School SMEs boost quality of education in Ghana

By Issa Sikiti da Silva

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School infrastructure across Africa has, since the dawn of independence, been deteriorating at a faster pace as maintenance is almost non-existent and building of new facilities stalls. This, coupled with high teacher-pupil ratio, corruption and nepotism, lack of qualified teaching staff and basic teaching material, have pushed the African education system into the doldrums and plunged it into absolute chaos.



As successive governments, led by thieves and tyrannical power-mongers, fail to save their education systems, the private sector's entry into the chaotic scene was imperative to rescue afflicted parents and students from oblivion.

In Ghana, the Trust Bank (TTB), buoyed by the 2005 Ghana Private School Support Programme (GPSSP), formed a partnership with the International Finance Corporation (IFC) - a member of the World Bank Group - to provide loans to eligible private basic schools for construction, purchase of educational materials and other capital expenditures.

Speaking last week in Johannesburg at the IFC-hosted Africa SME Banking conference, TTB's Nathan Akainyah said traditionally banks showed no interest in private basic-level school finance due to the following reasons:

- Legal and regulatory status for most school not properly defined.
- Poor or non-existent financial management systems.
- Schools deemed to be small and too risky.
- Non-availability of medium-term funds.
- Inability to provide suitable collateral to support bank lending.

The program, which administered under the IFC Risk Sharing Facility (RSF), was designed to strengthen schools' financial management and educational capacities and improve the business environment for private education among others.

"Under the risk sharing facility, TTB retains the primary contact with the schools, makes its credit decisions and originates and monitors the loans," Akainyah explained.

He added that the IFC provides technical assistance to the beneficiary schools in the form of business planning support, integrated management information systems, accounting and finance package, corporate governance package, human resource and administrative management package.

Akainyah said in order for a school to benefit from the scheme, a private school must have a minimum population of 300 students in operation for over three years and must have been in existence for at least three years unless unless it is a start-up school.

"In terms of impact, we have had a very successful journey in improving the teacher-pupil ratio and students' performance, among others," he said.

"Performance to date has been very good. Currently, 92.31% of the schools in the portfolio are performing well on their facilities. Only 7.69% (two schools) are behind schedule with the repayments."

Stunted growth, inadequate facilities

He also said private schools, which were experiencing stunted growth due to inadequate facilities have been afforded the opportunity of expanding their operations through the construction of more classrooms, computer and science laboratories, libraries, school buses, among others.

"Schools have also been assisted to purchase required learning materials and teachings aids such as computers, textbooks, laboratory equipment, which have gone a long way to improve the quality of education being provided in such institutions.

"Technical assistance in various forms has equipped the schools for improved governance and strengthened financial management which has led to efficient and profitable operations."

In terms of monitoring, TTB deploys its officers to visit these schools twice or thrice a week to ensure that all mechanisms are put in place to continue operations in a viable and consistent way.

While this initiative has succeeded to provide quality education to many underprivileged communities in Ghana, the challenges it faces sadly limit the growth of the portfolio due to, among others, the following:

- Required minimum enrolment of 300 pupils
- Lack of proper financial records and financial statements
- Unwillingness of some schools to move from their current bankers as TTB does not encourage split banking for the school programme.
- The unavailability of medium- to long-term funds and the relatively high cost of medium- to long-term funds.

ABOUT ISSA SIKITI DA SILVA

Issa Sikiti da Silva is a winner of the 2010 SADC Media Awards (print category). He freelances for various media outlets, local and foreign, and has travelled extensively across Africa. His work has been published both in French and English. He used to contribute to Bizcommunity.com as a senior news writer.

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