

Private Sector Investment in Primary and Secondary Education in Kenya: Issues, Challenges and Recommendations

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Abstract

Although many governments are committed to implementing education goals, including Education for All (EFA) and Universal Primary Education (UPE), they are constrained by availability of resources. Private sector involvement in education has been justified on the grounds that public provision of education is inadequate compared to demand. Also, public expenditure on education has stagnated or shrunk in real terms due to fiscal constraints. This study utilized both primary and secondary data sources to analyze the critical policy issues and challenges facing private investors in the education sector in Kenya. The owners of schools were the main sources of primary data.

Analysis from the data shows that private investors had invested more in primary schools compared to secondary schools, despite the unmet demand for secondary education. The investors indicated that it was relatively cheaper to establish and operate a primary school than a secondary school. The investors also cited the inability to meet the high initial capital to start a secondary school. This problem is compounded by the fact that majority of private schools mainly depend on proprietor's savings to construct a school. Their ability to access bank credit is hampered by the fact that banks charge very high interest rates. Also, potential investors lack necessary collateral to secure a loan. Further, the current legal framework that regulates education provision in Kenya is limited to private school registration and examinations.

Policy recommendations emanating from the study include need to speed up the review of the Education Act—it is expected that the review will address issues of registration; land norm and investment incentives; enforcement of regular inspection of schools, teacher in-service and other professional development programmes; a revolving fund for long term credit facilities; and development of a legal framework on private-public partnership in the provision of education.

Abbreviations and Acronyms

CBOs	Community Based Organizations
CHE	Commission for Higher Education
DEB	District Education Board
ECD	Early Childhood Development
EFA	Education for All
ERSWEC	Economic Recovery Strategy for Wealth and Employment Creation
FPE	Free Primary Education
GCE	General Certificate of Education
GER	Gross Enrolment Ratio
GDP	Gross Domestic Product
KCPE	Kenya Certificate of Primary Education
KCSE	Kenya Certificate of Secondary Education
KEPSA	Kenya Private Sector Alliance
KIE	Kenya Institute of Education
KPLC	Kenya Power and Lighting Company
KPSA	Kenya Private Schools Association
MDG	Millennium Development Goals
NER	Net Enrolment Ratio
NGOs	Non-Governmental Organizations
NSSF	National Social Security Fund
PTR	Pupil Teacher Ratio
QASD	Quality Assurance and Standards Directorate
SAPs	Structural Adjustment Programmes
TIVET	Technical, Industrial and Vocational Education and Training
UPE	Universal Primary Education

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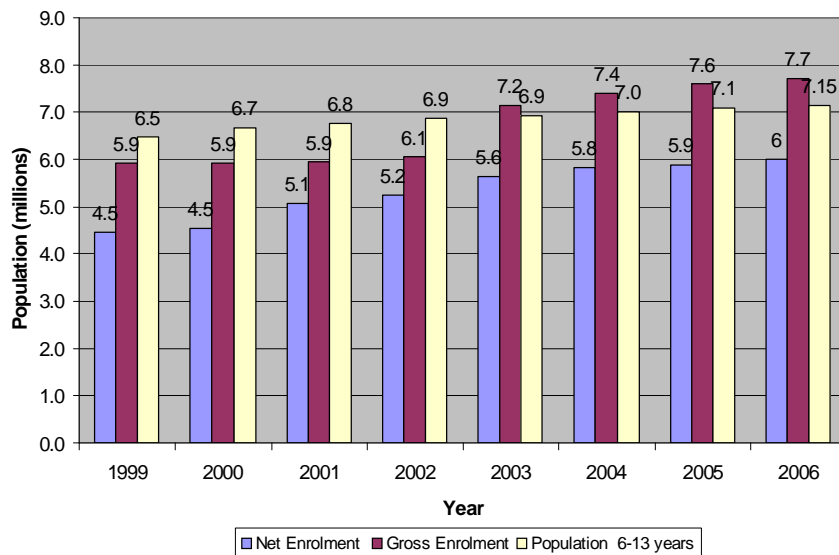
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1. Introduction

Many governments are committed to implementing education goals, including Education for All (EFA) and Universal Primary Education (UPE). However, most governments especially in developing countries are faced by resource constraints. State involvement in education has been justified on the grounds that there would be under-investment if such an important sector is left to market dynamics. The demand for education has grown so rapidly that almost no government can adequately provide adequate education facilities without the participation of the private sector.

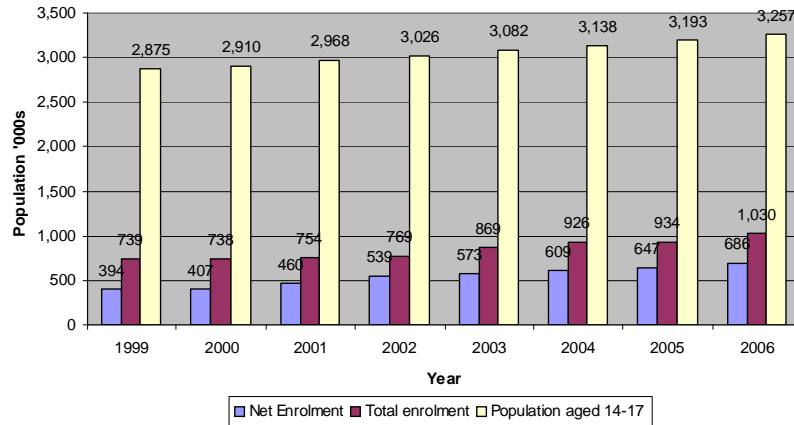
In Kenya, primary school going population aged 6-13 years was estimated to be 7.1 million by the end of 2006 (Government of Kenya, not dated). Figure 1.1 shows primary school enrolment versus the population aged 6-13 years. Gross enrolment in public primary schools increased after the introduction of Free Primary Education (FPE) in 2003. In 2006, there were 7.7 million pupils enrolled, of which 7.3 million enrolled in 17,946 public primary schools and 261,108 pupils in 1,839 private primary schools. Despite the fact that gross enrolment in primary school increased consistently from 5.9 million to

Figure 1.1: Primary school enrolment and population aged 6-13 years, 1999-2006



Source: Government of Kenya, 1999b, 2002, 2007; and authors' computations

Figure 1.2: Secondary school enrolment and population 14-17 years old, 1996-2006



Sources: Government of Kenya 1999b, 2000, 2002 and authors' computations

7.7 million between 1999 and 2006, it is evident that there is a wide disparity between net enrolment and primary school-age population. This implies that a substantial number of primary school-going age children are still out of school. While those out of school may be attending non-formal schools, especially in slum areas, others could probably be engaged in child labour. Another phenomenon at this level is repetition rate. While repetition rate declined from 13.2 per cent in 1999 to 9.8 per cent by 2003 (Government of Kenya, not dated) this rate is still high, leading to pressure on existing school resources.

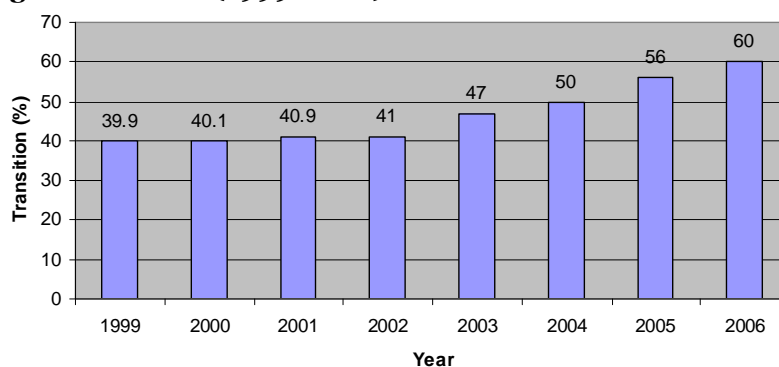
Following increased enrolment in primary school, enrolment in public secondary schools was 1.03 million in 2006. Secondary school age population was projected to be 3.3 million by 2007. The net enrolment rate has remained below 20 per cent while gross enrolment rate ranged between 26 per cent in 1999 and 30 per cent in 2006 (Figure 1.2). The huge difference between net enrolment and secondary school-age population indicates that about 80 per cent of secondary school-going age children are not in school. This is partly due to high costs of secondary school education and inability to match demand (Government of Kenya, 2005a, 2005b and Onsomu *et al.*, 2006a) and the limited absorption capacity of existing secondary schools.

Figure 1.3 shows transition rates to Form 1 (that is Form 1 enrolment) as a percentage of Standard 8 enrolment. While the figure gives an indication of the high number of students left out after completing their primary education, very little is being done to accommodate them. The budgetary allocation to secondary education is about 1 per cent of GDP, of which 95 per cent goes to recurrent expenditure.

Further, it is projected that the number of secondary school classrooms required to improve access by 2007 will increase from 22,914 in 2003 to 33,026 in 2007 (Onsomu *et al.*, 2006b), but the resource allocation to secondary education is unlikely to increase to achieve this target. Thus, there is great potential for the private sector to participate in the provision of secondary education to meet the excess demand. Private sector participation in school infrastructure investment can be enhanced if the government creates an enabling environment that will encourage private sector participation.

Given this background, this study assesses the extent of private sector participation in provision of primary and secondary education, and issues and challenges facing the private sector in primary and secondary education investment in Kenya.

Figure 1.3: Form One enrolment as a percentage of Standard Eight enrolment (1999-2006)



Sources: Government of Kenya (various), Statistical Abstract

2. Literature Review

2.1 Rationale for Investment in Education

Human capital development forms the basis for investment in education. According to the human capital model, the function of schools is to provide learners with information and skills that will be valuable later in life (Quiggin, 1999). The knowledge and skills are expected to contribute to increased productivity and higher earnings. Investment in primary education lays the foundation for a more productive labour force by promoting literacy and numeracy. Primary education also provides the foundation for secondary and tertiary education and training (Boissiere, 2004). Studies have shown that low-income countries benefit more from investing in primary education, while middle income countries (including those about to achieve universal primary education) gain the highest social returns from investing in secondary education (Onsomu *et al.*, 2006a).

2.1.1 Rationale for public investment in education

Governments play various roles in the education sector, including upgrading the quality of education, regulating the markets, increasing efficiency, improving access and eliminating disparities, among others (Rose, 2002). Government interventions in education are justified on the grounds that the private market, on its own, would not meet the above objectives. Further, as a quasi-public good, education cannot be left entirely to market forces owing to associated direct and indirect costs to consumers and the difference in social and private returns to education. Moreover, literature on public economics of investment (education and other sectors) supports the fact that there would be a case for public investment if social rate of return of an activity is greater than the private rate of return. If the private rate of return is greater, then the activity could be left up to individual private investors, unless credit market constraints are widespread (Boissiere, 2004). In Kenya, private returns generally increase with the level of education. The private rate of return is lowest for primary (7.9%) followed by secondary (17.2%) then university (32.5%) education (Manda *et al.*, 2002). Direct costs to households include tuition fees, books, school uniforms and transport cost while indirect costs include earnings foregone by families and individuals to take their children to school. Unlike other goods and services, the costs of education are immediate but the returns accrue in the long run. The government's investment in education is due to external benefits associated with education, information asymmetries, capital market failure and equity concerns. Governments are not only limited to direct financing and provision of public education but also financing and regulating private financing and providing education

services. Other roles of government include establishing frameworks in which private enterprises can operate effectively, and in a manner responsive to the needs of the society (Sosale, 1999).

In instances where public expenditure on education is inadequate due to resource constraints, significant expansion in education may pose a great challenge to public education financing. In this case, there is need for the private sector to complement government efforts in providing education.

2.1.2 Rationale for private investment in education

Adverse macroeconomic conditions and inter-sectoral competition for public funds have reduced most developing countries' ability to continue expanding education in existing schools. Public expenditure in education and other sectors has either remained stagnant or shrunk in real terms in most developing countries over the past years despite the significant fiscal resource allocation to education. In 2004/05, for instance, 34 per cent of Kenya's recurrent budget was allocated to education, 95 per cent of which was recurrent budget comprising mainly personnel emoluments, leaving less than 5 per cent for teaching and learning materials, operations and maintenance, rehabilitation and expansion of physical infrastructure (Government of Kenya, 2006). The personnel emoluments proportion, however, reduced to 86 per cent in 2004/05 due to the implementation of FPE programme (Government of Kenya, 2003b).

Although current education reform policies in Kenya encourage potential contributions of households and private sector (Government of Kenya, 2005a), the issues affecting private sector investment in primary and secondary education have not been assessed adequately.

2.2 Private Education Investment in Other Countries

Different models of private sector participation in education exist in different countries. Within the Asian and Pacific region, as in other parts of the world, shifts in ownership, management and control of education institutions are observed. In some cases, this involves an increased role of government. The main form of assistance is direct subsidy, investment incentives and support in form of loans from funds.

Direct subsidy

In Columbia, public support for private education involved introduction of a voucher system in response to a shortage of public secondary schools.

This approach to public funding of private education contributed to expansion of schooling at lower costs for the government, since the government was only bearing the vouchers allocation costs.

In Chile, the introduction of a voucher system has enabled the private sector to participate at both primary and secondary school levels. Since then, the share of students in private schools has tremendously increased. By tying school revenues to enrolment, the government has provided incentives to both municipal and private schools to compete for students and increase efficiency by setting high standards of educational achievement, which influence school choice. Other countries with restricted voucher support programme to poor families include Bangladesh, Puerto Rico and the United Kingdom.

In Cote d' Ivoire, the government runs a programme of sponsoring public students to attend private schools. Under the scheme, private schools receive payment for each public student placed at their institution. The government sponsors students in lower and upper secondary school and also technical and professional training. The Ministry of Finance ratifies fees.

In Senegal, five municipalities united to form the Communaute Urbaine de Dakar (CUD). The CUD offers scholarship to students studying in both public and private education schools.

Investment incentives and other opportunities

In some countries (Costa Rica), private schools enjoy tax-free imports for schools supplies while others (Mauritania, Senegal and Cote d'Ivoire) have restricted the benefit to not-for-profit private schools only. In Mozambique, teachers are trained in government institutions.

Support sources of funding for private schools

Different countries have different models of addressing the issue of financing. In some cases, this has involved an increased role of government. For instance, in countries such as China and Indonesia, private schools receive direct subsidy differentiated by level of education (secondary schools in China) and region (rural private schools in Indonesia) while aided private schools in India receive substantial support almost indistinguishable from public schools. In Gambia and Zimbabwe, direct subsidies take the form of teacher salaries to grant-aided private schools, and also a per capita grant for non-recurrent expenditure and building grants.

In Tanzania and Mauritania, the governments have, in collaboration with multilateral and bilateral donors, provided funds for private secondary schools. In Tanzania, through the establishment of a National

Education Trust Fund (NETF), private secondary schools meet their capital and teacher training costs and in Mauritania, a mutual fund company, IDM, provides loans.

In the Dade County, Florida, the government and private sector have forged partnerships in provision of education. In particular, private schools take the form of satellite schools located in worksites where, host businesses provide land, building space and some operating expenses, while the public sector supplies teachers, curriculum and administration.

These studies show that if private education is to serve the needs of the poor, there is need to reform the regulatory environment to the private schools by helping in building private financing schemes using external and local philanthropy and encouraging public voucher schemes. Parents can, therefore, use their allowances of funding in both public and private where they see the schools are performing.

2.3 Market for Education

Development of private education is considered, to a large extent, a means to lessen the pressure on government funding while ensuring access to education and guaranteeing greater household control over efficient management of their expenditures for education.¹ Growth and expansion of private education in both developed and developing economies is experienced where the market for education is characterized by excess demand, differentiated demand, household willingness to pay for education services, market criteria such as profit margin, affordability, fee charging and self supporting accountability, schooling choice and effective management (Kitaev, 1999 and Sosale, 1999).

The supply-side factors of private education relate to situations where public provision of services does not meet the needs of the target population group leading to private provision in order to bridge the existing gap (Sosale, 1999). Private sector investment and development in education takes two forms: for-profit institutions and a broader form

¹ In most countries, the definition of private sector in education is unclear. No distinction is made between for-profit, not-for-profit, and religious institutions (Sosale, 1999). Moreover, parent's out-of-pocket expenses to public schools are also included in the definition of private sector in education. This study adopts Kitaev (1999) definition of private education as "all formal schools that are not public, and may be funded, owned, managed and financed by actors other than the State, even in cases where the State provides part or most of the funding and has considerable control over these schools' supervision, curriculum and accreditations.

where non-public institutions financed, owned and managed by a nexus of for-profit commercial institutions, not-for-profit institutions, religious and charitable organizations, non-governmental and community-based organizations, communities and individuals. In this case, direct private sector investment in education includes investment in teaching and learning materials, costs of teaching and non-teaching staff, development funds, operating expenses, physical infrastructure, transport, and tuition fees, among others. On the other hand, household indirect costs include expenditure on uniforms, transport, feeding and non-monetary contributions. All these factors influence each household's choice to go for either public schooling, private schooling or no schooling at all.

In choosing between public and private education schooling, the demand-side considerations are school fees, household income, population characteristics (including religion, population distribution, parental education, and location) perceived quality of education,² level of direct and indirect costs, urban *vis a vis* rural characteristics and other socio-cultural factors such as gender, availability of facilities such as separate sanitary facilities for boys and girls, and classrooms, among others.

2.4 Factors that Promote Growth of Private Schools

Prevailing public policy on private education: The nature of national policy on private education in a country is an important factor in determining the existence of private schools. The existence/non-existence of this policy may encourage or discourage development of schools. In Kenya, for instance, government policies such as 'cost sharing' in the 1980s and commitment to UPE and EFA affected, in one way or another, the establishment of private schools.

The legal and regulatory framework governing private schools: A lighter regulation will enable the private sector to operate and hence proliferate growth of schools while a tighter regulation implies that private sector replicates the public sector. This will promote moderate growth in the sector and also avoid explosion of low quality private schools.

Differentiated demand: Differential demand where households opt for some private schools due to the perceived quality of education stimulates

² Quality of education is multidimensional in nature. According to Quiggin (1999), quality of education can be measured by school characteristics such as pupil-teacher ratio, class size, availability of teaching and learning materials, and professional qualification and remuneration of teaching staff.

growth of high quality private schools, meeting the education demand for those willing to pay the price. Thus, in most private schools, school fees, which is the most preferred financing method of private education, motivates private sector investment in education particularly in for-profit educational institutions. Also, some religious groups, particularly Christians, have developed formal schools to meet their demand.

Reduced government spending on education: Adverse macroeconomic conditions and inter-sectoral competition for public funds reduce the governments' ability to continue expanding education provision, leading to education reform policies that encourage potential contributions of households and private sector, through public-private sector partnerships in education provision and financing.

The global education industry and demand for international qualifications: This is a response by overseas institutions to capture the higher education market. The motivating factor here is the anticipated profits from the investment. While this relates to movement of students between countries at higher levels, it is influential at all levels. For instance, in Tanzania, teaching in English rather than Kiswahili is a phenomenon of private schools as opposed to public schools. In addition, the secondary education sector relies heavily on private provision.

In conclusion, however, private investment in education cannot be efficient with the existence of monopolies, high production costs, existence of substantial externalities and where there is merit for public education. Thus, as "market failure" explains government intervention, inefficiencies in government service delivery, excessive bureaucracies, inequitable access and financial constraints to provide public education efficiently encourage private investment in education.

3. Private Investment in Education in Kenya

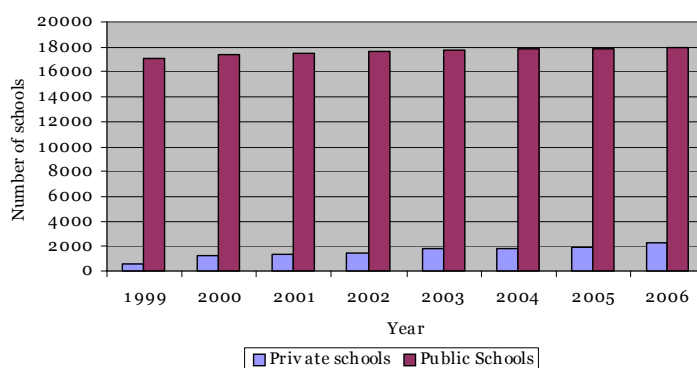
3.1 Development and Growth of Private and Public Schools

The private sector was the initiator of formal education in Kenya. The Church Missionary Society established the first formal school in Kenya in 1846. As a result of strong partnership between religious organizations and government, the number of private schools and enrolment has equally increased over time (Government of Kenya, 2003b). Following renewed national commitment to education through UPE and EFA goals since the 1990s, the private sector has expanded to include individuals, non-governmental organizations, private companies and others.

The number of public primary schools increased by 5.2 per cent from 17,054 in 1999 to 17,946 in 2006 (Figure 3.1). During the same period, the number of private schools increased from 569 to 1,839. Private schools increased at a very high rate between 1999 and 2000 (over 200%). The high growth in year 2000 could be associated with the country's renewed commitment to UPE. There has been no significant growth in public primary schools despite increased enrolment (Figure 3.2).

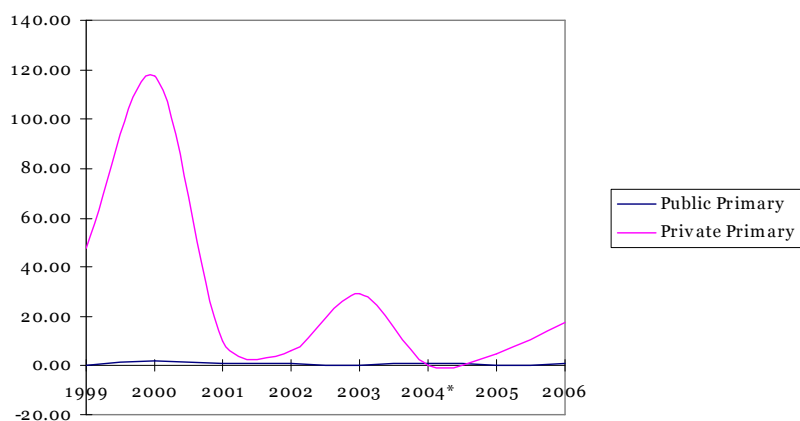
Enrolment in primary schools (both public and private) increased by 29 per cent from 5.9 million pupils in 1999 to 7.6 million in 2006 (Government of Kenya, not dated). In public primary schools, enrolment increased by 18 per cent, from 5.8 million in 2002 to 6.9 million in 2003 and 7.6 million pupils in 2006, mainly due to the introduction of FPE in 2003. Enrolment in private schools increased from 187,966 in 1999 to 253,169 pupils in 2004 (Figure 3.3). However, as indicated, although enrolment in primary schools has increased substantially in the recent past, a substantial number of school age pupils (17%) are still not in

Figure 3.1: Number of primary schools, 1999-2006



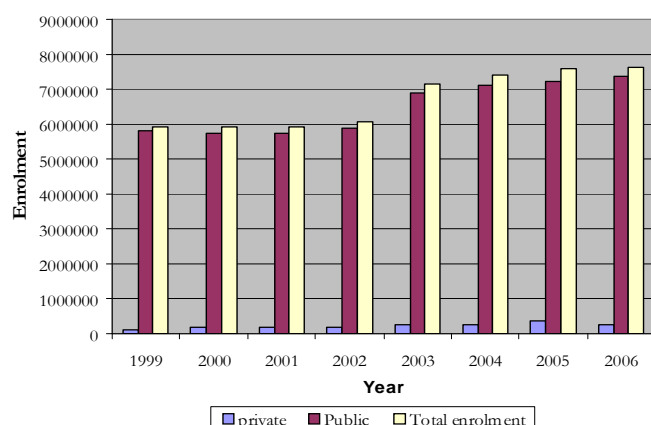
Source: Government of Kenya (not dated), 2007; and authors' computations

Figure 3.2: Growth in number of primary schools, 1999-2006



Source: Government of Kenya (not dated), 2007; and authors' computations

Figure 3.3: Primary school enrolment, 1999-2006



Source: Government of Kenya, 1999, 2007 and authors' computations

school. In 2004, net enrolment rate (NER) was 82.1 per cent (Government of Kenya, not dated) and 83.0 per cent in 2005.

On the other hand, although some of the pupils (under category of private schools) could be enrolled in non-formal schools (NFS), some of these schools lack infrastructure, qualified teachers and learning materials/teaching equipment. The non-formal schools are commonly found in major urban towns (Government of Kenya, 2003b) and arid

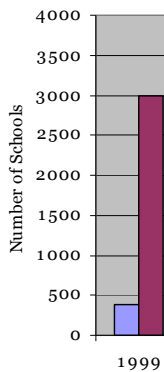
and semi-arid lands, and are managed by communities, individuals, religious organizations and NGOs.

Figure 3.4 shows that public secondary schools have not expanded to accommodate the increased number of students completing primary education. In 2006, for instance, there were 4,215 secondary schools compared to 20,229 primary schools and secondary school-going age population of 3.3 million youth. The main reasons for low transition rates to secondary schools include poverty and lack of adequate schools to satisfy demand for secondary education (Onsomu *et al.*, 2006a).

In 2004, about 534,700 pupils enrolled in Standard 8, out of which only 47 per cent were admitted to secondary schools (Government of Kenya, not dated). In 2006, the transition was 57 per cent with an enrolment of about 611,876 pupils in Standard 8 the previous year. This means that a large number of primary school leavers did not progress to secondary school.

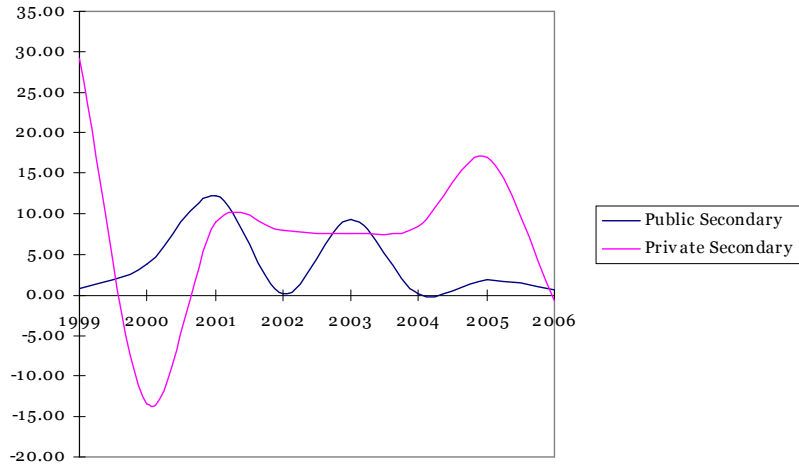
Secondary school enrolment increased by 25 per cent from 0.74 million (10% private) in 1999 to 0.93 million (9% private) in 2005 (Figure 3.6). However, this represents a net enrolment rate of 13.7 per cent and 20 per cent in 1999 and 2005, respectively. Accordingly, close to 80 per cent of secondary school age students are not enrolled in secondary schools. There is need to assess the challenges facing investment in secondary education with particular focus on issues, challenges and opportunities for private sector investment in primary and secondary education.

Figure 3.4: Number of primary schools 1999-2006



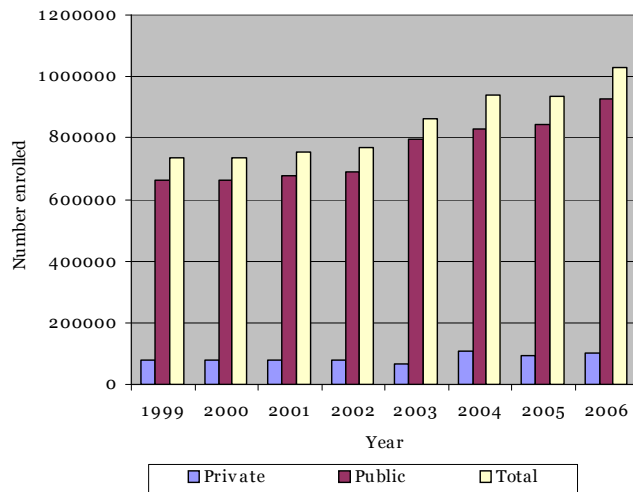
Source: Government of Kenya (not dated), 2007 and authors' computations

Figure 3.5: Growth in secondary schools, 1999-2006



Source: Government of Kenya (not dated), 2007 and authors' computations

Figure 3.6: Secondary school enrolment, 1999-2006



Source: Government of Kenya (not dated), 2007 and authors' computations

3.2 School Curriculum, Quality and Performance

The Kenya Institute of Education (KIE) is charged with the responsibility of developing and revising school curriculum. Most private schools offer the 8-4-4 curriculum (8 years primary, 4 years secondary and 4 years university) but some schools, such as those owned by foreign missions may apply to the Ministry of Education to offer alternative curriculum (foreign curriculum) such as General Certificate of Education (GCE) of the United Kingdom. The recommended class size is 50 pupils but majority of private schools have low class sizes of between 15 and 30 pupils, an indication that private schools could still increase enrolment to 50 pupils per class. The Ministry of Education is charged with monitoring and evaluation of the curriculum through its Quality Assurance and Standards Directorate (QASD) and KIE. The curriculum has regularly been reviewed with an aim of making it relevant to the needs of learners and incorporating emerging issues such as HIV/AIDS. Although the 8-4-4 curriculum was intended to foster learning in pre-vocational disciplines, the subjects suffered from under-enrolment in secondary education, and most of them have been removed from the revised curriculum.

In general, school quality is based on various aspects, including quality of facilities and resources, school performance, income levels and cost of the school. There is a wide range of private schools from low income to high-income schools; most expensive (for-profit) to least expensive (not-for-profit) private schools; and from well performing to not so well performing (James, 1991; and Kitaev, 1999). Some private schools take the form of high quality educational institutions financed mainly through student fees and have to continually charge high fees to maintain their level of service delivery, and are therefore accessible only to a minority.

3.3 Legal Framework for Education³

Multiple Acts of Parliament govern the management of education and training in Kenya. The Education Act, Cap 211 of 1968 revised in 1970 and 1980,⁴ provides for the registration and development of schools, management and administration, inspection and control, development

³ Legal and regulatory framework for education refers to a set of tools or instruments that the government uses to influence the actions of stakeholders involved in education sector and the actions of the government itself (LaRocque N., 1999). The framework sets the overall environment in which the various stakeholders in education, including parents, students, teachers, schools, individuals, companies and government, among others, operate.

⁴ At the time of this study, the Act was again being revised.

of curricula and teachers education, and establishment of boards. This Act governs both primary and secondary schools. The Teachers Service Commission Act provides for aspects on teacher registration, recruitment, deployment, remuneration and discipline. The Kenya National Examinations Act provides for regulations governing administration and management of foreign and local examinations. These Acts are silent on private provision of education, except on registration, inspection, examination, and certification issues.

3.3.1 Procedures for registration of private schools

The Education Act mandates the Minister of Education to establish and maintain a register of all unaided schools. The Act provides for registration of all categories of schools except public, community public-based schools, tertiary institutions, commercial and post-secondary institutions. The registration process involves submitting the application forms to the Registrar of Schools through the District/Municipal/City Education Officer. The application form should be accompanied by an inspection report from the Public Health Officer and the Inspector of Schools of the given district where the school is located, minutes of the District Education Board (DEB) in which the application was discussed, certificate of registration of business name from the registrar general, an application for the approval of the Manager, photocopies of professional and academic certificates of the Manager, Ksh 10,000 for approval and certification for the registration of the school, and proof of ownership of the land on which the proposed school is to be built. The user/owner must be clearly shown and also the professional and academic certificates of teachers to be employed by the school.

On receipt of the application, the Registrar presents it to the Ministerial Committee on registration of schools for evaluation in accordance with the relevant provisions. If approved, it is then forwarded to the Minister of Education for necessary authorization. The school is given full registration if the Minister certifies that all the requirements have been fulfilled, or may be given provisional registration for a period of up to 18 months as the management prepares to fulfill the remaining requirements. The number of streams approved depends on available tuition and playground facilities. Once all requirements are fulfilled, the Minister will then issue two letters, one to the manager of the school approving and another authorizing operation of the school. The Registrar of Schools will then issue a registration certificate to the school.

3.3.2 Inspection and control of schools

The Education Act mandates the Minister of Education to appoint officers with authority to enter and inspect any school, both public and

private. The Minister may also appoint officers with authority to enter any school at any time, with or without notice, and inspect or audit the accounts of the school or advise the manager of the school on the maintenance of accounting records.

The principal role of school inspectors is to ensure curriculum implementation for quality education in schools. Quality Assurance Officers monitor the learning environment on a regular basis through physical inspection of the physical facilities, learning resources and quality and adequacy of teachers. Although head teachers and heads of departments are the first inspectors in a school, a second opinion from appointed inspectors is essential for quality assurance.

3.4 Self-regulatory Framework for Private Schools

Some private schools in Kenya are also affiliated to the Kenya Private Schools Association (KPSA), which is a self-regulatory association of private schools. Kenya Private Schools Association was established by private schools and officially registered in 1994. The association comprises of proprietors and managers of registered schools offering a curriculum of education approved by the Ministry of Education. Kenya Private Schools Association is a thematic organization of the umbrella body of the private sector (Kenya Private Sector Association-KEPSA). Through KEPSA, the private schools association is able to influence public policy on private sector provision of education in the country.

4. Study Methodology

The study used both secondary and primary data sources. Primary data sources included data collected from private schools in 2004. The data was collected from seven provinces and districts as shown in Table 4.1.

Multi-stage sampling technique was used to pick the districts and schools included in the sample. All provinces (except North Eastern) were included in the sample.⁵ In each province, two districts were selected. District level sampling was based on the number and concentration of private schools in the region. Within the locations, sampling of schools was randomly done.

The survey covered a total of 13 districts (across 7 provinces), that is Nairobi, Uasin Gishu, Nakuru, Bungoma, Kakamega, Kisii, Kisumu, Embu, Kiambu, Thika, Meru, Mombasa and Kwale. A total of 566 private schools (449 primary and 117 secondary) were randomly sampled and the respective owners/heads of the institutions interviewed. The sample was distributed as shown in the Table 4.1.

Table 4.1: Distribution of number of private schools sampled by province

Province	District	Primary	Secondary	Total
Nairobi	Nairobi	108	36	144
Rift Valley	Uasin Gishu, Nakuru	24	13	37
Western	Bungoma, Kakamega	17	9	26
Nyanza	Kisumu, Kisii	53	8	61
Eastern	Embu, Meru	66	13	79
Central	Kiambu, Thika	66	18	84
Coast	Mombasa, Kwale	115	20	135
Total		449	117	566

*This sample represents 27 per cent and 26 per cent of private primary and secondary schools, respectively, in the country.

⁵ North Eastern Province has a negligible number of private schools, and was excluded from the sample due to envisaged cost ineffectiveness during questionnaire administration.

A questionnaire was administered to owners/managers of the schools. The questionnaire included both open-ended and closed-ended questions. The open-ended questions sought information on the individual views of the respondents. This included information on role of government, and role of private sector in promoting investment in education. The closed-ended questions captured data and information on profiles of private primary and secondary schools, ownership, service delivery and investment expenditure, impediments/constraints, costs, investment environment, costs of investment, financial accounts, credit availability, structure of workforce, and employee benefits, among other issues. Secondary information from government sources was used to supplement the data collected.

Data analysis was based on descriptive statistics and frequencies. These are used to analyze various issues, including management of private schools, their characteristics, service delivery, investment expenditure, credit availability, structure of workforce, and employees' benefits, among other issues.

5. Study Findings and Discussions

This section focuses on school characteristics, student enrolment, management, ownership and general administration, physical and human resources, service delivery, assessment of private sector investment in schools, financing of private education, opportunities and challenges facing private sector investment in education in Kenya.

5.1 School Indicators and Characteristics

School characteristics in this study means the factors parents consider when making schooling choices for their children. For example, parents prefer to take their children to schools with adequate security and quality student care. Other features that parents look for include cost and the type of curriculum offered, discipline, the quality of facilities (such as sports, library and laboratory), the reputation of the school in terms of academic performance, and the likely implications for their children's career opportunities. Religion, moral values and school traditions also influence parents' choice of a school.

Majority of private schools visited during the study offer both primary and secondary education. About 52 per cent of the schools in the survey offer primary education. Some of these primary schools started as pre-school and have since expanded to offer higher levels (primary, secondary and tertiary education). About 35 per cent of the sample primary schools offer both pre-primary and primary education while 13 per cent of the sample schools offer secondary education. This is an indication that most private investors in education aim at maintaining their clients by providing more than one level of education, and could contribute to expanding access to education at various levels.

5.1.1 Pupil teacher ratio and class size

Unlike public primary schools where class size is currently 40 or more pupils (Government of Kenya, 2003c), the private primary school average class size was relatively low (21 pupils per class). The likely implication of this situation could be that private schools are only accessible to a small group of the population. Private secondary school average class size of 31 pupils is closer to public secondary average class size of 33 (Government of Kenya, 2003b).

The recommended Pupil Teacher Ratio (PTR) for primary and secondary schools is 40:1 and 35:1, respectively (Government of Kenya, 2003c). The mean PTR for private primary schools was 17:1 and 8:1 for urban and rural schools, respectively. This is quite low compared with the PTR of 40:1 in public primary schools (Government of Kenya, 2003b). The PTR for urban private secondary schools (16:1) is almost at

par with public schools (17:1) but both are much lower than the recommended. The low PTR has three implications. *First*, it could be an indication that private schools are under-utilized. This contradicts the fact that a number of Standard 8 graduates do not proceed to high school due to limited Form 1 places. *Second*, the low PTR could also be a deliberate move to ensure high pupil-teacher contact.

Table 5.1: Sample-school performance indicators

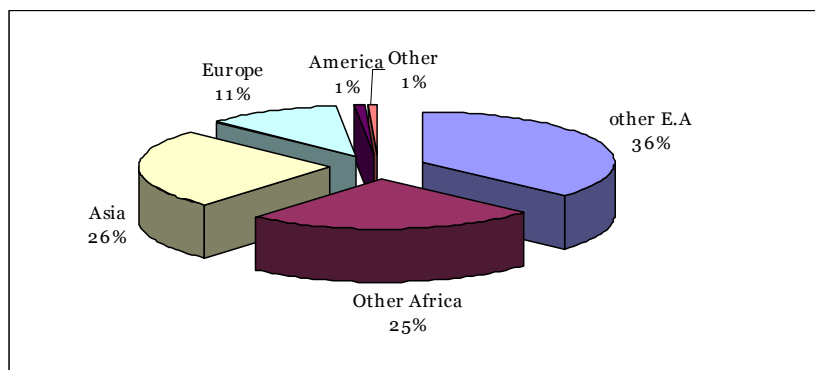
Variable	Primary		Secondary	
	Urban	Rural	Urban	Rural
Total sample enrolment, 2004	56,950	12,033	14,367	2,783
Average enrolment per school	193	84	177	80
Total teachers in sample schools	3,225	747	895	187
Average teachers per school	11	10	11	12
Total classrooms	2,703	650	635	123
Average classrooms per school	9	8	8	8
Pupil teacher ratio	17	8	16	6
Streams per school	1	1	1	1
Average class size	22	20	30	33

Source: Authors' computations from KIPPRA survey data

5.1.2 Student enrolment in private schools, 2003

Private schools in Kenya have the potential to expand and attract students from other countries. Analysis from the survey indicates that Kenyan students account for 98 per cent of total enrolment in private schools. About 2 per cent of students enrolled are from other countries. This is an indication of the potential private schools have in terms of attracting students from all over the world. Out of the the total number of foreign students enrolled between 2001 and 2003, 36 per cent were from Eastern Africa, 26 per cent from Asia, 25 per cent from other African countries, 11 per cent from Europe, 1 per cent from America and the remaining 1 per cent from other regions. During the same period, primary schools recorded much higher enrolments than secondary schools.

Figure 5.1: Foreign students attending private schools in Kenya, 2001-2003

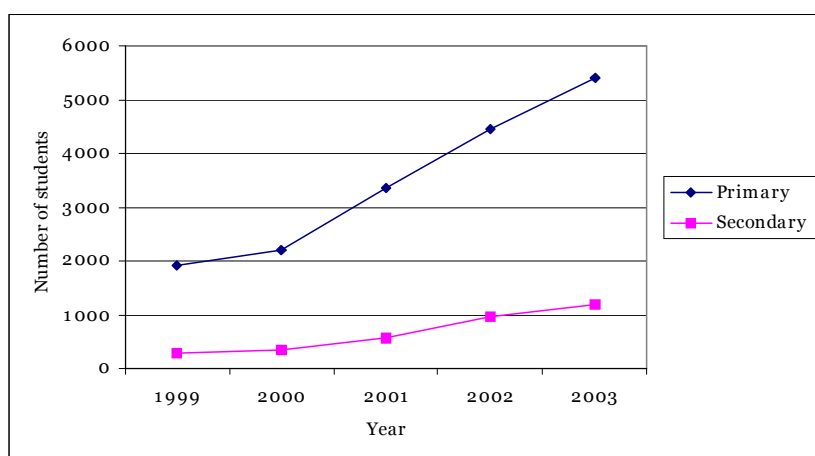


Source: Authors' computations from KIPPRA survey data

5.1.3 Student transfers

Students transfer from one school to another due to various reasons. In most cases, students transfer as a result of poor performance of the school, low quality of education and high cost of school fees. A transfer from a public school to a private school has different implications from a transfer from private school to a public school or private-to-private and public-to-public. For instance, a transfer from public school to private school would imply differentiated demand for education while a transfer from private school to public school would, most likely, imply cost cutting. Figure 5.2 shows student transfers from public schools to private schools between 1999 and 2003. Primary schools experienced

Figure 5.2: Number of student transfers from public schools to private schools between 1999 and 2003



the highest mobility during the period. The rate of transfer was higher between 2000 and 2003 as compared to the period between 1999 and 2000. This period of high transfer rates coincides with a time when many private schools were being established. The main reasons for the transfer include search for a better learning environment and congestion in the public schools. After the introduction of FPE in 2003, enrolment increased tremendously in public primary schools. Similarly, private schools recorded high enrolment due to transfers. The transfers to private schools could be an indication of preferences among parents.

5.1.4 School curriculum

About 95 per cent of the schools surveyed teach the 8-4-4 curriculum. Unlike public schools, which offer purely 8-4-4 curriculum, some private schools also teach foreign curriculum, such as London's (UK) General Certificate of Education (GCE). These are commonly referred to as international schools. This curriculum mainly attracts parents who expect to send their children abroad, either to continue with the current education or to study at higher levels of education. Other recently established private schools teach additional subjects not provided in the 8-4-4 curriculum, such as computer studies.

5.1.5 Utilization capacity

Investment in education requires a substantial amount of resources. To establish a school, an investor has to lease some buildings or construct physical structures, including classrooms, offices, and playing fields, among others. This requires heavy capital outlay, which an investor can only recover if the school is operating at full capacity. The survey shows that about 73 per cent of private primary schools and 78 per cent of secondary schools are not operating at full capacity. School utilization capacity varies by level of education, with primary schools operating at 70 per cent while secondary schools are operating at 65 per cent of total capacity available. This is not cost effective and may explain why private schools charge high fees.

On average, private schools have one stream (83%) at both primary and secondary levels. Only 15 per cent, 2 per cent and 0.4 per cent have 2, 3 and 4 streams, respectively. The average class size ranges from 5 to 60 pupils. The excess capacity can be effectively utilized if more students enroll in private school, thus creating room in public schools. It would reduce congestion in public schools, reduce financial burden on public resources, thereby freeing up the education budget to address maintenance needs and other operational improvements, and improve productivity and quality of public education while contributing towards enhanced overall access to education at various levels.

5.1.6 Performance in national examinations

Popular perceptions on schooling performance are based on quality of teaching, learning process and professional qualifications of teaching staff. School performance further depends on socio-economic background of students and their intellectual abilities (Nzomo J. *et al.*, 2001). In the recent past, some private primary schools have performed well in national examinations, making some parents to transfer their children to these well performing private schools.

Evidence based on the survey data on Kenya Certificate of Primary Education (KCPE) and Kenya Certificate of Secondary Education (KCSE) mean scores and number of candidates for the sample schools (Table 5.2) shows that over the period 1999-2003, the mean scores in the sample schools was above average. The average number of candidates was around 30 students in KCPE while that for KCSE ranged between a high of 91 students in 2000 and a low of 51 students in 2003. The KCPE and KCSE mean test scores in sample schools was about 325 (out of a maximum of 500 marks) and 9.8 (out of a maximum of 12 points) in 2003. The good performance in some private schools is mainly associated with good facilities and availability of learning materials.

Further, the analysis shows that private company-owned urban primary schools performed much better than sole proprietor-owned schools. For example, rural private primary schools owned by multiple partners performed much better than church-owned and sole-proprietor owned schools. In part, the improved performance can be associated with the smaller class sizes and teacher motivation in the well performing schools. However, since these results represent a small sample of schools, it could be important to undertake detailed assessment on factors contributing to the disparities in comparison with public schools. This requires a separate study and is beyond the scope of this survey.

Table 5.2: Average number of candidates and performance in national examinations in sample schools

No. of candidates and mean scores*	2003	2002	2001	2000	1999
Candidates (KCPE)	29	30	30	29	30
KCPE Score	325.0	321.0	326.9	437.8	431.3
Candidates (KCSE)	51	85	90	91	80
KCSE Score	9.8	4.5	4.8	4.6	4.4

*KCPE scores is out of 500 marks. KSCE score is out of 12 points.

Source: Authors' computations from KIPPRA survey data

5.2 Management, Ownership, and General Administration

5.2.1 Management and ownership

Efficient management is one of the major components of quality service delivery in any institution. The Education Act that governs public primary and secondary schools has no provisions for private schools management. This means that management of private education institutions is dependent on the ownership structure. This is evident from the schools visited during the survey.

From our survey, individual ownership constitutes 63 per cent of the schools whereas church-owned schools constitute 17.2 per cent. The remaining percentage is shared among partnerships (9.7%), private domestic company (4%), NGOs (2.3%) and other organizations (3%). Survey results indicate that individual-owned schools (83%) lack management boards.

Unlike government-funded public schools, private schools exercise managerial control over a wide range of decisions. Administrators, managers/owners, school boards and parents have much say in the decisions of the school especially in matters of teaching and learning, management, development, planning, discipline and budgeting. In some private schools, the owner of the school would double up as finance manager and school head. However, in well-established private schools and also those owned by more than one person, the roles of financial management are very distinct from school administration. In these schools, management boards comprise of skilled professionals drawn from various fields.

5.2.2 Establishment of private schools

Development of private sector education is a policy issue, which strongly depends on the political and economic environment in a country (Kitaev, 1999). Development of private sector education in Kenya has been within the dual policy paradigm between the state and main forces within the Structural Adjustment Programmes (SAPs) and cost sharing policy reforms introduced in the 1990s. These policies aimed at stimulating cost sharing and cost reduction of public expenditures. The survey established that although the oldest school in the sample was established in 1935, majority of the schools were established between 1991 and 2003 (Table 5.3).

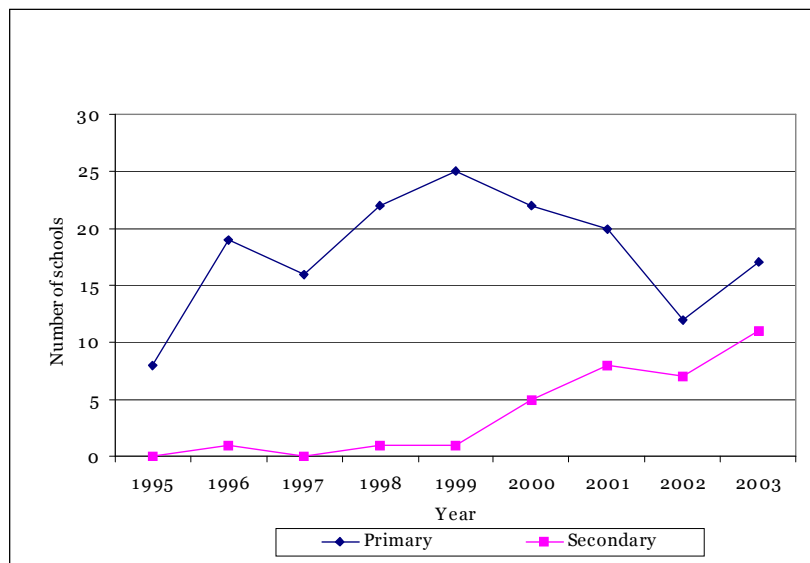
Evolution of private education in Kenya can thus be associated with various factors, including education policy reforms over time. Some of the policy reforms include introduction of cost sharing in 1988, curriculum reform from 7-4-2-1 to 8-4-4 in 1985, and global commitment to UPE and EFA starting 1990 and its renewed emphasis in the year 2000.

Table 5.3: Number of schools and year of establishment

Year	Primary	Secondary
1935-1963	7	5
1964-1970	2	5
1971-1980	10	9
1981-1990	37	10
1991-2000	291	37
2001-2003	98	50
Total	445	116

Source: KIPPRA survey data

Figure 5.3: Number of schools established due to demand in the region, 1995-2003



As shown in Table 5.3 and Figure 5.2, most of the private primary schools in the sample were started between 1991 and 2000 and secondary schools between 2001 and 2003. About 65 per cent of the primary schools were established between 1991 and 2000, and 43 per cent secondary schools were established between 1981 and 1990. This can be associated with the shift in government policy on education financing to cost sharing starting from 1988, policy reforms aimed at enhancing partnerships in the financing and provision of education and

training services at the time, and renewed commitment to increased demand for education through UPE and EFA goals.

5.2.3 Registration and inspection of private schools

The Ministry of Education is the main legal institution with the mandate to award registration certificates to schools. However, some private schools register with other institutions that award business licenses. About 94 per cent had registered with the Ministry of Education, the remaining schools had registered with the Attorney General's office (2.2%), Ministry of Gender, Culture and Social Services (2.7%), NGO bureau (0.8%) and others (0.3%). According to the survey, only 79 per cent of the schools had registration certificates. Most of the unregistered schools were either in the process of registering their schools or they had already processed their registration and were only waiting to receive their registration certificate. Over 50 per cent of the schools felt that the registration fee (Ksh 10,000) was high. Other than the bureaucratic nature of the registration process, high registration fees could also explain why some schools fail to register with the Ministry of Education.

Under normal circumstances, the school registration process should take a minimum of one month assuming all requirements are met. The process involves application, inspection by District Inspector of Schools, issuance of certificate of registration of business name from the Registrar General, processing final inspection and issuance of final school registration certificate.

The schools surveyed indicated that it took much longer to process a registration certificate than it would take to obtain a business license. It takes an average of 7 months and 16 months to obtain a registration certificate from the Ministry of Education with and without giving some incentive, respectively. To obtain a business license, it takes an average of 23 days (1 month). Results from the survey indicate that primary schools take about twice as much time as secondary schools to process the registration certificate without giving an incentive and three times as much when there is an incentive. However, these results require further investigation to ascertain the point at which the problem is most acute. Also, since most schools were registered at different times, it is possible that the situation could have improved owing to recent reforms in the education sector in general.

About 87 per cent of schools were inspected up to 3 times in a year. The inspection ranges from curriculum inspection (77%) and inspections associated with school registration process. The Ministry of Education is charged with curriculum inspection. Other school inspections were carried out by the Ministry of Health; Ministry of Labour; Ministry of Gender, Sports, Culture and Social Services; and Kenya Private Schools Association during the initial stages of setting up the school.

5.2.4 Membership in associations

Only 35 per cent of the schools interviewed were members of a private school association. The private schools associations included district-based associations, provincial and national associations. About 41 per cent of members of private schools association found the association to be of critical value in terms of lobbying for government support, while 54 per cent valued their association since it provided them with information and contacts on educational opportunities. The associations also provide information on government regulations (47%) and platform for lobbying for their interests in the education policy making process.

5.3 Physical Resources

5.3.1 Physical facilities and school equipment

Physical facilities in education institutions play a key role in the development and provision of educational services. Inadequate school facilities impact negatively on the quality of education. It is important that the school atmosphere is conducive to the learning and overall development of children. According to the Education Act, for a school to be registered it must have at least 8 classrooms and 4 classrooms for primary and secondary schools, respectively. However, this norm is mainly followed by public schools while most private schools start with fewer classrooms and expand gradually. Some schools, especially those that offer both pre-primary and primary education or both primary and secondary education, also share compounds and physical facilities.

Annex Table 1 shows school physical facilities by type. In primary schools, on average, a school has about 9 classrooms and 3 offices. However, there is a profound shortage of workshops and home science facilities. Only 5 per cent and 8 per cent of the schools have workshops and home science facilities, respectively. The survey found that change of land use was rampant in urban areas. Office and residential buildings had been converted to learning institutions. Such institutions fell short of sports facilities and classrooms due to limited space.

Closely related to the above concerns is the state of buildings, equipment, and availability of space in private schools. Generally, most private schools are found in densely populated towns such as Mombasa, Nairobi, Kisii and Eldoret. Except for a few private schools in high potential areas, majority of the schools in low potential areas had both permanent and temporary structures, which in most cases were ill-equipped, and lacked sufficient space for expansion and provision of sports facilities.

Private secondary schools have an average of 8 classrooms, while about 58 per cent of the schools have no staff houses. About 14 per cent, 77 per cent and 82 per cent of the secondary schools lack laboratories, workshops and home science facilities, respectively (Annex Table 1). Some secondary schools were short of learning materials and teaching equipment.

5.3.2 Land acreage and ownership

Land is the biggest challenge when starting a new school or when expanding space for classrooms, science laboratories, library, and sports facilities. According to government regulations on school registration, an investor is expected to have minimum land acreage of 1 acre for Early Childhood Development facilities, 5 acres for primary and 5 acres for secondary school. Real estate, particularly in urban areas, has become expensive, especially for sites that would be appropriate for locating educational facilities. The worst hit in terms of lack of adequate land are private schools in low-income and informal settlements in urban areas.

Further, the study shows that private schools shy away from renting or leasing buildings in an effort to reduce their operating costs. Out of the total number of schools in the sample, 76 per cent were located on land owned by the proprietor of the school. About 87 per cent of the proprietors based in rural schools (73% for urban schools) own land occupied by the school. While secondary schools meet the acreage requirement, some primary schools in both rural and urban areas are far from achieving the target. The area occupied by primary school ranged from 0.03 acres to 15 acres whereas that occupied by secondary school was 0.09 acres to 60 acres. On average, primary schools occupied 2.45 acres while secondary schools occupied 5.24 acres.

The fact that most private schools occupied less than 5 acres of land is a policy concern. The government should thus consider either revising the norm or ensuring that private education investors have access to ample land acreage. Whereas the latter may seem appropriate, land availability is a major policy concern particularly in urban areas. This does not only affect private school entrepreneurs but also public school development particularly in urban informal settlements. This calls for feasible options in school development in urban areas.

5.3.3 Learning materials

School inputs such as curriculum instructional materials and equipment, physical facilities, school management, and teacher development and motivation are important in enhancing the effectiveness of an education system. According to Deolalikar (1998), instructional materials are key

elements in learning. Many studies have found a positive effect between availability of learning materials and school effectiveness. The survey findings show that about 58 per cent and 79 per cent of the private primary and secondary schools, respectively, provide learning materials to the students.

Unlike public schools, parents of private schools finance learning materials in schools. About 31 per cent of the schools felt that the government should provide learning materials. This is necessary especially for private schools in low-income informal settlements and other marginalized areas. Over 90 per cent of the private schools surveyed (both primary and secondary) had sitting and writing places. Other equipment existing in most schools were computers (42% primary and 72% secondary) and vehicles (36% primary and 33% secondary), among others (Annex Table 2).

5.4 Human Resources

5.4.1 Employment levels

Human resource development is key to delivery of quality goods and services. For efficient and effective education service delivery, a school should have adequate and qualified personnel. On average, the schools in the sample had 18 and 19 employees for primary and secondary schools, respectively.

Trends in employment over the past five years show changes in the numbers of both permanent and non-permanent employees. Secondary schools had a higher proportion of permanent employees, but the fluctuations were higher than in primary schools. Between 1999 and 2003, the number of permanent staff in primary schools reduced by 4 per cent. This reduction is compensated by an increase in the non-permanent staff (Table 5.4). The substitution of the permanent staff for

Table 5.4: Employment levels in private schools

Year	Primary		Secondary		Primary	Secondary
	Average No. of permanent employees	Permanent employees as a % of total employees	Average no. of permanent employees	Permanent employees as a % of the total employees	Average No. of non-permanent employees	Average No. of non-permanent employees
2003	10	60	12	67	6	6
2002	9	63	11	69	6	6
2001	9	66	12	74	5	4
2000	8	65	13	77	5	5
1999	8	66	12	71	5	6

Source: Authors' computations from KIPPRA survey data

non-permanent staff could be attributed to the unpredictable nature of the survival of the private schools in the market. Employment of non-permanent staff has two implications. *First*, contract or temporary staff are cheaper in terms of remuneration and can be easily monitored and low performers replaced at no or little extra cost. *Second*, if most teachers are temporary, quality of teaching may be affected.

On average, primary schools had about 6 employees when the school started while secondary schools had about 10 employees. By the year 2004, both primary and secondary schools had an average of 18 and 19 employees, respectively.

5.4.2 Staff composition and teacher qualification⁶

Teacher development is very important in delivery of quality education services. A teacher should facilitate the development of the pupil such that by the time of completion of a specific education level, there is a balance of cognitive, psychomotor and social aspects of the child. Teachers are the most important resource in student instruction. Other important resources include adequate provision and use of teaching and learning materials, and a conducive school environment, among others. A qualified and motivated teaching force is a prerequisite for the promotion of higher learning achievement among pupils. Table 5.5

Table 5.5: Private primary schools staff composition

Year	Teaching staff		Teaching staff as % of total employees	Non-teaching staff as a % of total employees	Average employees
	Trained staff as a % of teaching staff	Untrained staff as a % of teaching staff			
2003	87	13	69	31	16
2002	87	13	69	31	15
2001	89	11	68	32	14
2000	87	13	69	31	14
1999	88	12	68	32	14

Source: Authors' computations from KIPPRA survey data

⁶ A trained teacher is a teacher who has undergone pedagogical training in any teacher training college, while an untrained teacher is a teacher who may have equivalent academic qualifications (KCSE or graduate) but no pedagogical training.

shows that in 2003, 69 per cent of the employees in private primary schools were teaching staff. Of the total teaching staff in private primary schools, about 87 per cent were trained. A comparison between public and private teaching staff shows some divergence. In public schools, trained primary school teachers account for over 96 per cent of the total primary school teachers. It should be noted that teacher qualifications do not, on their own, necessarily result into more effective teaching but rather teacher's attitudes, classroom practices and teacher's remuneration, which influences teacher motivation and thereby pupil performance.

Secondary school staff composition (Table 5.6) shows the same trend as in primary schools. Teaching personnel are the majority in staff establishment constituting over 65 per cent of the total. The share of trained secondary school teachers to total teaching staff ranged between 75 per cent and 83 per cent for the period between 1999 and 2003.

Male employees in primary schools had slightly higher qualification compared to their female counterparts. About 12 per cent and 0.4 per cent of the male employees were university graduates and postgraduates, respectively. On the other hand, about 2 per cent and 0.08 per cent of the female teachers were university graduates and postgraduates, respectively. Majority of primary school employees were graduates of certificate colleges (59%), while about 2 per cent of the employees had not completed primary education (these are likely to be support staff).

The share of employees with diploma, university degree, and postgraduate degree was higher in secondary schools than in primary schools (Table 5.8). Majority of secondary school employees have a university degree (45%). Qualification by gender shows that about 48

Table 5.6: Private secondary school staff composition

Year	Teaching staff		Teaching staff as a % of total employees	Non-teaching staff as a % of total employees	Average employees
	Trained teachers as a % of teaching staff	Untrained teachers as a % of teaching staff			
2003	83	17	65	35	18
2002	83	17	63	37	18
2001	80	20	62	38	18
2000	79	21	63	37	19
1999	75	25	64	36	20

Source: Authors' computations from KIPPRA survey data

Table 5.7: Private primary school employees by education level and gender (%)

Education Level	Male	Female
Not completed primary education	3	2
Completed primary school	13	10
Completed secondary school	22	23
Certificate school graduate	55	59
Diploma school graduate	5	4
Undergraduate	12	2
Postgraduate	0.39	0.08

Source: Authors' computations from KIPPRA survey data

Table 5.8: Private secondary school employees by education level and gender (%)

Education level	Male	Female	All
Not completed primary education	2	1	1
Completed primary school	8	7	8
Completed secondary school	16	24	18
Certificate school graduate	11	14	12
Diploma school graduate	13	15	14
Undergraduate	48	39	45
Postgraduate	2	1	2

Source: Authors' computations from KIPPRA survey data

and 39 per cent of the secondary school male and female employees had university degree, respectively. Less than 2 per cent of secondary school employees had not completed primary education (these are also likely to be support staff).

5.4.3 Teacher recruitment

Following the freeze on public service recruitment in 1997, including teacher recruitment in both public primary and secondary schools, there has been a surplus of trained teachers in the market between 1997 and 2001, thus private schools did not have difficulties in sourcing for

teaching staff during this period. Apart from recruiting teaching staff from the unemployed labour force, private schools also recruited teaching staff from other private schools, public schools and fresh graduates from colleges. However, results from the survey indicate that majority of the private primary and secondary schools sourced their teaching staff from fresh graduates and other private schools. About 56 per cent of the private primary schools hire their teaching staff from other private schools, while 33 per cent source straight from colleges. Although most of the teachers in private primary and secondary schools surveyed were trained, they do not benefit from in-service training. Findings of the survey show that about 75 per cent of the schools do not have teacher in-service programmes.

The study found that private schools also employed teachers from public schools. These teachers were paid higher wages than teachers recruited from other sources.

5.4.4 Teacher remuneration

The terms of employment and remuneration are some of the factors that affect worker productivity. A well-paid teacher is likely to dedicate most of his/her time in teaching and this may have a positive impact on pupil/student performance. Wage determination in the private sector varies depending on former employer and level of school. Table 5.9 indicates that teachers recruited from public schools were paid higher wages compared to teachers recruited from other private schools and fresh graduates. Teachers in rural-based schools earned relatively higher salaries than their counterparts in urban areas.

Table 5.9: Teacher monthly wage (Ksh) by source of teaching staff and region (2003)

Source	Urban		Rural	
	Primary	Secondary	Primary	Secondary
Other private schools	9,114	11,252	12,121	20,746
Public schools	11,046	14,682	17,964	28,368
Straight from college	7,467	9,850	10,556	22,130
Others	5,233	8,667	12,000	No observation available

Source: Authors' computations from KIPPRA survey data

Table 5.10: District performance ranking by source of teaching staff and region

Source of teachers	Urban		Rural	
	Primary	Secondary	Primary	Secondary
Other private schools	17	37	30	41
Public schools	15	20	12	.
Straight from college	19	41	26	56
Others	36	53	.	.

. No observation available

Source: Authors' computations from KIPPRA survey data

Analysis of district ranking indicates that private schools, which sourced teaching staff from public schools, performed much better than schools that sourced from elsewhere. The schools ranked between positions 12-20 in the district as compared to 17-41, 15-20, 19-56 and 36-53 for schools that sourced teachers from other private schools, public schools, straight from colleges and other sources, respectively. The combination of well-trained teachers and availability of teaching materials contributes to the good performance.

Table 5.11 shows employees wages and compensation by category of employees. Average teachers' monthly wages in private primary schools was about Ksh 9,044. Head teachers and their deputies, on average earned Ksh 10,684 monthly. Most of the head teachers in public primary schools are PI teachers and their average monthly earnings are Ksh 12,907 (Government of Kenya, 2003e). Therefore, on average, teachers in private schools earn slightly less than what teachers in public schools earn. Over 85 per cent of the total monthly wage bill goes to teachers and school managers, leaving less than 15 per cent for non-teaching staff in public schools. Non-teaching staff earn an average of Ksh 3,537 per month.

Table 5.11: Average salary (Ksh) of teachers in private primary schools, 2003

Category of staff	Average monthly wage	Annual wage bill	Total compensation
Administrative staff (Head and deputy head)	10,684	217,007	220,181
Managers	20,513	394,053	395,578
Teachers	9,044	1,060,822	1,052,78
Non-teaching staff	3,537	235,805	293,917
All employees		1,590,661	1,608,921

Source: KIPPRA survey data

On average, private secondary school teachers had a monthly earning of Ksh 15,000 while head teachers and their deputies earned about Ksh 16,000 (Table 5.12). Teachers in public secondary schools earn on average Ksh 30,000 per month (Government of Kenya, 2003e), which is almost twice what teachers in private schools earn.

Apart from wages, employees of public schools have other types of benefits, which act as a motivating factor. These benefits include pension fund, provident fund, disability benefits, severance/service gratuity, benevolent fund and insurance benefits, among others. Table 5.13 below shows that apart from the National Social Security Fund (NSSF), other

Table 5.12: Average salary of teachers in private secondary schools (Ksh)

Category of staff	Average monthly wage	Annual wage bill	Total compensation
Administrative staff (Head and Deputy Head)	16,272	387,500	389,571
Managers	27,273	643,048	671,326
Teachers	14,674	1,480,217	1,443,367
Non-teaching staff	5,731	435,581	456,589
All employees		2,432,755	2,358,996

Source: KIPPRA survey data

Table 5.13: Employee benefits (%)

Type of benefit	Primary	Secondary
Pension fund	2	4
Provident fund	4	7
Disability benefit	1	0
Severance/service gratuity	8	18
Reimbursement for funeral costs	4	7
Benevolent fund	3	7
Life insurance	1	1
National Social Security Fund (NSSF)	43	66

Source: KIPPRA survey data

benefits for private schools were quite rare. Only 4 per cent and 2 per cent of the private primary and secondary schools had a pension scheme for their employees. About 66 per cent of employees of private secondary schools were members of NSSF compared to about 43 per cent for private primary schools.

5.5 Public Service Delivery

Provision of roads, water, communication and power services are some of the factors to consider when making investment decisions. According to the Economic Recovery Strategy for Wealth and Employment Creation (Government of Kenya, 2003c), physical infrastructure is important in creating and supporting a business environment that facilitates private sector investment, growth and job creation.

Results from the survey show that both urban and rural schools are located where government facilities are available (86% and 91% of primary and secondary schools, respectively). Most of the schools rely on hydropower supplied by the Kenya Power and Lighting Company (KPLC). The two main sources of water for schools were own boreholes (26% and 31% of the primary and secondary schools, respectively) and piped water (30% and 34% of the primary and secondary schools, respectively). About 64 per cent of the water used in private schools was self-provided (Annex Table 6).

5.5.1 Problems related to service delivery

As mentioned earlier, all private learning institutions are required to register with the Ministry of Education before starting their operations. On the other hand, unlike other public learning institutions, private schools do not benefit from investment incentives such as tax exemptions on imported educational materials.

Most private schools rated registration of schools, access to investment incentives and support from the Ministry of Education as major challenges. Registration problems could be associated with the long and centralized registration procedures, and strict requirements. Most private schools had no problem with other public schools.

5.6 Assessment of Private Sector Investment in Schools

This section focuses on magnitude of private sector investment in schools, including level of investment expenditure, market valuations, investment environment, sources of financing and credit availability.

Most private primary schools were first established as pre-primary schools (84%), while most secondary schools (80%) were started at secondary level. Given the land size norm for starting a pre-school (1 acre), many private schools found it more convenient to start a school at pre-primary level and then expand gradually to primary or even secondary school level. Only 16 per cent of primary schools started at primary school level, while 12 per cent and 9 per cent secondary schools started at pre-primary and primary school level, respectively.

Most schools reported that it was cost effective to have all the three levels in the same compound. It would ensure maximum utilization of resources that could be shared among the three levels. This would also ensure continuity in schooling. However, private investors found it difficult to put up and maintain a secondary school due to the huge investments involved. In an effort to expand, the schools avoid bank loans due to the high interest rates charged and also high collateral security requirements. Private sector investors mainly use own savings from profits, student fees and in some cases they sell property to obtain capital for investment.

About 60 per cent of the schools surveyed indicated that they had invested in private education to meet the demand for education. This included demand at the initial levels (pre-primary and primary) and post-primary (secondary) levels to facilitate transition. However, these investors considered various factors when making decisions on where to locate the school: demand for schooling in the area (34.2%), availability of land in the area (23.7%); and conducive learning environment (12.8%). Other factors included accessibility (10.5%); community welfare (9.6%); and good physical infrastructure (8.1%). For this reason, private schools were not well distributed both in rural and urban areas.

5.6.1 Sources of start-up finances

Lack of development capital is the major challenge to the development of private schools in Kenya. The development of schools requires heavy capital outlays up-front and the developers have to start by putting up a complete school for the school to be legally registered and to win the confidence of parents. This nature of investment makes it difficult to access development funds. Commercial banks do not have a suitable loan package tailored to suit this form of investment. They lend short-term loans and expect the borrower to start servicing the loan without any grace period. According to the study finding (Table 5.14, the main source of start-up finance for private schools was own savings/internal funds (21%) and NGOs (20%). Other sources included bank loans (14%), sale of stock (9%), family friends (12%), private money lenders (9%), and informal sources such as harambee/self-help financing (15%).

Table 5.14: Main sources of start-up finance (%) of responses

Source	Primary	Secondary	Both
Owner savings/internal funds	21.96	18.70	21.45
Equity/Sale of stocks	9.30	4.20	8.73
Bank Loan	13.95	12.18	13.72
Family and friends	12.40	10.50	11.97
Private money lenders	6.72	21.01	9.23
Informal Sources/Harambee	14.21	16.39	14.46
Other sources/NGOs	21.45	17.02	20.45
Total	100.00	100.00	100.00

5.6.2 Sources of working capital and new investments

During the survey, the sample schools were asked to identify financial sources for their working capital and their anticipated investments. The results (Table 5.15) showed that school fees was the main source of working capital and anticipated investments in 68 per cent and 50 per cent of the schools, respectively. Proprietor's savings, private money lenders and contributions from religious organizations supplemented school fees. Other minor sources included bank loans and overdrafts, community trust fund, harambee and private donations from individuals (Table 15).

Table 15: Sources of finances for working capital and new investments

Source of finance	Working Capital (%)	New investment (%)
School fees payments	68.4	50.0
Bank/Co-operative loans	2.8	8.4
Bank overdrafts	1.0	1.3
Religious organization sponsorship/contribution	3.8	6.2
Community trust fund	0.7	1.0
Income from rent and hiring of other school	0.7	1.2
Proprietors savings	15.6	4.8
Private money lenders	0.8	21.0
Harambee	1.0	0.9
Donations from private individuals	1.3	1.4
Other sources of finance	2.5	2.0
Don't know	0.7	0.7
Refused to answer	0.8	1.0
Total	100	100

The fact that school fees constitute the main source of finance is critical considering the high poverty levels in the country (56.8% of the population live on a dollar per day). Private education could be unaffordable and hence expand schooling opportunities for only the high-income quintile group in the society. Consequently, it is important that the government provides an enabling environment for private sector to expand in both high and low potential areas, hence benefit the low-income earners as well.

5.6.3 School fees

In 2003, the average annual fees for private primary and secondary schools was Ksh 15,326 and Ksh 25,690, respectively (Annex Table 3). The maximum annual fees per pupil was Ksh 31,680 and Ksh 43,271 and minimum fees per pupil was Ksh 1,028 and Ksh 8,109 for primary and secondary schools, respectively. Primary and secondary mean fees represent 43 per cent and 73 per cent of GDP per capita (Ksh 35,400 at current prices) respectively, which are slightly higher than the public secondary schools fee level. The tuition fee for public secondary schools was Ksh 28,875 for national schools and Ksh 22,875 and Ksh 10,500 for other boarding and day schools, respectively (Government of Kenya, 2003b). Consequently, the cost burden for secondary education could be greater on the poor in society. However, this is an issue that requires further research to ascertain the real impact on the poor.

5.6.4 Expenditure and market valuation of private schools

Private schools in the country do not receive any funds from the government in terms of grants or bursaries. They meet all the expenditures, both recurrent and capital, mainly through school fees and in some cases through external sources of financing. The annual expenditure items identified by private schools include operations (telephone and electricity), labour (wages and salaries, traveling and other allowances), advertisement and promotional expenses, land and buildings (purchase, rent, depreciation), sanitation (toilets, water and waste disposal), loan repayments (principal, interest), equipment and machinery.

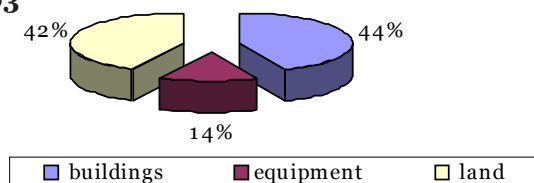
Personnel emoluments for both teaching and non-teaching staff comprised the largest education expenditure for a new investment followed by overhead costs, then land and buildings, depreciation of buildings, machinery and equipment. Advertisement and promotional expenses constituted the lowest share of expenditure.

The mean annual expenditure for private primary schools ranged between Ksh 1.5 million in 2001 and Ksh 1.6 million in 2003 while that of private secondary schools range between Ksh 3.8 million in 2001 and

Ksh 3.2 million in 2003. The average expenditure for secondary schools was twice as much as that for primary schools. The mean replacement costs were also relatively high, estimated at Ksh 9.2 million for buildings and Ksh 2.7 million for equipment.

Analysis of market value for major capital investments in private schools showed that 42 per cent of the value of major capital investments was attributed to land, followed by buildings, which accounted for 44 per cent and equipment 14 per cent (Figure 5.4). The real market value ranges between Ksh 20,000 and Ksh 80 million for land, Ksh 18,000 and Ksh 94 million for buildings and Ksh 10,000 and Ksh 25 million for equipment. Whereas the percentages reflect the overall picture, the degree of investment varied depending on the income class, financier and location of the school. Schools located in prime urban centres had a higher market value than those found in less prime urban and rural areas. Other minor investments included waste disposal, transport for students, maintenance of access roads and transport for workers.

Figure 5.4: Mean market value of major capital investments (%), 2003



5.6.5 Financing private education

As indicated earlier, financing private education is mainly in the domain of private individuals/sector. An analysis of private education presents the need to support private schools. Intuitively, private schools should be accessible to all eligible youth in the society, and they should not be restricted to only those who can afford. To be accessible to all income groups in society, consideration for either public or external finance for private education is imperative. Some of these support initiatives could include targeted finance to marginalized and underserved areas.

About 12 per cent and 14 per cent of primary and secondary schools surveyed, respectively, received some form of financial support from various sponsors and financiers, including Government of Kenya (4%), foreign government or international agencies (6%), private domestic company (4%), private foreign companies (2%), religious organizations (43%), NGOs (20%), private individuals (17%) and others (6%). The support from government only catered for some special schools, for instance schools managed by orphanages, and targeted non-formal

Table 5.16: Financing institutions for private schools

Financing institution	Frequency	%
Government of Kenya	2	3.70
Foreign government—non African	3	5.56
Private domestic company	2	3.70
Private foreign owned company	1	1.85
Religious organization	23	42.59
NGOs	11	20.37
Private individuals	9	16.67
Other	3	5.56
Total	54	100.00

community schools. The support was mainly in form of provision of teachers (though this is negligible), and capitation grants under FPE programme.

5.6.6 Access to student bursaries

Based on the findings, only 33 per cent of the schools surveyed had received bursaries for their students, mainly from religious organizations and private individuals. About 73.0 per cent of the respondents were of the view that students from private schools should be eligible for government bursary. The justification they provided for this was that students in private schools were Kenyan citizens and, therefore, entitled to public support in form of bursary, like students in public schools. At the time of the study, public secondary schools bursary funds had been decentralized to constituency level and guidelines were being developed towards enhancing bursary allocation to needy students in both public and private schools.

The capacity of public secondary schools in Kenya is relatively low compared to demand as depicted by low transition rates from primary to secondary schools. In 2006, for instance, the admission rate was 60 per cent, indicating apparent need for secondary school expansion with significant support from the private sector. It is important that in the process of reviewing bursary allocation guidelines, the government should give bursaries to students to enroll in less expensive private schools so as to increase access to secondary education. Perhaps a voucher system could be introduced to encourage students who reside in areas under-served by public secondary schools to enroll in less expensive private schools.

5.6.7 Access to credit

Majority of the private schools had difficulties in accessing credit from financial institutions. Out of 483 schools, 73 per cent had never applied for bank credit facilities while 26.9 per cent had applied. About 32 per cent of those that had never applied for a bank loan reported that they did not need a bank loan. Other reasons included inadequate collateral (16%), fear of debt (18%) and high interest rate (18%). Further, 74 per cent and 82 per cent of schools with overdraft (140 schools) and bank loans (485 schools), respectively, were required to attach collateral security to their credit facility (statistics exclude schools that did not respond) (Table 5.17).

Buildings were the most common type of collateral (Table 5.18), accounting for 61 per cent, followed by deposit (19.6%), others (13.7%) and equipment (5.9%). About 40 per cent of the schools that were credit constrained were willing to borrow from financial institutions but could not meet bank requirements. Out of 155 schools, about 69 per cent indicated that the repayment arrangement for the loans/overdrafts were unfavourable.

High interest rate (51.3%) was identified as a major obstacle for borrowing from the institutions (Table 5.19). Despite offering social services, schools were subjected to the same interest rates when accessing loan facilities as any other business enterprise. Other factors include inadequate/limited collateral (9.6%), bureaucracy and hidden costs (21.4%), strict and rigid repayment conditions (3.6%), and heavy penalties for defaulters (3.6%).

These findings indicate a high degree of limited access to loan facilities for expansion of private schools in Kenya.

5.7 Challenges and Opportunities for Private Investment in Education in Kenya

5.7.1 Challenges facing private investors

Operational constraints

According to the study findings, the most pressing operational problems were inadequate access to finance/collateral (60% for primary schools and 54% for secondary schools), high cost of finance/interest rate (53% for primary and 55% for secondary schools), non-payment of fees (70% primary and 80% secondary), difficulty in obtaining license and operational permit (46% of primary schools and 40% of secondary schools), high taxation (41% of primary and 41% of secondary schools), lack of access to land (42% of primary schools and 40% of secondary schools), and macroeconomic instability (38% and 43% of primary and secondary schools, respectively) (Annex Table 4). Other issues that posed

Table 5.17: Access to credit

	N (excludes system missing observation)	*%
Accessibility to bank loans and overdrafts		
Was collateral required for most recent overdraft	140	74
Ever applied for bank loan	483	27
Schools having bank loan	485	17
Did bank require collateral for latest loan	123	82
Schools that are credit constrained	265	40
Favourability of repayment arrangements	155	31

* Calculated as a percentage of schools whose response was “yes” for each of the options in the table. It excludes the “no” response.

Table 5.18: Collateral requirements for overdraft

Type of collateral	N	%
Deposit	10	19.6
Equivalent value of equipment/machine	3	5.9
Buildings	31	60.8
Other collateral	7	13.7
Total	51	100.0

Table 5.19: Obstacles to obtaining bank credit

Obstacle	N	%
Inadequate/limited collateral	19	9.6
High interest rate	101	51.3
Strict and rigid payment conditions	7	3.6
Heavy penalties for defaulters	7	3.6
Bureaucracy and hidden costs	42	21.4
Other obstacles to borrowing	21	10.7
Total	197	100.0

some obstacles were access to telecommunication and electricity, skills/level of education of workers and relationship to public schools. Insecurity and corruption were rated as minor problems by 38 per cent and 39 per cent of primary schools, respectively and 35 per cent and 45 per cent of secondary schools, respectively.

Limited land for expansion

Another challenge facing private investors is getting adequate land for physical infrastructure, including classrooms, science laboratories, libraries, and sports facilities, among others. Associated high costs of renting, leasing and unavailability of finance to construct their own buildings hinders the development of private schools.

Accessibility of land and lack of government support were perceived as some of the major obstacles to investment in education by private sector.

Constraining regulations, legal and institutional framework

Although the government encourages private sector participation in provision of education, the regulatory framework is not comprehensive in addressing issues related to private schools. The process of obtaining school registration certificate is long, cumbersome and expensive especially when establishing a new school. The general view of the respondents was that the process of registration was problematic in three major aspects: (i) bureaucracy; (ii) centralization of registration office; and (iii) many levies (e.g. those of ministries of lands, public works and local government).

Limited government support

The expected support from government to private education provision includes inspection, provision of a conducive enabling environment and investment incentives. Development of private education is considered, to a large extent, as a means to lessen the pressure on government funding while ensuring access to education and guaranteeing greater household control over efficient management of their expenditures for education. Indeed, according to the Education Sector Strategic Plan (Government of Kenya, 2003a), private sector and individuals willing to invest in education are supposed to receive some form of incentives to encourage them to invest. For instance, private and community/religious-supported schools are expected to enjoy public benefits, including tax exemptions on learning materials. They are also expected

to comply with education regulations, including inspection, and must subscribe to national legislation (Education Act, Cap 211).

According to the survey, 45 per cent primary and 45 per cent secondary schools indicated lack of government support as one of the operational obstacles. Indeed, although the Ministry of Education is required as stipulated in the Education Act (Cap 211) to inspect all learning institutions in the country (both public and private), this is not the case. The national inspection mean was about 3 times for primary and about 2 times for secondary schools during the period between 1982 and 2004 (Annex Table 5). This scenario, if not checked, could lead to poor/low quality services of education delivered in private schools, and this requires government intervention.

Macroeconomic instability

Macroeconomic instability manifested through high interest rates and high inflation implies that most private schools, local and international, are faced with a problem of high investment cost owing to the high cost of credit. According to this survey, 38 per cent of primary and 43 per cent of secondary schools indicated macroeconomic instability as a major obstacle.

High teacher turnover

There is a high turnover of teaching staff in both private primary and secondary schools. This is either to better paying private schools or to the Teachers Service Commission, resulting in disruptions in learning.

Predictability of cash flows

Private schools face a major problem of predicting their financial cash flows due to the erratic nature of their clientele. As a consequence, proprietors of private schools have opted to borrow money from informal sources. However, a greater percentage of private schools operate within the limits of their internally generated financial resources, which may be too expensive to sustain.

5.7.2 Opportunities in private education in Kenya

Private schools expressed more optimism in the sector due to various reasons. About 29.6 per cent of secondary private schools anticipated increased demand for education, especially after the introduction of FPE, as increased enrolment in primary schools translate to demand for more

secondary schools. Other positive reasons include improved governance (6%), and a positive attitude towards education (5%).

The most preferred sector for investment was the secondary education sector (43%) due to high demand as a result of under provision by both the public and private sectors. Other potential levels include primary (30%), pre-primary (13%) levels, middle level colleges (12%) and university (1%) (Table 5.20).

The investors identified need for transition from primary to secondary school (19%) and shortage of secondary schools (30%) as the main reasons for expanding private secondary education. While underscoring the importance of government policy on partnership with the private sector in education development, it is important that the government develops a strategy that will encourage the private sector to invest in secondary education. The private sector should also be encouraged to develop schools in rural areas. Areas identified for government intervention towards creating an enabling environment for private sector investment in education (especially in expansion of existing schools and construction of new secondary schools) include: financial assistance (loans and bursaries), investment incentives, and provision of facilities and learning materials.

On investment environment, the effects of Free Primary Education (16%), increased demand for private school education (14%) and general increase in demand for education (15%) were identified as major reasons for the expected expansion in private education in Kenya. Expected high returns (profits), though ranked fourth in the list of reasons for investment in private education, remains one of the major motivating factors for private investment in education.

Table 5.20: Potential levels of investment

Areas for potential investment	% of responses
Pre-primary education	13
Primary education	30
Secondary education	43
Middle level colleges	12
University	1
Other	1
Total	100

6. Conclusions and Recommendations

6.1 Conclusions

The contribution of the government to the growth of private schools cannot be underestimated. It is the responsibility of every government to create an enabling environment for the private sector to thrive. This study has evaluated the critical policy issues and challenges that affect the development and growth of private schools. The study findings indicate that private investment in education can contribute to the achievement of UPE and EFA goals. The contribution of the private sector can only make more impact if the identified policy issues and challenges are addressed.

- The current legal framework for education does not provide for all legal aspects of private schools except for school registration and examination. The process of acquiring a school registration certificate is long and cumbersome and has resulted in some schools registering as business entities, therefore operating with a business license. This makes it difficult for the Ministry of Education to monitor the activities of such schools, which hardly meet the conditions for setting up a school. Also, majority of private schools do not meet the land size norm for starting a new school because real estate, especially in urban areas, is expensive particularly in locations appropriate for development of educational institutions.

The ongoing review of the legal framework for education should include decentralizing the school registration process, and making it flexible and adoptable by all stakeholders in education, including the private sector.

- Teachers in private schools do not have in-service training opportunities and teacher advisory centres. These are very important in enhancing professional development of teachers and promoting the quality of education both in public and private schools.
- Private investors do not have access to credit from banks due to high interest rate and collateral requirement. They depend on own savings and sale of property to finance development of a new school. The schools also depend on school fees to finance their working capital. This kind of financial base is narrow and leads to increased cost-burden on households while discouraging low-income earners from enrolling their children in private schools.
- The study notes that both the public and private sector have not adequately provided for secondary education. There is no marked growth in the number of public schools. Similarly, private sector

investment in secondary schools is very insignificant. It will, therefore, be difficult to achieve the envisaged transition rate.

Government financial support to private schools should target not-for-profit private schools serving the poor, after development of a sustainable support plan based on equity and quality measures particularly in areas under-served with public schools but have high demand, such as urban slums. However, interventions on quality assurance and professional development should target all private schools.

6.2 Recommendations

Speed up review of the Education Act

The review process received various inputs from various stakeholders. Part of the issues were to assess the viability of: reviewing the section on land requirements for setting up a private school, decentralizing the registration process to district level and provision of investment incentives such as tax holidays, duty exemptions on science equipment, building and other learning materials.

Enforce regular inspection of schools

Quality assurance officers should be held responsible where a private school fails to be inspected. A specific desk should be created at the Ministry of Education to monitor the quality of private schools.

Enforce the regulation for professional qualification

The government should entrench the regulation for private school teacher's professional qualifications in the Education Act. This will guide private schools on who to recruit as a teacher, and will also ensure quality and professional teaching in the schools.

Facilitate teacher in-service and other professional development programmes

The Ministry of Education should involve private school teachers in the ongoing capacity building and teacher in-service training and other professional development programmes. The training programmes could be provided at a subsidized cost.

Create a revolving fund for long-term credit facilities

The government in collaboration with international financiers should consider setting up a revolving fund where all private schools could access loans at a lower interest rate.

Develop private–public partnerships

This would guide how the private and public sector would interact in promoting education in the country. Particularly, it may take the form of private and public sharing of the cost of providing and maintaining a school. The government may also consider giving vouchers equivalent to tuition fee to students willing to study in private schools.

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Annex

Annex Table 1: Average number of physical facilities in private primary and secondary schools

Type of facility	Permanent physical facilities		% of schools with facilities
	Facilities	Standard deviation	
Primary schools			
Classrooms	9.22	8.35	99.74
Offices	3.44	16.46	97.35
Dining halls	1.10	0.71	32.28
Kitchen	1.05	0.23	72.75
Staff houses	2.84	2.31	24.34
Staff toilets	2.36	1.58	96.03
Toilets—girls	4.06	3.61	97.62
Toilets—boys	3.90	3.23	92.59
Dormitories—girls	1.73	1.35	19.31
Dormitories—boys	1.55	1.20	15.87
Laboratories	1.21	0.57	8.20
Workshops	1.22	0.55	5.03
H/science rooms	1.19	0.47	8.47
Stores	1.33	0.67	71.16
Septic tanks	1.74	1.41	40.74
Sports fields	1.24	0.70	74.34
Secondary schools			
Classrooms	7.87	4.76	100.00
Offices	3.41	1.85	98.95
Dining halls	1.08	0.28	52.63
Kitchen	1.15	0.58	67.37
Staff houses	5.08	3.99	42.11
Staff toilets	3.12	2.65	95.79
Toilets –girls	6.52	6.56	92.63
Toilets—boys	5.80	5.89	78.95
Dormitories—girls	3.69	5.88	47.37
Dormitories—boys	3.23	3.93	37.89
Laboratories	1.48	0.82	86.32
Workshops	1.38	0.80	23.16
H/science rooms	1.07	0.26	17.89
Stores	1.80	1.10	81.05
Septic tanks	2.33	2.05	67.37
Sports fields	1.96	1.53	73.68

Source: KIPPRA private investment in education survey data

Annex Table 2: Average number of equipment in private primary schools

Primary	Working conditions		% of schools with equipment
	Facilities	Standard deviation	
Desks	128.68	119.45	93.92
Tables	19.94	32.41	98.68
Cupboards	5.45	8.76	78.04
Benches	14.89	21.42	68.25
Chairs	89.50	130.82	96.83
Computers	7.87	20.00	42.59
Typewriters	1.33	0.67	37.30
Printers	1.63	1.16	33.07
Television sets	1.13	0.44	21.43
Video decks	1.15	0.36	17.20
Vehicles	1.81	1.23	36.24
Office cabinets	2.92	4.06	53.70
Chalk boards	7.41	8.82	68.52
Pin boards	5.38	9.16	59.26
Duplicating machines	2.12	3.92	19.31
Beds	78.12	113.65	21.96
Mattresses	44.96	76.76	29.63
Secondary			
Desks	174.79	164.60	97.89
Tables	24.16	32.41	97.89
Cupboards	9.21	15.18	76.84
Benches	36.75	74.64	70.53
Chairs	136.26	142.19	96.84
Computers	11.40	30.75	72.63
Typewriters	1.95	2.15	68.42
Printers	1.68	1.10	57.89
Television sets	1.32	0.73	48.42
Video decks	1.30	1.05	38.95
Vehicles	2.37	1.83	32.63
Office cabinets	3.72	4.11	70.53
Chalk boards	6.39	4.31	66.32
Pin boards	5.26	5.37	72.63
Duplicating machines	12.33	63.94	42.11
Beds	140.98	131.14	51.58
Mattresses	134.50	116.00	33.68

Source: KIPPRA private investment in education survey data

Annex Table 3: Private schools mean tuition and total fees

	Type	Mean Tuition Fees				Mean Total Fees			
		2000	2001	2002	2003	2000	2001	2002	2003
Primary	Mean	10,577	10,623	10,359	10,415	15,209	14,855	15,048	15,326
	N	209	240	271	289	258	305	341	368
	Std. Dev	8,010	8,270	7,709	7,570	14,289	14,013	13,734	16,354
Secondary	Mean	18,184	18,549	17,435	17,019	25,588	26,355	24,707	25,690
	N	41	53	66	81	47	60	73	93
	Std. Dev.	10,777	12,824	12,006	11,650	15,724	14,837	14,670	17,581

Source: KIPPRA private investment in education survey data

Annex Table 4: Operational problems (magnitude in %)

	Issue	Rating			
		No Obstacle	Minor Obstacle	Major Obstacle	Not Applicable
Primary	Telecommunication	50.00	27.69	22.31	0.00
	Electricity	54.74	22.22	23.03	0.00
	Access to land	40.27	17.87	41.87	0.00
	Taxation	29.38	27.49	40.97	2.16
	Education reforms e.g. 8-4-4, FPE	38.77	25.67	35.03	0.53
	Support by government	20.16	31.61	44.69	3.54
	Skills/education of workers	73.26	17.91	8.82	
	Licensing and operating permit	28.95	23.32	46.11	1.31
	Access to finance/collateral	14.99	21.25	60.22	3.54
	Cost of finance/interest rate	16.44	21.10	53.42	9.04
	Economic/regulatory policy/uncertainty	26.17	36.36	31.13	6.34
	Macroeconomic instability (inflation, exchange rate)	19.28	35.81	37.74	7.16
	Corruption	41.82	38.07	18.50	1.61
	Insecurity	38.77	39.30	21.66	0.27
	Relationship with public schools	73.33	19.20	6.93	0.53
	Payment of fees	5.60	22.93	70.40	1.07
Secondary	Telecommunication	47.87	34.04	18.09	0.00
	Electricity	56.38	30.85	12.77	0.00
	Access to land	41.49	21.28	37.23	0.00
	Taxation	29.79	27.66	41.29	1.06
	Education reforms e.g. 8-4-4, FPE	56.38	23.40	17.02	3.19
	Support by government	26.32	25.26	45.26	3.16
	Skills/education of workers	69.47	22.11	8.42	0.00
	Licensing and operating permit	34.04	25.53	40.43	0.00
	Access to finance/collateral	21.28	21.28	54.26	3.19
	Cost of finance/interest rate	21.51	17.20	54.84	6.45
	Economic/regulatory policy/uncertainty	32.61	35.87	30.43	1.09
	Macroeconomic instability (inflation, exchange rate)	22.58	32.26	43.01	2.15
	Corruption	41.00	34.79	21.05	3.19
	Insecurity	24.21	45.26	29.47	1.05
	Relationship with public schools	73.4	18.09	8.51	0.00
	Payment of fees	4.26	15.96	79.79	0.00

Source: KIPPRA private investment in education survey data

Annex Table 5: Mean annual inspections for primary and secondary schools by province (1982 to 2004)

Province	Type of school	Mean Annual Inspection Frequency	N	Std. Dev.
Nairobi	Primary	1.70	43	1.19
	Secondary	1.74	23	0.81
	Total	1.71	66	1.06
Coast (Kwale, Mombasa)	Primary	2.89	114	2.51
	Secondary	1.94	18	1.30
	Total	2.76	132	2.40
Nyanza (Kisii, Kisumu)	Primary	2.65	52	1.69
	Secondary	2.13	8	0.99
	Total	2.58	60	1.62
Western (Bungoma, Kakamega)	Primary	2.63	16	1.89
	Secondary	1.88	8	1.25
	Total	2.38	24	1.71
Rift Valley (Uasin Gishu, Nakuru)	Primary	1.86	21	0.85
	Secondary	1.50	14	0.76
	Total	1.71	35	0.83
Eastern (Embu, Meru)	Primary	2.49	55	2.11
	Secondary	1.82	11	1.08
	Total	2.38	66	1.98
Central (Thika, Nyeri)	Primary	2.18	55	1.09
	Secondary	1.80	10	1.14
	Total	2.12	65	1.10
Total	Primary	2.47	356	1.95
	Secondary	1.80	92	1.02
	Total	2.33	448	1.82

Source: KIPPRA private investment in education survey data

Annex Table 6: Provision of utilities (%)

Utility	Primary	Secondary
Location of the school in an area where government is providing services	86	91
Power from KPLC	69	86
Own solar power	1	1
Own generator	9	16
Own borehole	26	31
Own piping	30	34
Share water with community	9	7
Per cent of self-provided water	65	70
Land line telephone service	45	62
Internet access	11	20
Own access road	17	21
Transport for workers	9	8
Transport for students	39	21

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7. Impact of primary school education inputs and outputs in Kenya (forthcoming discussion paper)