that are still in operation – we have no data on other schools that may have also opened in any given year but that might have since closed down. It is likely therefore that there will have been more schools operating over the years than what our data shows. Figure 1 shows a broadly upward trend in numbers of schools opened per year, which has led to significant growth in the numbers of schools operating. Only 31 (17%) of our sample schools were in existence before 2000, and fully 42% have opened in the last 5 years.

Figure 1: Year of establishment (number of schools opened every year)



40. Newer schools tend to be smaller as they are just starting out and trying to build a reputation with which to attract clients. Older schools have had more time in which to do this, and so tend to be larger schools. Figure 2 shows a clear correlation of 0.43, which is statistically significant. Some schools do not grow with age and are represented by the data points closer to the bottom-right corner of the figure.

Figure 2: Correlation between older schools and larger current enrolments



41. Table 5 shows the proportion of schools that are fully registered (23%) and those that are applying for registration (41%). Nearly 36% are unregistered with no moves being made to become registered. The proportion of registered schools is three percentage points smaller than during the private school census in 2011, which is consistent with large numbers of new schools opening up in recent years. Proprietors will not go down the path of applying for registration until they have seen whether their school will grow, making the difficult application process worthwhile. Some proprietors will never apply, very often due to the impossibility of meeting any of the required standards. Fully registered schools are by far the oldest schools in the sample, with an average age of 14.5 years.

Table 5: Distribution of schools by registration status

Status	Number	Percent	Average age
Registered	41	22.9	14.5
Applied	74	41.3	8.4
Unregistered	64	35.8	6.6
Total	179	100.0	9.2

42. All but one of our sample schools (over 99%) are owned and run as a business by an individual proprietor (173 or 97%) or a partnership of individuals (5 or 2%). Some 41 proprietors (or 23%) own more than one school. Only half of our sample schools report being a member of any association (table 6). This indicates enormous scope for associations to expand their membership, although it can be presumed that thus far they have not shown themselves to offer enough value to attract proprietors, while some may be unaware of the various associations and the role they can play.

Table 6: Schools that are members of private school associations

Association name	Number	Percent
None	90	49%
AFED	38	21%
NAPPS	23	13%
LEAMPS	6	3.3
Association of Islamic Schools	1	0.5%
Other	26	14%

Note: A school may be a member of more than one association

43. Land, and whether proprietors rent or own the site for their schools is highly significant to schools' security and ability to invest, and this issue is discussed in detail in another report from this study¹⁸. Just over two-fifths of schools are run on owned property, which is lower than the 51% property ownership rate that prevailed in Lagos in 2011. Low-fee and unregistered schools are far more likely to be tenants (table 7).

Table 7: Land ownership by fee levels and by registration status

Fee level	Tenant	Owned	Registration	Tenant	Owned
Low fee	77.0	23.0	Unregistered	66.7	33.3
Medium fee	43.5	56.5	Registered	34.1	65.9
High fee	39.1	60.9			
All schools	59.2	40.8	All schools	59.2	40.8

44. By far the most common type of private school in Lagos is the 'nursery-primary school'. These serve pre-primary level as well as the kindergarten or 'KG level' below nursery classes 1, 2 (and sometimes nursery 3). In Alimosho LGA, during the private school census of 2010-2011, nursery-primary schools accounted for 68% of all schools. For

¹⁸ Härmä, J & Siddhu, G. (2016) The Challenges of Land and Security of Tenure for Private Schools in Lagos. Lagos, DFID-DEEPEN Report, as yet unpublished.

Lagos as a whole they accounted for 74% of all schools. There are also others serving these levels as well as junior secondary and sometimes senior secondary, but these latter schools are very few. In our sample of part of Alimosho, we find 77% of schools are nursery-primary schools, which may be a reflection of more and more schools opening, being unlikely to have expanded to the secondary level (table 8).

Table 8: Numbers and percentages of schools serving different schooling levels

Levels served	Number	Percent
Primary only	2	1.1
Pre-primary & primary	138	77.1
Pre-primary, Primary & JSS	17	9.5
Pre-primary through SSS	22	12.3
Total	179	100

Staffing and salaries at the surveyed schools

45. Evidence on actual school quality in terms of children's learning levels are not available.

As a proxy for quality we consider teachers' qualification levels, and show how these vary by fee level, with the poorest schools tending to have the least-qualified teachers. The majority, 59% of teachers in our sample have senior secondary school completion as their highest academic qualification, and 56% have no teaching qualification at all, a poor situation for the most developed city in the country. During the 2011 census, it was found that 48% of pre-primary school teachers and 66% of primary teachers were qualified (as well as 81% of junior secondary and 78% of senior secondary school teachers), indicating that the supply of qualified teachers is not keeping pace with demand from expansion of private schooling.

46. Table 9 shows the distribution of teachers in low-, medium- and high-fee schools according to their academic qualifications, and shows that low-fee schools are the most likely to rely on secondary school completers (66%) and employ the fewest graduates at 30% as compared to 53% at high-fee schools.

Table 9: Distribution of teachers by academic qualification and fee levels

	Below SSS	SSS	Incomplete degree	Degree	Higher degree
Low Fee	1.0	65.9	3.5	28.2	1.3
Medium Fee	0.2	58.1	5.0	35.7	1.0
High Fee	0.0	44.1	3.3	50.7	1.8
All	0.5	58.6	4.2	35.4	1.3

47. Table 10 shows the extent of reliance on teachers with only senior secondary school completion (SSS) at the various school size or enrolment levels, with the smallest schools the most likely to rely on such teachers, and the least likely to employ degree holders. Tables A.1 and A.2 in the annex show how this differs by school registration status, with only 52% of registered schools relying on such teachers, while 62% of unregistered schools do so.

Table 10: Teacher distribution by academic qualification and school size

	Below SSS	SSS	Incomplete degree	Degree	Higher degree
Less than 25	5.4	73.0	0.0	21.6	0.0
25-50	1.0	57.1	2.4	37.4	2.1
50-75	0.3	58.1	5.1	34.6	1.8
75-100	0.0	66.1	1.7	30.9	1.3
100-125	0.0	45.5	8.5	44.2	1.8
125-150	0.9	57.5	5.7	34.9	0.9
150-175	0.0	67.8	0.0	32.2	0.0
175-200	0.0	53.4	1.0	45.6	0.0
200-225	0.0	70.1	0.0	29.9	0.0
Greater than 225	0.0	54.5	12.2	32.5	0.8
Total	0.5	58.6	4.2	35.4	1.3

48. Well over half (56%) of teachers in the sample schools have no teaching qualification at all while 34% have the basic certificate (NCE) and 10% have degrees in teaching. Half of registered school teachers have no qualification in teaching, 35% have an NCE and 15% have degrees, while at unregistered schools these proportions are 59% unqualified, 33% with NCE, and 8% with degrees. Tables A.3 and A.4 in the annex provide tables by registration status. Table 11 shows the percentages of teachers with different teaching qualifications by fee level, and shows that low-fee schools are the most likely to rely more on those with no qualification, and are least likely to have teachers with either NCE or a degree in education. Unregistered low-fee schools are the most likely to rely on unqualified teachers: they make up 65% of their teaching force.

Table 11: Teacher distribution by teaching qualification and fee levels

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification
Low Fee	29.3	6.0	0.3	64.4
Medium Fee	35.9	10.7	1.0	52.4
High Fee	35.9	12.6	0.7	50.7
All	33.6	9.3	0.7	56.4

49. Table 12 shows the distribution of teachers in schools of different sizes, by their teaching qualifications, showing that for the most part, smaller schools are more likely to rely on teachers with no teaching qualification.

Table 12: Distribution of teachers by teaching qualification and school size

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification
Less than 25	25.6	10.3	0.0	64.1
25-50	26.9	10.3	0.7	62.1
50-75	30.2	7.3	1.8	60.7
75-100	40.9	9.6	0.4	49.1
100-125	30.5	6.1	1.2	62.2
125-150	28.8	12.7	0.0	58.5
150-175	26.1	7.0	0.9	66.1
175-200	46.6	16.5	0.0	36.9
200-225	64.2	6.0	0.0	29.9
Greater than 225	38.8	8.3	0.0	52.9
Grand Total	33.6	9.3	0.7	56.4

50. Teachers' salaries differ drastically by the type of school. In most cases registered schools pay more than unregistered, and higher-fee schools pay more than lower-fee schools. The pay at low-fee, unregistered schools is extremely poor, at only N8,681 per month, while the average high-fee school salary is over three times as much (table 13).

Table 13: Average monthly salary for teaching staff, by fee levels

	Unregistered	Registered	All Schools
Low Fee	8,681	12,269	9,015
Medium Fee	14,907	16,090	15,245
High Fee	29,468	23,498	26,094
All Schools	12,443	17,693	13,646

51. Patterns are similar for average non-teaching staff pay, but these staff members are generally paid much lower than teachers. The exception is for unregistered low-fee schools, where it would be difficult to get away with paying much less than what the teaching staff are getting (table 14).

Table 14: Average monthly salary for non-teaching staff, by fee levels

	Unregistered	Registered	All Schools
Low Fee	8,240	10,917	8,517
Medium Fee	9,856	10,142	9,935
High Fee	10,444	14,692	12,955
All Schools	9,127	11,866	9,826

52. Teachers' monthly salaries traditionally depend greatly on the qualification level. Table 15 provides salaries by the size of the school and by the teacher's qualification, showing that those with no certification are paid the least, followed by those with NCEs who are paid 9% more on average. Those with degrees are paid 28% more than unqualified teachers, and 18% more than those with NCEs. Rates of pay are higher at larger schools, with those at 50 or fewer pupils paying considerably less than those with more pupils. Average teacher pay at registered schools is N15,616 per month and N12,650 at unregistered schools (see detailed tables A.9 and A.10 in the annex). Teacher pay at all qualification levels is between N2,000 and N3,000 higher at registered schools.

Table 15: Average monthly salary by teaching qualifications, by school size

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification	All
Less than 25	5,100	9,250		5,420	5,731
25-50	10,192	15,567	9,000	9,086	10,053
50-75	14,525	18,083	16,000	14,266	14,653
75-100	13,771	12,409	30,000	12,442	13,059
100-125	15,844	27,800	20,000	16,466	17,010
125-150	14,254	18,370		14,581	14,969
150-175	16,393	19,375	9,000	12,342	13,859
175-200	14,125	15,412		13,650	14,162
200-225	13,035	19,750		13,300	13,515
Greater than 225	17,379	8,400		12,805	14,217
Total	13,907	16,442	16,083	12,804	13,537

53. Viewed by fee levels, we see that low-fee schools pay substantially less than all other schools. In average teacher pay, there are significant jumps between low and medium fee schools (39%), and an even greater jump from medium to high fee schools (59%). The lowest paying schools are the smallest schools having fewer than 25 pupils and low-fee schools also pay relatively little compared with more expensive schools (table 16). Tables A.13 and A.14 in Annex X provide similar details by schools' registration status.

Table 16: Average monthly salary by academic qualifications and fee levels

	Below SSS	SSS	Incomplete degree	Degree	Higher degree	All
Low Fee	9,667	9,021	11,929	11,188	12,313	9,785
Medium Fee	12,500	12,418	13,763	15,586	15,375	13,644
High Fee		23,138	15,778	20,236	35,600	21,651
All	10,375	12,368	13,471	15,422	19,024	13,571

54. In addition to teachers' initial education and training that they had before they began teaching, some schools also provide further training for their staff to improve their skill levels. Most smaller private schools tend to give in-house instruction or coaching on how to teach; some are provided with some seminars for free from the publishers of the textbooks that they adopt for use at the school; more motivated proprietors pay to have training provided for their staff. Table 17 shows that registered schools are far more likely to provide in-service training to their teachers, and that the likelihood of this increases with the fee level. For unregistered schools surprisingly the likelihood of providing training decreases with the fee level.

Table 17: Percentage of schools that have provided training for teachers, by fee levels

	Registered	Unregistered
Low Fee	45.9	54.1
Medium Fee	69.6	30.4
High Fee	87.0	13.0
All	60.5	39.5

55. However while low-fee unregistered schools provide training, table 18 seems to indicate that this is often done in-house by school staff. Yet still 21% of low-fee schools report sending teachers to attend training seminars, and also hiring trainers to come to the school to conduct training. High-fee school teachers are very likely to experience training from outside trainers as well as in-house training from other school staff.

Table 18: Type of training provided (% of schools offering this training) to teachers, by fee levels

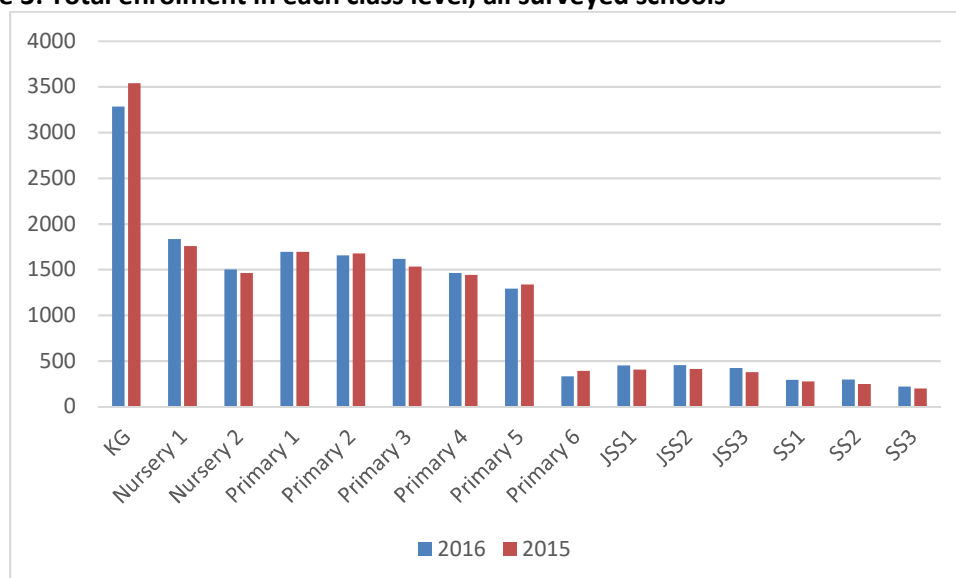
	Teacher s go to training centre to attend training seminar s	Teacher trainer comes to school to conduct seminar s	Teacher s attend part time courses outside of school hours	Teacher attends course organised by private school associatio n	Free courses from textbook companie s	Free course from private school associatio n	In-house; experience d teachers train new teachers	Other
Low Fee	20.9	20.9	0.0	10.5	16.3	8.1	51.2	10.5
Medium Fee	45.7	52.9	1.4	5.7	34.3	7.1	64.3	11.4
High Fee	73.9	56.5	4.3	4.3	17.4	0.0	60.9	0.0
All	37.4	38.0	1.1	7.8	23.5	6.7	57.5	9.5

School size and enrolment patterns

56. The research shows that schools are proliferating at a faster pace than the school-aged population is growing, meaning that schools are getting smaller. According to the census of 2011, the average nursery-primary section in Alimosho had 104 pupils, while this study finds this has dropped to 82, which may well have implications for schools' viability.

57. Private school participation is greatest at the lower levels of schooling. In our sample 39% of all enrolments are at the pre-primary level, which is fairly consistent with the 35% that was found during the census of 2011. Figure 3 shows the absolute numbers enrolled in each class year in 2015 and 2016, but it should be noted that kindergarten (KG) covers more than one age level, catering to all very young (pre-nursery) children that require child minding. The total number of children enrolled at the sample schools is 16,804 in 2016, up by just 51 children from the 2015 figure. This represents around 0.3% growth in these schools' enrolment, and with population growth at close to 3% per year, this means a real terms loss of enrolment.

Figure 3: Total enrolment in each class level, all surveyed schools



58. Enrolment data was analysed by different groupings of schools to look at losses and gains in enrolment (table 19). The biggest losers of enrolments are large and high fee schools which seems to indicate that with the current economic crisis, parents are ‘down-sizing’, choosing smaller and cheaper private schools in order to save on fees. Overall we are not yet witnessing any major move away from private schooling though fewer new enrolments are joining private schools in the study area at the present time. This apparent ‘down-sizing’ is likely to have a positive effect on the smaller and somewhat cheaper schools, as indicated by the majority (57%) of small schools having gained enrolments while only 33% of large schools have.

Table 19: Percentages of schools that have lost and gained pupils by registration status, fee level and school size categories

Category	Lost	Gained	No change
Registered	56.1	39.0	4.9
Unregistered	55.5	50.4	1.5
Low fee	55.2	41.4	3.4
Medium fee	55.1	43.5	1.4
High fee	60.9	39.1	0.0
Small size	42.6	57.4	0.0
Medium size	58.6	37.9	3.4
Large size	64.2	32.8	3.0
All schools	55.9	41.9	2.2

Pupil-teacher ratios

59. It has always been the case that many private schools in Lagos are extremely small; many have to start out that way with just a handful of local children, and often start with just the proprietor and perhaps one other teacher. It is important to take a closer look at the size of various types of schools and the numbers of teachers and therefore pupil-teacher ratios (PTRs), as these go some way to indicating potential efficiency and viability issues. UNESCO suggests keeping PTRs below 40:1, but there is also something to be said for the positive peer effects that can result from classes that are not excessively small.
60. Table 20 presents data on schools by fee levels and by registration status, showing average school sizes and PTRs; the PTR is calculated using only teaching staff, so has not been distorted through inclusion of head teachers or other staff who do not actually teach. Low-fee schools tend to be small, at just 64 pupils on average with a PTR of nearly 9:1, while medium-fee schools have the highest average size at 122 pupils and PTR of nearly 10 children per teacher. Surprisingly, the average size of high-fee schools is lower at 104 pupils and the PTR is the lowest at less than 8 pupils per teacher.
61. The picture is slightly different when considering schools by registration status: for the most part registered schools are bigger (much bigger for medium-fee schools), but registered high-fee schools are smaller than their unregistered counterparts, and have a PTR of less than 7:1. Low PTRs may mean that it is more of a struggle to cover costs and then to make a profit. Low-fee schools may manage through low teacher salaries and fewer staff to pay while it appears that medium-fee schools (and in particular the registered ones) are getting closer to striking a balance between income and inputs. It may also be more beneficial for pupils to be educated in contexts where there are more of their peers around them – meaning that at this scale, larger class sizes may be better.

Table 20: Average school size and pupil-teacher ratios of registered and unregistered schools by fee level

	Pupil teacher ratio			Average school size		
	Unregistered	Registered	All	Unregistered	Registered	All
Low Fee	8.6	10.8	8.8	62	84	64
Medium Fee	9.0	11.5	9.8	106	163	122
High Fee	9.6	6.7	7.8	108	101	104
All	8.9	9.7	9.1	81	128	92

62. Pupil-teacher ratios in the smallest schools provide a challenging picture: the smallest schools are extremely small, and have too many teachers for the students served, although it may be the case that having ready staff available is a strategy to attract more clients. For registered schools of around 37 pupils, there is a PTR of 3:1 (table 21), which is too low to be efficient.

Table 21: PTRs and average school sizes

Number of pupils	Pupil teacher ratio			Average school size		
	Unregistered	Registered	All	Unregistered	Registered	All
Less than 25	5.8	5.3	5.7	20	19	20
25-50	5.8	3.1	5.5	38	31	37
50-75	8.0	5.4	7.2	62	65	62
75-100	8.1	7.7	8.1	88	91	88
100-125	9.2	9.2	9.2	113	109	112
125-150	9.6	8.2	9.0	138	133	136
150-175	11.5	9.9	11.3	162	158	162
175-200	12.1	15.1	13.1	185	189	186
200-225	13.2	12.7	13.0	218	217	217
Greater than 225	18.3	17.0	17.5	317	344	332
All Schools	8.9	9.7	9.1	81	128	92

4.3. School outgoings (or cost factors)

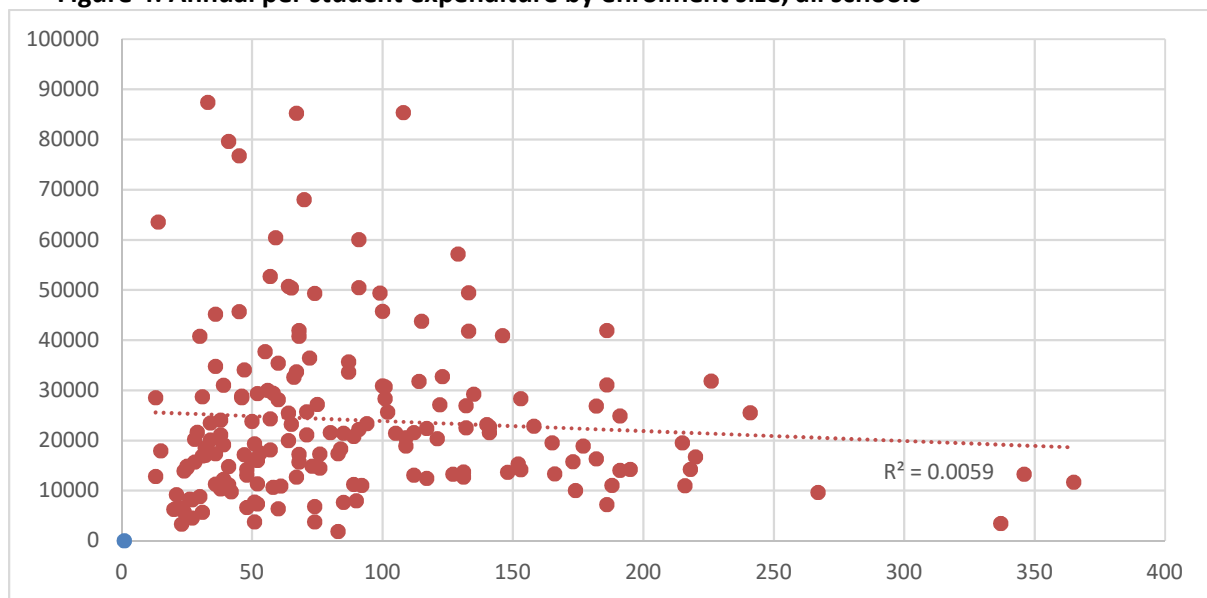
School expenditures

63. The largest single cost for any school is the salary bill, as teachers are the key factor in education. Schools should determine a staffing level that strikes a balance between efficiency and quality, which appears to be happening to varying extents at different schools, at the present time. Teacher pay has already been outlined above, while this section outlines schools' total expenditures.
64. With regard to land costs, the majority of 59% of proprietors are tenants. The other 41% own the land, and it is quite unusual for schools to have mortgages for land purchases. Most land is bought with money that has been accumulated and sometimes partly borrowed from friends or family, as mortgages are difficult to get and extremely expensive. Table 22 provides the amount spent on rent and loans.
65. There are some other key costs involved with running a school. Proprietors must carry out maintenance; they must pay for bills and utilities and sometimes fuel for generators. They must also buy some basic materials such as chalk and other teaching materials. They may also have taken loans to pay for investment in the school, including for school

development services such as teacher training. Lastly they must pay for a range of government fees and taxes that are discussed in greater detail in another report from this research study. All costs are detailed in table 22, while per-pupil expenditures are provided below in table 23.

66. Of note when looking at per-pupil expenditures, low-fee schools do not have the variability that one would expect to see between small, medium and large schools. This means that proprietors are not taking advantage of potential economies of scale that should come with increasing size and are spending too much on teacher salaries. However for medium- and high-fee schools, the per-pupil expenditure reduces as the size of schools increases. Figure 4 here shows the relationship between school size and expenditure overall, and shows that the trend line does not come down with higher enrolments quite as sharply as would be expected.

Figure 4: Annual per student expenditure by enrolment size, all schools



Parental Fee Default: Extent, Determinants and Implications

Table 22: Average annual expenditure by school type and registration status

	Low fee			Medium Fee			High fee			Number of schools
	Unregistered	Registered	All	Unregistered	Registered	All	Unregistered	Registered	All	
Average teaching staff salary	673,627	1,055,300	709,131	1,734,386	2,214,120	1,871,453	3,043,000	3,228,577	3,147,891	177
Average non-teaching staff salary	120,538	219,000	130,724	271,755	383,117	302,594	461,333	842,308	686,455	145
Average salary expenditure	730,601	1,219,550	776,085	2,007,076	2,593,125	2,174,519	3,509,800	4,172,423	3,884,326	177
Rent	136,500	216,667	140,873	292,021	373,333	301,056	928,000	1,325,000	1,104,444	91
Loan to financial institution	900,875	156,000	843,577	910,455	623,200	848,900	425,125	969,500	727,556	36
Loan to family	79,000		79,000	1,500,000		1,500,000	1,200,000		1,200,000	5
Private lender	207,000		207,000	234,000		234,000				3
Bills (water, electricity etc.)	46,839	63,000	48,378	98,124	93,832	96,809	189,000	201,717	195,936	147
Maintenance	50,640	74,000	52,524	137,273	113,214	131,364	135,000	185,833	162,727	141
Material (chalk, stationary etc.)	36,216	48,013	37,367	87,877	102,321	91,973	205,000	161,633	181,345	171
School development	17,340	6,000	16,500	63,958	57,444	61,864	160,833	78,333	119,583	67
Average non-salary expenditure	204,777	224,263	206,611	451,277	347,445	421,611	1,089,500	1,030,017	1,057,055	177
Average total expenditure	932,753	1,443,813	980,293	2,458,353	2,721,779	2,530,891	4,599,300	5,219,758	4,937,732	177

Table 23: Average annual expenditure per student

	Low Fee			Medium Fee			High Fee			All Schools		
	Unregistered	Registered	All schools	Unregistered	Registered	All schools	Unregistered	Registered	All schools	Unregistered	Registered	All schools
Small size	16,805	11,219	16,643	30,273	28,742	30,175	76,756	87,382	81,251	21,866	41,482	22,942
Medium size	14,292	22,429	15,140	27,498	35,426	29,351	55,123	55,685	55,380	23,435	39,994	26,896
Large Size	14,775	14,811	14,782	21,043	16,391	19,235	30,929	44,577	39,021	20,387	23,109	21,427
All school	15,097	17,265	15,362	23,240	18,985	21,794	42,429	48,821	45,894	21,593	26,925	23,164

4.4. School income

Sources of funding

67. Most private schools are run on the income earned from fee payments; however, some smaller, newer schools start out having to draw on the proprietor's own personal money to pay teacher salaries at the start of their operations. The primary source of funding for most schools (94%) is fee payments, and this is even more the case for schools at upper fee levels than for low-cost schools. High fee schools all cite fee income as their primary source of funds, while 7% of low- and medium- fee schools reported the proprietor's personal money or other income as the primary source (these are likely to be newer schools still seeking sufficient clients). Half of all schools have a secondary source of funding (table 24), and for those that have, 81% draw on the proprietor's other income or savings, while 19% draw on loans. Low-fee schools are least likely to draw on loans, with only 14% reporting this.

Table 24: Percentage of schools with secondary sources of funding, and for those that have, percentages drawing on these sources

	Schools with secondary sources of funding	Proprietor money	Loans
Low Fee	43.0	81.1	13.5
Medium Fee	51.4	80.6	25.0
High Fee	69.6	81.3	18.8
All Schools	49.7	80.9	19.1

68. As concluded above, schools' running costs are dependent on parental fee payments coming in, preferably at the start of term. There are well-documented and long-standing issues with this as the primary source of income as many parents rely on erratic and unpredictable informal-sector work. At the present time the recession means even greater challenges for proprietors as the businesses that employ parents or that feed income into informal sector businesses has dropped off.

69. It has long been known that a major challenge facing private school proprietors is the unreliability of parents in paying school fees¹⁹. This report examines the experiences of parental fee payment from the proprietor's perspective, while another report from this study will examine in detail the reasons for default and late payment from parents' perspectives. It is assumed that there is a variety of reasons including sudden and unexpected income shocks; parents' choosing schools that they cannot truly afford

¹⁹ Härmä, J. (2011) Study of Private Schools in Lagos. Lagos, DFID-ESSPIN Report number LG303; See source, note 1.

(perhaps hoping that they can), and also wilful default where parents choose to take advantage of the possibility of sending the child to school without paying in full, in advance. The nature of the service being paid for allows for this whereas for services such as transportation on motorcycle taxis (okadas) payment is demanded at the time of each and every delivery of that service.

70. Education entails an ongoing relationship between the school and the family, and it is also a large outlay that most cannot pay for in advance. And with proprietors loath to lose clients by asking them to leave for non-payment of fees (in the hope of eventually getting paid in full), parents are able to be late, making excuses, offering small token payments, and making promises to pay. Only under extremis do most schools finally tell parents to take the child from the school. The report explores here the ways that proprietors deal with late payment and default and how they cope when they are short of funds for paying monthly teacher salaries. It also demonstrates that the problem appears to be getting worse with the current economic challenges facing Lagos and the country.

Affordability of school costs

71. Proprietors were asked about the families that access the school, in terms of their economic situation; they were asked if they serve the middle classes, poor and very poor families. This data necessarily draws on the perceptions of the proprietors and their local context knowledge and their assessments of parents' circumstances from their various interactions and observations. The middle class are reported to make up the majority (58%) of private school clients in the study area, followed by 35% poor parents and just 7% very poor parents (table 25). The very poor make up 9% of low-fee schools' clients, and 6% of middle-fee schools, while poor families make up 48% of low-fee clients.

Table 25: Socioeconomic status of private school families, by fee levels

	Very poor	Poor	Lower middle	Middle	Upper middle
Low Fee	9.4	48.2	34.1	8.2	0.0
Medium Fee	5.7	25.7	50.0	18.6	0.0
High Fee	0.0	17.4	39.1	39.1	4.3
All Schools	6.7	35.4	41.0	16.3	0.6

72. Registered schools are nearly as inaccessible to the very poor as high-fee schools, while small schools draw 42% of their clients from among the poor (and 7% from the very poor), and 40% from the lower middle classes (table 26).

Table 26: Socioeconomic status of private school families, by registration status

	Very poor	Poor	Lower middle	Middle	Upper middle
Unregistered	8.0	40.1	38.0	13.9	0.0
Registered	2.4	19.5	51.2	24.4	2.4
All schools	6.7	35.4	41.0	16.3	0.6

73. With 42% of private school families either poor or very poor, and another 41% coming from the lower-middle class, it is not surprising that parents struggle to pay fees. A further indication of this struggle is reflected in the very low proportion of children possessing all of the books they are meant to have. Some parents have not bought this year's books by close to the end of term one, and report wanting to buy them, or to buy more of them, during the following term. This will clearly have ramifications for how teachers teach and how children manage to keep up with topics and do homework.

74. Under-resourced schools (or schools with under-resourced pupils) tend to have teachers that must spend (and waste) a lot of their time writing on the board for children to copy into copy books. Table 27 provides information on the percentages of children having various proportions of the requisite textbooks, showing that only 4% of high-fee schools reported that children have fewer than 40% of the required books, while this rises to 38% of low-fee schools reporting this. Only high-fee schools have a significant share of children with all of the required books. Overall many schools report children having between two-fifths and four-fifths of the required books.

Table 27: Percentages of pupils having various proportions of the required textbooks, by school fee categories

	100%	80-100%	60-80%	40-60%	Less than 40%
Low Fee	3.5	15.1	24.4	18.6	38.4
Medium Fee	5.7	14.3	20.0	27.1	32.9
High Fee	26.1	30.4	30.4	8.7	4.3
All Schools	7.3	16.8	23.5	20.7	31.8

75. The situation is the worst for children attending the smallest schools, with 50% of proprietors at these schools reporting children to have fewer than two-fifths of the required books. At large schools of greater than 225 pupils this is just 14% (table 28).

Table 28: Percentages of pupils having various proportions of the required textbooks, by school size

	100%	80-100%	60-80%	40-60%	Less than 40%
Less than 25	8.3	0.0	25.0	16.7	50.0
25-50	6.8	15.9	22.7	20.5	34.1
50-75	9.3	18.6	20.9	18.6	32.6
75-100	9.5	23.8	19.0	19.0	28.6
100-125	12.5	25.0	18.8	18.8	25.0
125-150	0.0	14.3	21.4	14.3	50.0
150-175	0.0	12.5	25.0	62.5	0.0
175-200	10.0	10.0	40.0	10.0	30.0
200-225	0.0	0.0	50.0	25.0	25.0
Greater than 225	0.0	28.6	28.6	28.6	14.3
Total	7.3	16.8	23.5	20.7	31.8

76. Having basic stationery is an absolute necessity, in the so-common absence of sufficient textbooks. It is also far more accessible to poorer parents, because items such as a copy book, a pen or a pencil, though cheaper in bulk, can be bought individually at local stationery shops and often at the schools themselves. We see therefore that this basic staple of education is in more abundant supply than books. It is still noteworthy however that only fewer than half of children at high-fee schools have all the stationery they should have (table 29). Overall there is less of a difference between children at differently priced schools than there is for textbooks.

Table 29: Percentages of pupils having various proportions of the required stationery, by school fee level

	100%	80-100%	60-80%	40-60%	Less than 40%
Low Fee	29.1	36.0	18.6	12.8	3.5
Medium Fee	31.4	30.0	14.3	17.1	7.1
High Fee	47.8	39.1	8.7	4.3	0.0
All Schools	32.4	34.1	15.6	13.4	4.5

77. Table 30 presents availability of stationery to pupils by the size of the schools. The pattern is similar, with larger schools tending to have better-resourced pupils. However, of note is the smallest category, which had by far the lowest textbook availability, but has high stationery availability – a clear sign that more copybooks and pencils are substituting for books.

Table 30: Percentages of pupils having various proportions of the required stationery, by school size

	100%	80-100%	60-80%	40-60%	Less than 40%
Less than 25	41.7	25.0	16.7	8.3	8.3
25-50	27.3	34.1	11.4	20.5	6.8
50-75	39.5	30.2	16.3	9.3	4.7
75-100	52.4	23.8	4.8	19.0	0.0
100-125	25.0	25.0	31.3	12.5	6.3
125-150	28.6	42.9	14.3	7.1	7.1
150-175	12.5	50.0	12.5	25.0	0.0
175-200	30.0	40.0	20.0	10.0	0.0
200-225	0.0	50.0	50.0	0.0	0.0
Greater than 225	14.3	71.4	14.3	0.0	0.0
Grand Total	32.4	34.1	15.6	13.4	4.5

regularity of parental fee payments

78. Most schools have little or no control over the material and books their pupils buy, and parents often stretch themselves to afford what they perceive to be the best school that is within reach. The large expense of essential costs such as school fees, examination fees and uniforms may then crowd out spending on these other essential supplies (books and stationery). Parents also cope with what are essentially unaffordable school fees by paying late and paying in small instalments as and when they can. Most proprietors will accept the fees however they can get them, even late. To begin with, only 9% of all schools report that 80% (or more) of parents paid their fees on time, and half of all respondents report that fewer than 40% of parents pay on time (table 31; see also tables A.15 and A.16 in the annex).

Table 31: Percentages of parents paying fees on time, by fee levels

	100%	80-100%	60-80%	40-60%	Less than 40%
Low Fee	1.2	5.8	15.1	19.8	58.1
Medium Fee	0.0	7.1	18.6	34.3	40.0
High Fee	0.0	17.4	8.7	21.7	52.2
All Schools	0.6	7.8	15.6	25.7	50.3

Proprietors were asked to characterise the fee-payment regularity of their client parents, with the result that two-fifths say that parents are often irregular and need to be chased in order to get the fees paid; while a third state that parents are always irregular. Only 5% report regular and reliable fee payments – and only 1% of low-fee schools. High-fee

schools experience the greatest reliability of fee payments, with around 44% stating that income is mostly or always reliable, whereas only 22% of registered schools report the same.

Table 32: Proprietors' reports of regularity of fee payments, by fee levels

	Regular and reliable	Mostly regular, sometimes late	Often irregular and need to be chased	Always irregular, extremely difficult, must chase parents
Low Fee	1.2	16.3	48.8	33.7
Medium Fee	2.9	30.0	32.9	34.3
High Fee	21.7	21.7	30.4	26.1
All Schools	4.5	22.3	40.2	33.0

Table 33: Proprietors' reports of regularity of fee payments, by school size

	Regular and reliable	Mostly regular, sometimes late	Often irregular and need to be chased	Always irregular, extremely difficult, must chase parents
Small size	1.8	14.3	48.2	35.7
Medium size	6.3	26.6	35.9	31.3
Large Size	5.1	25.4	37.3	32.2
All Schools	4.5	22.3	40.2	33.0

Table 34: Proprietors' reports of regularity of fee payments, by registration status

	Regular and reliable	Mostly regular, sometimes late	Often irregular and need to be chased	Always irregular, extremely difficult, must chase parents
Unregistered	3.6	24.6	41.3	30.4
Registered	7.3	14.6	36.6	41.5
All Schools	4.5	22.3	40.2	33.0

79. Proprietors were specifically asked if parents withdraw their children from school while still owing a debt of fees. Tables 35-37 present proprietors' responses by school fee status, school size, and registration status. The tables show that for 51% of schools it is a frequent occurrence, and for another third, it sometimes happens. It is the most common for low-fee schools, with 59% of proprietors saying it happens frequently. It is less common for high-fee school proprietors, again showing that those who are better-off are struggling less with school costs, even when attending more expensive schools.

Table 35: Perceived frequency of problem of default ('bad debts'), by fee levels

	Yes, often happens	Sometimes happens	Rarely happens	No, never happens
Low Fee	59.3	26.7	9.3	4.7
Medium Fee	47.1	37.1	12.9	2.9
High Fee	30.4	39.1	30.4	0.0
All Schools	50.8	32.4	13.4	3.4

Table 36: Perceived frequency of problem of default ('bad debts'), by school size

	Yes, often happens	Sometimes happens	Rarely happens	No, never happens
Small size	51.8	32.1	8.9	7.1
Medium size	51.6	26.6	18.8	3.1
Large Size	49.2	39.0	11.9	0.0
All Schools	50.8	32.4	13.4	3.4

Table 37: Perceived frequency of problem of default ('bad debts'), by registration status

	Yes, often happens	Sometimes happens	Rarely happens	No, never happens
Unregistered	50.0	32.6	13.0	4.3
Registered	53.7	31.7	14.6	0.0
All Schools	50.8	32.4	13.4	3.4

80. But table 38 illustrates the large extent of non-payment by parents: by the end of the last academic year, 36% of parents across our 179 surveyed schools had not paid in full. The incidence of this is far greater amongst low-fee schools and becomes significantly less for medium-fee and even less for high-fee schools. The indication is that those whose children attend low-fee schools are struggling the most with the current economic situation; those using more expensive schools may already have 'come down' a level or more whereas those choosing low-fee schools are likely to be clinging on to the bottom rung of the private schooling ladder, and essentially failing to be able to afford it.

Table 38: Percentage of parents who did not pay full fee by year end, by fee levels

	Unregistered	Registered	All Schools
Low Fee	42.8	53.8	44.1
Medium Fee	31.2	36.6	33.3
High Fee	29.3	24.4	26.6
All Schools	36.0	35.8	35.9

81. Proprietors tend to allow children back the following year, despite outstanding debts, so many of the children in question in table 38 will return to the school the next year even though their parents have a backlog of fees to pay. They perceive this to be the best way to eventually receive payment for the previous year and for the present, although further analysis present below shows this strategy to be misplaced.
82. Table 39 shows yet again that it is those using low-fee schools that are struggling the most, and unregistered low-fee schools even more so than registered. While only 6% of high-fee school children were withdrawn, the rate is 13% for children at unregistered low-fee schools. This represents a major loss for these schools, and shows that the poorest parents are the most likely to be forced to interrupt their child's education due to household income issues.

Table 39: Percentage of children withdrawn from school with outstanding debts, by fee levels

	Unregistered	Registered	All Schools
Low Fee	12.7	10.8	12.4
Medium Fee	7.1	7.4	7.2
High Fee	5.4	6.0	5.7
All Schools	9.3	7.5	8.7

83. Our school respondents were asked why parents default on school fees, with parents' responses (documented in a separate report from this study²⁰) broadly coinciding with what proprietors reported, though not in identical percentages, understandably. The issue most commonly reported by proprietors, reported in 46% of cases, is that a parent loses their job or for some other reason there is a sudden, sharp drop in income. Five percent blame the erratic income of parents; 6% cited large and unforeseen expenditures and 2%, an illness in the family. Another commonly cited reason is that parents chose a school that they could never really hope to afford. Of note, this is cited by high-fee schools, meaning that people are over-reaching to get the best possible school; but it is also cited by low-fee schools, meaning that families desperately trying to avoid government school or no education at all are doing whatever they can to access low-fee private schooling. Another reason cited by a similar proportion at all fee-levels is that families choose not to pay; another 4% reported conflicts within families regarding spending priorities (table 40).

²⁰ Härmä, J & Siddhu, G. (2016) Why do parents default? Parental school choice and affordability in a time of recession. Lagos, DFID-DEEPEN Report, as yet unpublished.

Table 40: Main reasons for parental fee default by fee levels

	Parent lost job/sudden drop in household income	Illness in the family – medical expenses	Unforeseen expenditure	Family could never afford this school	Family can afford but choose not to pay	Erratic income of earners	Family member takes school fee money and spends on something else	Conflict within family on spending priorities	Other	Relocation
Low Fee	45.3	2.3	8.1	12.8	10.5	4.7	8.1	1.2	4.7	2.3
Medium Fee	47.1	1.4	2.9	4.3	11.4	5.7	10.0	7.1	8.6	1.4
High Fee	47.8	0.0	8.7	21.7	13.0	4.3	0.0	4.3	0.0	0.0
All Schools	46.4	1.7	6.1	10.6	11.2	5.0	7.8	3.9	5.6	1.7

84. Sudden income shocks come through clearly as the key reason why a family would default on their fees, indicating that paying for private schooling does not allow much leeway in household budgets and brings families to tight margins. The reasons cited for other categories of schools do not vary much, however for small schools, 14% of respondents reported that parents choose to spend their money on other things, and 11% states specifically that another family member will spend the school fee money on something else (table 41). For small schools the reasons reported seemed to focus more on poor household budgeting and prioritising other areas of household spending, and income shocks were only reported by 39% of respondents; the lowest across all of our school categories.

Table 41: Main reasons for parental fee default by school size

	Parent lost job/sudden drop in household income	Illness in the family – medical expenses	Unforeseen expenditure	Family could never afford this school	Family can afford but choose not to pay	Erratic income of earners	Family member takes school fee money and spends on something else	Conflict within family on spending priorities	Other	Relocation
Small size	39.3	1.8	7.1	8.9	14.3	1.8	10.7	7.1	7.1	1.8
Medium size	56.3	1.6	3.1	12.5	7.8	9.4	6.3	0.0	3.1	0.0
Large Size	42.4	1.7	8.5	10.2	11.9	3.4	6.8	5.1	6.8	3.4
All Schools	46.4	1.7	6.1	10.6	11.2	5.0	7.8	3.9	5.6	1.7

85. When the question was changed somewhat to ask the top three reasons why parents default, two-thirds of schools cite sudden income shocks, with very little variation across different school categorisations (table 42). Families' choosing a school they could not really afford but also the notion that the family can in fact afford the school but default wilfully as well as the issue of conflict within the household regarding spending priorities all score highly.

Table 42: Percentage of schools reporting top three causes for school fee default, by fee levels

	Parent lost job/sudden drop in household income	Illness in the family – medical expenses	Unforeseen expenditure	Family could never afford this school	Family can afford but choose not to pay	Erratic income of earners	Family member takes school fee money and spends on something else	Conflict within family on spending priorities	Other	Relocation
Low Fee	64.0	8.1	17.4	30.2	33.7	23.3	31.4	11.6	14.0	4.7
Medium Fee	67.1	8.6	14.3	30.0	34.3	20.0	41.4	14.3	12.9	4.3
High Fee	65.2	8.7	26.1	26.1	52.2	21.7	21.7	21.7	8.7	0.0
All Schools	65.4	8.4	17.3	29.6	36.3	21.8	34.1	14.0	12.8	3.9

86. Proprietors were also asked what they felt were the main reasons for parents to pay late and irregularly, and the most commonly cited issue was the irregular income of parents (table 43). This is more-so the case with low-fee schools probably because households using these schools are more likely to work in precarious and informal sector work. The next most cited issue is the prioritisation of other expenditures by the household. This appears to be a common issue because of the ongoing nature of the education 'service', parents feel they can get away with delaying the payment of school fees while many other goods and services require immediate payment.

Table 43: Main reasons that parents are late in paying school fees, by fee levels

	Due to irregular earning for parents	Lack of saving opportunities for parents	Unforeseen expenditures	Wilful arrear: Parents prioritise other expenditure
Low Fee	62.5	10.0	1.3	26.3
Medium Fee	54.0	6.3	6.3	33.3
High Fee	50.0	0.0	4.5	45.5
All Schools	57.6	7.3	3.6	31.5

87. Similarly to low-fee schools, unregistered schools more often blame late payment on the erratic incomes of their clients (table 44). Of note, wilful arrears, where parents choose to prioritise other areas of spending is reported more for high fee and registered schools, indicating that low-income families have more genuine (and predictable) difficulties in paying fees than the better-off.

Table 44: Main reasons that parents are late in paying school fees, by registration status

	Due to irregular earning for parents	Lack of saving opportunities for parents	Unforeseen expenditures	Wilful arrear: Parents prioritise other expenditure
Unregistered	59.8	7.9	3.9	28.3
Registered	50.0	5.3	2.6	42.1
All Schools	57.6	7.3	3.6	31.5

The extent of the default problem

88. While around half of proprietors reported that default is a common problem, it is instructive to look at how much schools are losing due to non-payment of fees. Table 45 provides the average absolute amounts owed to proprietors by parents who did not clear their debts from the previous academic year. Table 46 below provides the percentage of the current year's intended fee income that these outstanding debts represent, and shows that the problem is most significant for low-fee, unregistered schools. The amounts owing to them represent, on average, 13% of what they hope to be bringing in during the 2016-2017 school year. This proportion of debts is not as severe as has been suspected, however for those pupils who leave the school with debts unpaid, proprietors seldom expect to recover much of the amount owed (see below). However, the debts are likely to be under-reported here, as many schools could not provide data on this issue due to very poor record-keeping (discussed below). Many low-fee and small schools experience such debts, and many such schools could not provide this data.

Table 45: Average amount owed to school for the previous academic year (one year only), by fee levels and registration status

	Unregistered	Registered	All Schools
Low Fee	165,282	147,375	163,535
Medium Fee	242,137	349,440	269,828
High Fee	475,890	254,692	350,865
All Schools	216,370	272,461	228,797

Table 46: Average amount owed to school for the previous one academic year only as a percentage of total fee income due in 2016-17, by fee levels and registration status

	Unregistered	Registered	All Schools
Low Fee	13.4	9.1	12.8
Medium Fee	6.4	5.5	6.1
High Fee	6.6	3.7	5.0
All Schools	8.3	4.9	7.0

Table 47: Average total amount owed to school to date (multiple academic years), by fee levels and registration status

	Unregistered	Registered	All Schools
Low Fee	258,396	372,483	268,175
Medium Fee	3,155,104	1,136,329	2,533,943
High Fee	6,384,625	389,364	2,913,684
All Schools	1,677,760	748,460	1,460,264

Table 48: Total amount owed to the school to date (multiple academic years) as a percentage of fee income for 2016-17, by fee levels and registration status

	Unregistered	Registered	All Schools
Low Fee	18.1	17.3	18.0
Medium Fee	65.4	17.8	47.8
High Fee	70.3	4.8	34.2
All Schools	53.7	12.1	38.0

89. Medium and high fee schools tend not to recover debts, or not to the same extent as low-fee schools. Table 45 and table 47 show that there is relatively little difference for low-fee schools between accumulated debt to date, and debt from just the last year. However there is a much bigger difference for medium- and high-fee schools, which indicates that they are less likely to recover a debt once it is accrued.
90. Proprietors were asked what they do when a family leaves the school with debts unpaid (table 49). Low-fee schools, small schools and unregistered schools are all the most likely to keep pursuing parents until the debt is paid, though overall only 5% of proprietors follow this approach. The majority (57%) of proprietors feel that once the child leaves the school it is too late, but 35% will keep trying at least for a few months. Small schools are the most likely to keep trying to recover the debt (7%), while 43% keep trying for a few months and only 45% give up on the debt as soon as the child has gone.

Table 49: Proprietors' actions after a child leaves the school, by fee levels

	Yes I keep trying until it is paid	Keep trying for a few months	No, once they leave, too late	Other
Low Fee	5.8	34.9	57.0	2.3
Medium Fee	4.3	32.9	58.6	4.3
High Fee	4.3	43.5	52.2	0.0
All Schools	5.0	35.2	57.0	2.8

91. Very few proprietors will ever get back the full fee or even most of it (table 50). Only 11% report getting up to half of the debt cleared and over a fifth stated that they can recover hardly anything. Nearly two-thirds (64%) state that they get nothing back once a child leaves. And for small schools, that are the most likely of all schools (though still only 7%) to keep trying to recover fees, they are the least likely to recover the full fee, and 70% report getting nothing back. Medium- and high-fee schools are somewhat less likely to get nothing back, as are medium- and large-sized schools.

Table 50: Level of debt recovery after a child leaves school, by fee levels

	Entire fee that is due	Most of the fee	Around / less than half	Hardly anything	Nothing, once the child leaves
Low Fee	1.2	1.2	10.7	16.7	70.2
Medium Fee	1.4	2.9	10.1	29.0	56.5
High Fee	0.0	4.3	17.4	13.0	65.2
All Schools	1.1	2.3	11.4	21.0	64.2

92. In cases where the child is still attending school and the parent is behind in paying fees, the most common action that a proprietor takes is simply to communicate with parents about the issue, requesting payment. Two-fifths send the child home in the morning and exclude them for the day, to get the parent to pay, while nearly a quarter (24%) go to the lengths of shutting the child out until payment is made. This is considered quite a hard practice by many, and is used far more at high-fee schools, and least often by low-fee schools – and the multivariate analysis to follow will show how this impacts on levels of loss. Five percent overall, and 6% of low-fee school proprietors state that they never exclude any child; this is because proprietors actively avoid interrupting children's education as much as possible, and want to avoid the disruption and catch-up that has to happen upon a child's return.

93. Nearly two-thirds of proprietors at low-fee schools will accept any amount, as and when the parent can pay (table 51). Some schools will stop children from sitting exams (14%), but more usual is for the child to be allowed but for the result to be withheld until the fees are paid (22%). Low-fee schools are least likely to engage in either of these practices. The main difference between proprietors' strategies is that low-fee schools are most likely to accept any amount at any time, and are least likely to engage in practice that can affect the child's education. There are somewhat similar results for small schools, with 11% stating that they will never exclude any child, but 23% will withhold the examination results.

Table 51: Actions taken when parents are in arrears with fees, by fee levels

	Communication with parents to demand payment	Exclude child for 1 day - send home to ask for payment	Exclude child until payment made	I never exclude child	Accept amounts as and when parent can pay (small amounts)	Stop child from sitting exams	Withhold exam results / report cards
Low Fee	91.9	39.5	22.1	5.8	65.1	12.8	20.9
Medium Fee	95.7	37.1	24.3	4.3	58.6	15.7	22.9
High Fee	91.3	47.8	30.4	4.3	43.5	13.0	26.1
All Schools	93.3	39.7	24.0	5.0	59.8	14.0	22.3

94. Few schools have a policy of never allowing a child to return the next school year with debts still pending, however this is by far the most common at high-fee schools (13%), and least common at low-fee schools. Four-fifths of low-fee school proprietors state that they accept children back (table 52); this is part of their strategy to recover debts, as shown in table 53, which provides the reasons why children are allowed back. Nearly two-thirds of proprietors allow children back in the hope of eventually receiving the amounts owed, although clearly this is a risky strategy as more debt gets accrued. Where high-fee schools are concerned, it is more common for proprietors to state that parents will eventually pay their debts.

Table 52: Proprietors' policies on children returning to school for the following year with debts, by fee levels

	Yes	Depends on circumstances	No
Low Fee	80.0	16.5	3.5
Medium Fee	72.5	21.7	5.8
High Fee	78.3	8.7	13.0
All Schools	76.8	17.5	5.6

Table 53: Why proprietors allow debtor-pupils to return the following year, by fee levels

	Not the child's fault, education is important	Hope parents will pay, want to keep all clients	Parents always pay eventually
Low Fee	17.9	66.7	15.4
Medium Fee	13.1	63.9	23.0
High Fee	21.1	52.6	26.3
All Schools	16.5	63.9	19.6

95. Private school proprietors are caught in a dilemma when it comes to their policies on taking new admissions. Defaulting parents are able to move schools more easily, leaving debts behind them, when other schools have lax admissions policies, allowing entry at any time. However proprietors are likely to allow admission at any time (in 68% of cases), because they are always wanting more clients and more income for their school. High-fee schools are the most likely of all to take pupils at any time of year (table 54), but low-fee schools are not far behind; however this is most common at small schools which are arguably the most in need of new admissions.

Table 54: When new admissions are accepted, by fee levels

	Start of academic year	Start of any term	Any time at all
Low Fee	7.0	25.6	67.4
Medium Fee	13.4	29.9	56.7
High Fee	9.1	22.7	68.2
All Schools	9.7	26.9	63.4

96. Only 43% ask prospective clients if they have any outstanding debts from their previous school. Of note, this includes 45% of low-fee schools, but only 43% of high-fee schools; 44% of unregistered versus 41% of registered schools; and 48% of small schools but only 38% of large schools. Six percent of proprietors said that they sometimes ask, but not always.

97. The problems of late fee payments and default has serious ramifications for schools, particularly at the low- and medium-fee end. Due to parents' late fee payments, schools have difficulties in keeping up with their single biggest commitment: the payment of teachers' salaries. Table 55 reports the proportions of proprietors that have faced shortfalls affecting teacher salaries, by fee levels, and shows that this problem has been faced most often by medium-fee schools; it is also faced more by unregistered schools

(68%) than registered schools (61%). Surprisingly, this issue is faced by 72% of large schools, 68% of medium schools and only 59% of small schools. Overall, with 67% of schools facing this issue, it is a serious problem for schools and their staff.

Table 55: Percentages of schools that have had a shortfall, by fee levels

	Yes	No
Low Fee	63.9	36.1
Medium Fee	73.5	26.5
High Fee	56.5	43.5
All Schools	66.7	33.3

98. Proprietors were asked how they deal with any shortfalls, and the majority of two-thirds state that they delay payment of salaries to teachers, while a fifth report borrowing short-term from family members while just 11% borrow from a bank and 2% from a private money lender. Of note, high-fee schools tend to take bank loans for these short-term needs in 46% of cases and choose to delay staff payments in only 18% of cases. Two-thirds of medium-fee and 78% of low-fee schools delay staff payments (table 56). When looked at by other categorisations of schools, 72% of unregistered schools delay staff payments, and 73% of small schools.

Table 56: How proprietors meet shortfalls, by fee levels

	Took loan from money lender	Took bank loan	I borrowed money from family	Delayed teacher salary
Low Fee	2.0	6.0	14.0	78.0
Medium Fee	2.1	8.5	23.4	66.0
High Fee	0.0	45.5	36.4	18.2
All Schools	1.9	11.1	20.4	66.7

99. For low-fee schools in general there is an average debt of N17,541, or 18,394 for unregistered, low-fee schools (table 57), which shows that these poorest schools and their teachers (whose salaries are low to begin with) are facing a relatively larger problem in this regard than other schools. Unregistered medium-fee schools have the largest average debt, while high fee schools did not have outstanding debts at the time of the survey.

Table 57: Average salary owed to teachers (all accumulated debt)

	Unregistered	Registered	All Schools
Low Fee	18,394	10,500	17,541
Medium Fee	55,766	23,936	46,055
High Fee	-	-	-
All Schools	30,977	13,549	26,591

4.5. Profitability of surveyed schools

100. School finances were analysed including all income from fees as stated by proprietors, and all outgoings including staff salaries, maintenance, materials and rent. Potential profit is calculated on a per-pupil basis by school size categories. Table 58 shows that at (a purely hypothetical) 100% of fee collection, even small schools would make a reasonable profit per pupil. However it has long been documented that schools tend not to succeed in collecting anywhere near all of the fees that they are meant to. The table also presents per-pupil profits at two lesser levels of fee collection: 85% and 75%. In a previous report looking at schools as a business²¹ around the 70% fee collection mark was found to be more realistic, and as times are hard for schools and parents at the present time due to the ongoing recession, there is no reason to believe things will have changed significantly for the better.

Table 58: Per student profit by school size and percentage fee collection

	100% fee collection	85% fee collection	75% fee collection
Less than 25	7,855	4,514	2,287
25-50	4,945	274	-2,841
50-75	10,874	5,062	1,187
75-100	10,353	4,977	1,394
100-125	12,993	6,784	2,645
125-150	14,400	8,083	3,872
150-175	16,148	11,135	7,793
175-200	19,213	13,239	9,256
200-225	19,242	14,052	10,591
Greater than 225	23,458	17,810	14,044
Total	14,404	8,789	5,046

²¹ See source, note 1.

101. Looking at per pupil profit at various types of schools, registered and unregistered, on owned and rented land, and by different fee levels, at a usually more realistic fee collection rate of 75%, we find smaller medium- and high- fee schools struggling, as well as all schools in the 25-50 pupil enrolment category (table 59). Those on owned land and those that are registered are in many cases more profitable, but not always.

Table 59: Average annual profit per pupil at 75% fee collection

	All	Owned	Tenancy	Registered	Unregistered	Low Fee	Medium Fee	High Fee
Less than 25	2287	1263	2559	6533	1510	2287	0	0
25-50	-2841	-4783	-2153	-39624	-594	120	-2210	-35890
50-75	1187	2001	478	699	1323	417	-1826	8970
75-100	1394	-397	2823	3585	860	1049	-2983	11136
100-125	2645	3534	1945	700	3767	-990	5301	-12394
125-150	3872	4431	3653	2269	5035	1042	6697	-932
150-175	7793	13627	4306	27447	5059	1113	8308	27447
175-200	9256	9575	7919	14118	5954	8889	7805	14053
200-225	10591	11023	9317	7777	13387	9317	11023	0
Greater than 225	14044	13106	22167	14522	13355	0	12176	21487

102. Figure 5 provides a visual representation of profitability per pupil, using data from table 59. It shows a general trend upwards with larger schools, but also some surprising variability, especially with regard to high fee schools. Figure 6 below provides this visual representation of profitability at 85% fee collection.

Figure 5: Profit per pupil at schools with different characteristics, at various enrolment sizes, 75% fee collection

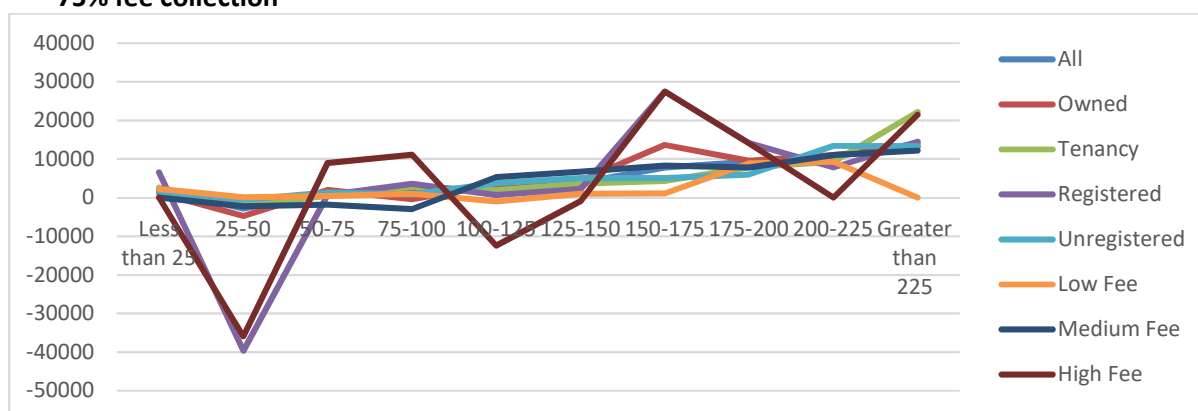
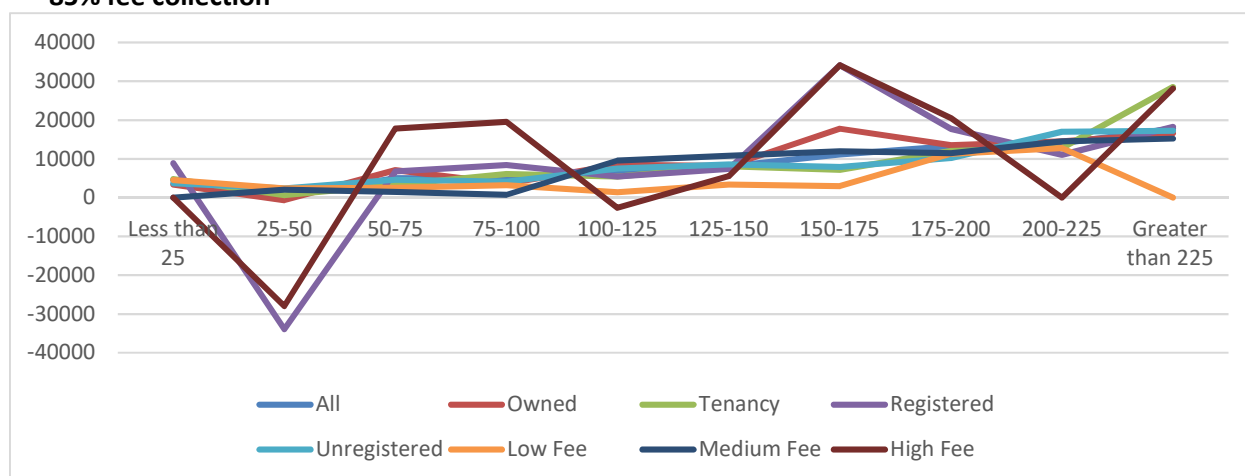


Figure 6: Profit per pupil at schools with different characteristics, at various enrolment sizes, 85% fee collection



4.6. Competition in a saturated market

103. Proprietors were asked, in the current climate, how they feel about the school's financial position in relation to the previous year. Overall, 45% feel in a weaker or much weaker financial position, while 35% feel in a somewhat or much stronger position. A fifth report no change. Overall then there is something of a turn for the worse. While more high-fee schools feel better off, 49% of low-fee schools and 45% of medium-fee schools feel worse off (table 60). For small schools things appear to be more challenging, with 54% feeling worse off, which may well be related to their inefficient spending per pupil, outlined above, as well as too many new schools opening up.

Table 60: Proprietors' views on their schools' financial positions, by fee levels

	Much stronger	Somewhat stronger	About the same	Weaker	Much weaker
Low Fee	4.7	27.9	18.6	37.2	11.6
Medium Fee	11.4	22.9	21.4	28.6	15.7
High Fee	8.7	34.8	21.7	21.7	13.0
All Schools	7.8	26.8	20.1	31.8	13.4

104. Related to this issue, the majority (62%) of schools report needing to compete to attract new pupils. Only 4% have never particularly thought of this issue, while 35% report not having to compete – with relatively little difference across fee levels. Of note,

high fee schools report the most competitive pressure, presumably because when parents are paying more, they expect to get more. Overall, according to other categorisations of schools there is little difference, except for small schools, 39% of which report not having to compete at all.

Table 61: Proprietors' perception of local school competition, by fee levels

	Yes, there are many schools close by, we compete for pupils	Somewhat - there are local schools, but we don't really compete	No, we don't have to compete with any other schools	I have never thought about this issue / I don't know
Low Fee	48.8	11.6	36.0	3.5
Medium Fee	47.1	14.3	34.3	4.3
High Fee	56.5	8.7	30.4	4.3
All Schools	49.2	12.3	34.6	3.9

4.7. Schools' record keeping and the availability of data

105. It has been documented in several previous studies that schools need to improve their record-keeping practices, which is essential to better management overall and to any improvements in financial management. In addition, more schools should be using bank accounts for their financial management. We find that 43% of schools have no bank account at all, which is fairly consistent with the findings from a previous DEEPEN report²², while an equal proportion have a dedicated account, in the school's name. Fourteen percent of proprietors use an account in their personal name, but the account is used only for the school and not for any personal transactions or income. Table 62 shows that the vast majority (87%) of high-fee schools, and nearly two-thirds of medium-fee schools have accounts in the school's name. However low-fee schools are making very little use of banking services, with two-thirds conducting all of their operations in cash, again this is consistent with past findings²³. Registered schools have bank accounts in 85% of cases while small schools in only 16% of cases.

Table 62: Schools having bank accounts, by fee levels

	Yes, in the name of school	School account in the name of proprietor but used exclusively for the school	No account for school
Low Fee	14.1	20.0	65.9
Medium Fee	64.3	10.0	25.7
High Fee	87.0	4.3	8.7
All Schools	43.3	14.0	42.7

²² See source, note 1.

²³ See source, note 1.

106. The case study shows that medium- and high-fee schools are much more likely to keep better records than low-fee schools (table 63). Around a third of the former schools use proper accounting methods, while only 19% of low-fee schools do so. Computerised accounting is used almost exclusively by high-fee schools, while just a note in incomings, outgoings and debts owed to teachers and debts owed from clients is the primary record-keeping form for 61% of low-fee schools, but also by 55% of medium-fee schools. Debts only (from families, and to teachers) are the only records kept by 17% of low-fee schools; and surprisingly 4% of high-fee schools keep no written records at all (as well as 3% of medium-fee and 1% of low-fee schools). Record keeping by schools by other types of categorisation yield a similar picture: registered schools and large schools use more formal accounting methods while smaller schools and unregistered schools tend more towards less and less formal methods, though there is no hard and fast divide.

Table 63: Type of accounting methods used by schools, by fee levels

	Proper accounts in an accounting ledger	Proper accounts in computerised form	All incomings, outgoings, fees owed to school, salary payments owed, etc. written informally in notebook	Only very basic - what parents owe / what teachers are owed, written in notebook	No written financial records
Low Fee	18.8	2.4	61.2	16.5	1.2
Medium Fee	31.9	4.3	55.1	5.8	2.9
High Fee	39.1	21.7	34.8	0.0	4.3
All Schools	26.6	5.6	55.4	10.2	2.3

107. Proprietors were asked if they keep entirely separate accounts and cash flow for the school, separate from their own personal cash flow and bank accounts (where applicable; if there is no bank account, the question referred to keeping separate cash flows). Seventy-one percent of proprietors said they do keep totally separate accounts and cash flow (table 64); over 83% in the cases of medium- and high-fee schools, but only 57% of low-fee schools. Nearly a fifth of proprietors keep no separation of cash flow and accounts at all. A high proportion of low-fee schools operate with very informal cash handling; 29% keep no separation at all, yet a noteworthy 13% of high-fee schools also do this. It is the case that sometimes personal or school funds are dipped into when a need occurs, in the case of 15% of low-fee schools and 4-6% of high- and medium-fee schools. No separation is kept by 14% of registered schools but 23% of unregistered schools, but there is no real pattern discernible by school size.

Table 64: Degree of separation of proprietor's and school's cash flow, by fee levels

	Yes, there is clear separation	No, school and personal expenditure / income all mixed / kept together	Usually, but sometimes have to dip into one or the other to cover personal or school shortfalls
Low Fee	56.6	28.9	14.5
Medium Fee	84.8	9.1	6.1
High Fee	82.6	13.0	4.3
All Schools	70.9	19.2	9.9

108. School record-keeping was important for this research not least because the researchers were calling on respondents to provide quite detailed information on their finances. Researchers recorded how easy it was for the respondents to provide information on default, late fee payments and other issues (table 65). Detailed records were most readily available at high-fee schools (45%), less so at medium-fee schools (33%), and the least often available at low-fee schools (29%). Ten percent of all schools could not provide the information needed at all, while in 21% of cases they could piece together a picture from various staff members at the school – this was the case in 27% of low-fee schools. The financial picture could be calculated from various records kept at the school in 32% of low-fee schools, 35% of high-fee schools, and 41% of medium-fee schools. It is noteworthy that even 5% of high-fee schools could not provide the information at all, as well as 9% of medium fee schools. This was highest for low-fee schools, at 13%. There was less of a clear pattern by other categories of schools; but registered schools and larger schools tended towards better availability of ready records.

Table 65: Availability of records of debts, by fee levels

	Yes, they had proper records	Yes, they could calculate the number from different records	Yes, they had to find from different people and guess the numbers	No, they could not tell
Low Fee	29.1	31.6	26.6	12.7
Medium Fee	33.3	40.9	16.7	9.1
High Fee	45.0	35.0	15.0	5.0
All Schools	32.7	35.8	21.2	10.3

4.8. Multivariate analysis of factors associated with the size of debts owed to schools

109. Finally, this section presents a multivariate analysis carried out using forward stepwise logistic regression to determine if there are any key factors that are closely associated with schools experiencing higher levels of default than other schools (table 66). The dependent variable is the size of the outstanding debt from the previous one academic year, as a proportion of the current year's planned school income. This year's fees are likely to be the same or somewhat increased from last year's fees, and enrolment in the study schools is nearly unchanged, so the debt-to-planned income ratio would be similar or slightly larger if we had data on last year's fees. For our purposes, with this year's fee income is deemed a suitable proxy for last year's planned fee collection. All of the variables are drawn from the issues explored above in the report, including all issues that could be hypothesised as having an impact on how much schools would be able to recover from parents.
110. Taking our variable of greatest interest first, we look at the fee category that the school falls into, and we see that being a medium or high fee school significantly reduces default from the previous year. Larger schools also experience less default. Owning more than one school is associated with higher default, potentially due to having the proprietor's attention split between two schools. Being a member of an association is also associated with less default; this variable is most likely a reflection of these proprietors' greater awareness of better management practices. Counterintuitively, having a bank account and keeping proper records in the school is not associated with the dependent variable. Schools serving the middle class as opposed to lower- or upper-middle class, are experiencing more default. It is possible that these schools' clients are trying to afford higher fees than they can really manage.
111. It was thought that if schools allow admission at any time of year that this would be encouraging default by allowing families that have very possibly defaulted from another school, to move on to a new school. However, this admission policy is not found to be associated with increased default; nor is the practice of enquiring about debts to previous schools or efforts to recover debts from parents associated with less default. What comes out strongly is that the practice of allowing pupils to return the next academic year when debts are still pending from the previous year, is significantly associated with default. As already noted, proprietors tend to allow return in the hope that parents will eventually pay, however this strategy appears to back-fire. Unsurprisingly, parents who were unable to pay the fee in the previous year are then unable to pay the present fee as well as the past debt.

Table 66: Factors associated with the debt-to-planned income ratio of surveyed schools

Fee Owed to School (0=no fee owed-1=100% fee owed)		
	Coefficient	Z-score
Fee Category (Low fee)		
<i>Medium Fee</i>	-0.69**	-2.52
<i>High Fee</i>	-1.29*	-3.32
Total Enrolment	0.0047**	-2.12
Registered (1=Yes)	0.05	0.17
Age of school	0.01	0.67
School land owned (1=Yes)	-0.21	-1.12
Proprietor own more schools (1=Yes)	0.57**	2.08
School member of any association (1=Yes)	-0.31***	-1.65
Proprietor also head teacher (1=Yes)	0.03	0.16
School has bank account (1=Yes)	0.02	0.09
School maintains formal records (1=Yes)	0.23	1.19
School account separate from proprietor account (1=Yes)	0.01	0.02
Student poverty category (Poorest)		
<i>Poor</i>	0.30	1.20
<i>Lower Middle</i>	0.45	1.59
<i>Middle</i>	0.51***	1.83
<i>Upper middle class</i>	0.28	0.60
Schools allows children to return despite owing from previous year (1=Yes)	0.46**	2.46
School takes admission any time of year (1=Yes)	0.04	0.22
School find out about previous school debt before new admission (1=Yes)	0.01	0.07
School try to recover debt (1=Yes)	0.23	1.37

112. This has implications for how schools should best manage their admissions and their fee payment policies. While it may appear hard and unfeeling to exclude children for non-payment of fees, it is likely that a child will experience greatest continuity in

schooling when admitted to a school the parent can truly afford, and schools' fee policies should be clear up front, in order to discourage parents from accessing schools that they cannot truly afford. Any school policies that allow for more default to happen will ultimately not benefit the child, as a change in schools is nearly inevitable and simply delayed by more lenient policies. Such disruptions often lead to fairly lengthy breaks between schools, as parents must pay (and often will need time to save up for) the substantial up-front costs of school admission.

5. Conclusions and recommendations

113. This report provides insights into school functioning from an in-depth survey amongst 179 low-, medium- and high-fee schools in Lagos, Nigeria. Private schools have for some time been serving more children than government schools – it is now the norm for many in Lagos, and while the poorest cannot afford the fees, a private education is no longer the preserve of the middle classes. But ***saving up for termly fee payments is unrealistic for many parents***, for a variety of reasons. Many who access low-fee schools for their children are in precarious and informal work, which means that their income is erratic and unpredictable. Other parents may be better-off, but often try to access the most expensive school that they can hope to afford, and often find the costs to be too much to afford easily, leading to late and piecemeal payments and default. Last year, 2016, was a challenging one for many families due to the recession that the country is currently facing, which has only made things worse.
114. Overall from this study we find that – as ever – the irregularity of parental fee payments is probably the biggest single challenge for school proprietors. ***Parents are late in paying fees and some default fully, leaving bad debts***. Yet we found the absolute amount of fees owed to be smaller as a proportion of a year's income for the school, than initially expected. The profitability of schools appears to be surprisingly high considering the issue of over-resourcing of schools, evidenced through their very low pupil-teacher ratios. Greater efficiency in staffing would do much to improve the profitability of schools, and could potentially allow some of the smaller, poorer schools to pay marginally more to their staff who are being poorly paid at the current time.
115. ***There is a dearth of easy and practical savings schemes for parents, to help them budget for large periodic expenditures such as school fees***. Added to these issues, ***many parents overstretch themselves by trying to access the most expensive school in their potential to pay for***; often the costs they agree to pay prove to be outside of their powers to afford. In addition, there are issues within families that lead to default; sometimes lack of agreement between parents and unexpected expenses can lead to savings that were dedicated to school fees being spent on

something else. Lastly there is the wilful default that happens when parents pay some amount at the start of the terms to secure their child's entry into the school, while knowing that they cannot afford the fees in the long term, and a cheaper school should have been chosen.

116. Whatever the true root cause, around half of schools report erratic and irregular fee payments from parents as a frequent problem for their school. The report has looked in depth at the extent of schools' losses, and has found that for low-fee schools the loss from the previous year represents 13% of their hoped-for fee income in the present year. The problem is much less for medium- and even less for high-fee schools, which have by far the least forgiving policies on default. Our multivariate analysis suggests that a **key factor in the extent of default is whether schools allow pupils back the next school year when the previous year's fees are still not paid in full**. Not allowing pupils with debts to return for a new school year is highly correlated with fewer 'bad debts'. Of note, we found that more formalised financial management practices and better record keeping are not correlated with the extent of bad debt, which runs counter to expectations that better records will help proprietors enforce payments. It may simply be that despite records, some proprietors are simply not willing to be as 'hard' on parents as would be required to prevent late payment and default. Schools can easily change their policies regarding allowing those owing fees to return or not.
117. This report highlights an **important issue for school finances: the pupil-teacher ratio**. Some schools appear to have too few pupils to support the numbers of teachers employed. In many cases this will be a function of schools starting out small and seeking to grow, and hiring more teachers than currently required, in order to attract more pupils. Arguably proprietors want to show their schools as being ready to take more pupils by providing space and staff for proper-sized classes. However, with this data collected well into the first term of the year, we see that this strategy is not leading to the intended result, but rather to highly inefficient and unsustainable pupil-teacher ratios.
118. **Some schools may be very small**, serving handfuls of children from kindergarten or nursery up through primary one, primary two, or even as high as primary four. In such cases managing very small classes efficiently is a challenge. While 20 such children, for example, may seem to call for just one teacher, it is not possible for a single teacher to provide quality care and education to children of such diverse ages due to their vastly differing needs. Such schools usually use **multigrade teaching** to combine up to three class levels, however it seems that many of our sample schools are not finding ways to make their operations efficient enough. Quality of provision is clearly important, and with the right multigrade approach, this can be achieved with greater

efficiency. Some schools already use an improvised multigrade approach in their classrooms due to small numbers in the various class levels, sometimes as little as one, two or three pupils in a class. However such schools could most likely benefit from training on how best to implement such an approach.

119. ***Schools could also come up with policies to deal better with default and possibly to some extent avert it.*** While turning children away may seem a hard policy for educators to adopt, it is not helpful to the child to eventually have their education disrupted because the parents chose a school that was too expensive to realistically afford. Schools can enquire if parents owe money to any previous school; they can largely restrict the times of year that they will allow enrolments; however these policies, where used, were not associated with decreased default, and they might require coordination on a larger scale because most schools would need to follow such policies for them to be effective. This could be an area for private school associations to take cooperative action on, however it is a complicated issue because proprietors tend to want to gain all the new clients that they can. Our study found that the only policy that was clearly associated with less default is the policy to not allow children back the next year when the family still owes fees.
120. ***Regarding the end-of-year balance sheet, schools appear to be profitable and viable if they manage to collect 85% of their planned income; many are also viable at around 75% fee collection.*** However this calculation is looking at accounts for an entire year, meaning all payments in against all salary and other outgoings. What this summative financial picture, essentially a snapshot, does not take into account is the month-to-month situation of schools, where salary payments are meant to be paid regularly, while payments to the school from parents are often made piecemeal, late, and at a totally unpredictable rate. Therefore, at various points of the year, schools' finances may appear much less healthy than an end-of-year reckoning shows, after as much of the year's debts as possible have been recovered. For many schools, part of a given academic year's income will be realised later, after the next school year has begun. This problem of unpredictability of parental fee payments is a very real issue, with ramifications for the teaching staff in schools, many of whom will have experienced delays in their salary payments. Furthermore, such delays are experienced mostly at low- and medium-fee schools, where many teachers are paid very little.
121. Lastly, the full impact of certain recent developments are yet to be known. The first is how schools will fare through the rest of the current school year and beyond in light of the ongoing recession. The second is how the growing saturation of the market will impact on schools, as it has already resulted in the proliferation of a large number of very small schools with inefficient pupil-teacher ratios. This needs to be viewed in the

light of nearly no growth in enrolments at our surveyed schools between two school years, while over 40% are less than five years old. For families to be accessing better quality education it is highly likely that fewer somewhat larger schools would be better able to provide this, with more reasonable class sizes and the ability to pay better teachers, and to allow for a one teacher per class model to be efficient and effective. While these private schools are clearly wanted and needed, we conclude that there may be too many now entering the market, and that this is likely to be damaging quality through too many schools that will inevitably remain too small to invest. This becomes a vicious circle of failure to attract more pupils, and therefore failure to earn enough income to improve, to then attract more pupils. While many of today's schools are economically viable, there are major efficiency gains to be made, and many schools are clearly not viable; and unlikely to be serving their client children at an acceptable level of quality.

122. **Recommendation 1:** Schools should be discouraging parents from enrolling their children in schools that they cannot truly afford, and should be investigating further whether or not parents have defaulted from their previous school. Our report on the issues facing proprietors regarding land suggests the establishment of a mediation and advisory service for private schools. Proprietors can learn not only about the intricacies of tenancy and other land-related laws, but can learn about constructive policies with regard to admitting children, trying to probe parents regarding the true affordability and the likelihood of default. Additionally, this will mean schools not allowing families still with bad debts to return their child the next academic year, as the likelihood is that the family will default. However it is recognised that proprietors are incentivised to accept anyone who says they can pay the fees. The mediation and advisory service can play a role in educating proprietors on these issues, and potentially in helping to facilitate mergers between various private schools, though it is recognised that trust and prior relationships is often a major factor.
123. **Recommendation 2:** Financial service providers should offer ways for parents to save money for school fees and regulators and banks should continue to work on mobile money schemes to allow parents to make smaller, regular payments. In addition, school proprietors could be trained to use IT solutions to account for parents' smaller, regular payments more easily.
124. **Recommendation 3:** DEEPEN should continue to work with the private school associations as well as school improvement service providers, to educate proprietors regarding more efficient ways of running their schools. This may often mean using better multi-grade teaching methods and hiring fewer teachers at very small schools. To do this effectively and to keep education quality high, teachers need to know how to teach well

in multigrade settings. Proprietors should also learn more about increasing their efficiency and only hiring additional teachers when the numbers of pupils warrants it and education quality demands it.

125. **Recommendation 4:** DEEPEN could work with private school associations to develop a system of transfer certificates for children to change schools, that would show what the fee level was of the previous school and whether the family has any outstanding debts to the school. This could also help to impress upon parents the need to choose the right school at the right fee level for them, to avoid the stress and disruption that default causes in a child's education.
126. **Recommendation 5:** DEEPEN and the private school associations should investigate whether there is any possible means of more affordably sourcing textbooks for pupils. For example private school associations could investigate the potential to bulk buy textbooks to be sold to schools and included in the (slightly increased) tuition fee of the school. This would be an important measure to boost quality in schools through all children having the necessary materials. Associations would need to finance the up-front purchase of the books and would need to be able to handle the administration involved – another area that could be aided and facilitated through DEEPEN's work with financial service providers and/or the new DEEPEN Challenge Fund.

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Annex 1: Additional data tables

Table A.1: Teacher distribution by academic qualification, registered schools

	Below SSS	SSS	Incomplete degree	Degree	Higher degree
Less than 25	0.0	71.4	0.0	28.6	0.0
25-50	0.0	26.7	0.0	73.3	0.0
50-75	0.0	43.9	8.2	46.9	1.0
75-100	0.0	66.0	6.4	27.7	0.0
100-125	0.0	32.1	7.5	56.6	3.8
125-150	0.0	59.2	2.0	38.8	0.0
150-175	0.0	31.3	0.0	68.8	0.0
175-200	0.0	75.7	2.7	21.6	0.0
200-225	0.0	70.6	0.0	29.4	0.0
Greater than 225	0.0	51.8	3.6	43.4	1.2
Grand Total	0.0	52.1	4.2	42.9	0.8

Table A.2: Teacher distribution by academic qualification, unregistered schools

	Below SSS	SSS	Incomplete degree	Degree	Higher degree
Less than 25	6.7	73.3	0.0	20.0	0.0
25-50	1.2	60.6	2.7	33.2	2.3
50-75	0.4	64.1	3.8	29.5	2.1
75-100	0.0	66.1	0.5	31.7	1.6
100-125	0.0	51.8	8.9	38.4	0.9
125-150	1.8	56.1	8.8	31.6	1.8
150-175	0.0	73.7	0.0	26.3	0.0
175-200	0.0	40.9	0.0	59.1	0.0
200-225	0.0	69.7	0.0	30.3	0.0
Greater than 225	0.0	60.0	30.0	10.0	0.0
Grand Total	0.7	61.5	4.2	32.2	1.5

Table A.3: Distribution of Teachers by Teaching Qualification, registered schools

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification
Less than 25	0.0	14.3	0.0	85.7
25-50	13.3	33.3	0.0	53.3
50-75	40.8	9.2	2.0	48.0
75-100	42.6	12.8	0.0	44.7
100-125	28.8	13.5	1.9	55.8
125-150	31.6	19.4	0.0	49.0
150-175	31.3	18.8	0.0	50.0
175-200	32.4	5.4	0.0	62.2
200-225	67.6	8.8	0.0	23.5
Greater than 225	30.9	12.3	0.0	56.8
Grand Total	35.0	14.0	0.6	50.4

Table A.4: Distribution of Teachers by Teaching Qualification, unregistered schools

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification
Less than 25	31.3	9.4	0.0	59.4
25-50	28.5	7.7	0.8	63.1
50-75	25.8	6.4	1.7	66.1
75-100	40.4	8.7	0.5	50.3
100-125	31.3	2.7	0.9	65.2
125-150	26.3	7.0	0.0	66.7
150-175	25.3	5.1	1.0	68.7
175-200	54.5	22.7	0.0	22.7
200-225	60.6	3.0	0.0	36.4
Greater than 225	55.0	0.0	0.0	45.0
Grand Total	32.9	7.3	0.8	59.0

Table A.5: Average salary by teaching qualification, registered schools

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification	All
Less than 25		12,000		5,750	6,643
25-50	16,750	16,500		15,094	15,783
50-75	15,838	19,556	20,000	10,840	13,867
75-100	18,875	12,667		16,381	16,968
100-125	23,100	31,429	25,000	22,724	24,048
125-150	15,194	19,000		16,385	16,515
150-175	17,600	16,000		11,875	14,438
175-200	12,000	12,000		11,900	11,938
200-225	14,087	21,667		10,750	13,971
Greater than 225	15,560	8,400		13,957	13,765
Grand Total	16,231	17,586	21,667	14,570	15,616

Table A.6: Average salary by teaching qualification, unregistered schools

	Basic Certificate	Teaching degree (B.Ed. Or equivalent)	Advance Teaching Degree	No Teaching Qualification	All
Less than 25	5,100	8,333		5,316	5,531
25-50	9,838	15,100	9,000	8,500	9,392
50-75	13,650	17,200	14,000	15,312	14,983
75-100	12,392	12,313	30,000	11,543	12,055
100-125	12,734	19,333	15,000	13,979	13,743
125-150	13,283	16,875		13,441	13,640
150-175	16,152	21,400	9,000	12,397	13,766
175-200	14,833	15,867		16,333	15,409
200-225	11,825	14,000		15,000	13,045
Greater than 225	19,445			9,861	15,133
Grand Total	12,853	15,512	14,222	12,160	12,650

Table A.7: Distribution of teachers by academic qualification and fee level, registered schools

	Below SSS	SSS	Incomplete degree	Degree	Higher degree
Low Fee	0.0	82.7	1.9	15.4	0.0
Medium Fee	0.0	60.9	4.7	33.6	0.8
High Fee	0.0	32.3	4.1	62.6	1.0
All	0.0	52.1	4.2	42.9	0.8

Table A.8: Distribution of teachers by academic qualification and fee level, unregistered schools

	Below SSS	SSS	Incomplete degree	Degree	Higher degree
Low Fee	1.1	64.3	3.7	29.4	1.5
Medium Fee	0.4	56.8	5.1	36.6	1.1
High Fee	0.0	74.0	1.3	20.8	3.9
All	0.7	61.5	4.2	32.2	1.5

Table A.9: Average salary by academic qualification and fee level, registered schools

	Below SSS	SSS	Incomplete degree	Degree	Higher degree	All
Low Fee		11,802	22,000	15,375		12,548
Medium Fee		12,564	13,667	15,090	20,000	13,522
High Fee		17,302	15,625	19,270	70,000	19,005
All		13,578	14,810	17,462	45,000	15,547

Table A.10: Average salary by academic qualification and fee level, unregistered schools

	Below SSS	SSS	Incomplete degree	Degree	Higher degree	All
Low Fee	9,667	8,679	11,425	10,978	12,313	9,521
Medium Fee	12,500	12,345	13,804	15,799	13,833	13,701
High Fee		29,588	17,000	27,594	12,667	28,351
All	10,375	11,927	12,898	14,253	12,912	12,721

Table A.11: Distribution of teachers by teaching qualification and fee level, registered schools

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification
Low Fee	32.7	9.6	0.0	57.7
Medium Fee	36.0	14.2	0.8	49.0
High Fee	34.4	14.9	0.5	50.3
All	35.0	14.0	0.6	50.4

Table A.12: Distribution of teachers by teaching qualification and fee level, unregistered schools

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification
Low Fee	28.9	5.7	0.4	65.0
Medium Fee	35.9	9.1	1.1	53.9
High Fee	40.0	6.7	1.3	52.0
All	32.9	7.3	0.8	59.0

Table A.13: Average teacher salary by teaching qualification and fee level, registered schools

	Basic Certificate	Teaching degree (B.Ed. Or equivalent)	Advance Teaching Degree	No Teaching Qualification	All
Low Fee	17,647	14,400		9,350	12,548
Medium Fee	14,434	14,361	12,500	12,856	13,635
High Fee	18,313	22,138	40,000	18,337	19,005
All	16,231	17,586	21,667	14,570	15,616

Table A.14: Average teacher salary by teaching qualification and fee level, unregistered schools

	Basic Certificate	Teaching degree (B.Ed. or equivalent)	Advance Teaching Degree	No Teaching Qualification	All
Low Fee	9,106	12,387	4,500	9,430	9,486
Medium Fee	14,445	16,480	14,833	12,712	13,700
High Fee	22,083	25,200	30,000	32,808	27,973
All	12,853	15,512	14,222	12,160	12,650

Table A.15: Percentage of parents who paid fee on time, by school size

	100%	80-100%	60-80%	40-60%	Less than 40%
Small size	0.0	14.3	16.1	14.3	55.4
Medium size	1.6	4.7	12.5	35.9	45.3
Large Size	0.0	5.1	18.6	25.4	50.8
All Schools	0.6	7.8	15.6	25.7	50.3

Table A.16: Percentage of parents who paid fee on time, by registration status

	100%	80-100%	60-80%	40-60%	Less than 40%
Unregistered	0.7	7.2	13.8	26.1	52.2
Registered	0.0	9.8	22.0	24.4	43.9
All Schools	0.6	7.8	15.6	25.7	50.3

Table A.17: Percentage of schools that 'keep trying to get parents to pay fee they owe' even after children have left the school, by school size

	Yes I keep trying until it is paid	Keep trying for a few months	No, once they leave, too late	Other
Small size	7.1	42.9	44.6	5.4
Medium size	4.7	37.5	56.3	1.6
Large Size	3.4	25.4	69.5	1.7
All Schools	5.0	35.2	57.0	2.8

Table A.18: Percentage of schools that 'keep trying to get parents to pay fee they owe' even after children have left the school, by registration status

	Yes I keep trying until it is paid	Keep trying for a few months	No, once they leave, too late	Other
Unregistered	5.8	34.8	56.5	2.9
Registered	2.4	36.6	58.5	2.4
All Schools	5.0	35.2	57.0	2.8

Table A.19: Distribution of school by actions taken to collect fees due, by school size

	Communication with parents to demand payment	Exclude child for 1 day - send home to ask for payment	Exclude child until payment made	I never exclude child	Accept amounts as and when parent can pay (small amounts)	Stop child from sitting exams	Withhold exam results / report cards
Small size	98.2	30.4	12.5	10.7	62.5	16.1	23.2
Medium size	90.6	39.1	25.0	4.7	60.9	14.1	21.9
Large Size	91.5	49.2	33.9	0.0	55.9	11.9	22.0
All Schools	93.3	39.7	24.0	5.0	59.8	14.0	22.3

Table A.20: Distribution of school by actions taken to collect fees due, by registration status

	Communication with parents to demand payment	Exclude child for 1 day - send home to ask for payment	Exclude child until payment made	I never exclude child	Accept amounts as and when parent can pay (small amounts)	Stop child from sitting exams	Withhold exam results / report cards
Unregistered	91.3	38.4	24.6	5.1	59.4	13.8	21.0
Registered	100.0	43.9	22.0	4.9	61.0	14.6	26.8
All Schools	93.3	39.7	24.0	5.0	59.8	14.0	22.3

Table A.21: Percentage of schools that allow debtor-pupils to return the following year, by school size

	Yes	Depends on circumstances	No
Small size	77.8	14.8	7.4
Medium size	76.6	17.2	6.3
Large Size	76.3	20.3	3.4
All Schools	76.8	17.5	5.6

Table A.22: Percentage of schools that allow debtor-pupils to return the following year, by registration status

	Yes	Depends on circumstances	No
Unregistered	79.4	15.4	5.1
Registered	68.3	24.4	7.3
All Schools	76.8	17.5	5.6

Table A.23: Percentage of schools that had shortfall in paying teachers' salaries, by school size

	Yes	No
Small size	59.3	40.7
Medium size	68.3	31.7
Large Size	71.9	28.1
All Schools	66.7	33.3

Table A.24: Percentage of schools that had shortfall in paying teachers' salaries, by registration status

	Yes	No
Unregistered	68.4	31.6
Registered	60.5	39.5
All Schools	66.7	33.3

Table A.25: How schools deal with a shortfall in income, by school size

	Took loan from money lender	Took bank loan	I borrowed money from family	Delayed teacher salary
Small size	3.3	3.3	20.0	73.3
Medium size	0.0	7.9	21.1	71.1
Large Size	2.5	20.0	20.0	57.5
All Schools	1.9	11.1	20.4	66.7

Table A.26: How schools deal with a shortfall in income, by school size

	Took loan from money lender	Took bank loan	I borrowed money from family	Delayed teacher salary
Unregistered	1.2	9.3	17.4	72.1
Registered	4.5	18.2	31.8	45.5
All Schools	1.9	11.1	20.4	66.7

Table A.27: Percentage of schools that have a bank account, by school size

	Yes, in the name of school	School account in the name of proprietor but used exclusively for the school	No account for school
Small size	16.1	14.3	69.6
Medium size	40.6	20.3	39.1
Large Size	72.4	6.9	20.7
All Schools	43.3	14.0	42.7

Table A.28: Percentage of schools that have a bank account, by registration status

	Yes, in the name of school	School account in the name of proprietor but used exclusively for the school	No account for school
Unregistered	30.7	17.5	51.8
Registered	85.4	2.4	12.2
All Schools	43.3	14.0	42.7

Table A.29: Percentage of schools that inquire if parents have left 'bad debts' at a previous school, by school size

	Yes	Sometimes	No
Small size	48.2	7.1	44.6
Medium size	43.5	4.8	51.6
Large Size	38.2	7.3	54.5
All Schools	43.4	6.4	50.3

Table A.30: Percentage of schools that inquire if parents have left 'bad debts' at a previous school, by fee levels

	Yes	Sometimes	No
Low Fee	45.2	6.0	48.8
Medium Fee	41.2	5.9	52.9
High Fee	42.9	9.5	47.6
All Schools	43.4	6.4	50.3

Table A.31: Percentage of schools that inquire if parents have left ‘bad debts’ at a previous school, by registration status

	Yes	Sometimes	No
Unregistered	44.0	5.2	50.7
Registered	41.0	10.3	48.7
All Schools	43.4	6.4	50.3