

Developing Effective Private Education Nigeria (DEEPEN)

Assignment Report

Why do parents default? Parental school choice and affordability in a time of recession

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Contents

Abstract.....	3
Glossary.....	3
Executive Summary.....	4
1. Introduction	8
1.1. Purpose of the Consultancy: the research questions	9
1.2. Structure of the Report.....	10
2. Methodology and Main Activities.....	11
3. Background	14
4. Findings	16
4.1. The background of surveyed households.....	16
4.2. The economy of the household: Families' complete spending on education and everything else	25
4.3. Parents' school choices and changing schools.....	38
4.4. Paying late and defaulting on fees.....	47
4.5. Effects of the current recession	53
5. Discussion and recommendations	64
6. Conclusions	67
References	69

Abstract

This report draws on household survey data to explore the affordability of private education in Lagos, in a time of recession. It specifically seeks to provide understanding of the issue of default and late payment of fees. The cost of living has risen sharply making the payment of fees more difficult than ever before, and this is coupled with families' tendencies towards trying to access the most expensive (and what they perceive is the best) possible school for their child, often without truly being able to afford it.

Glossary

DEEPEN	Developing Effective Private Education Nigeria
DFID	Department for International Development
ESSPIN	Education Sector Support Programme in Nigeria
LGA	Local Government Authority

Executive Summary

1. This report seeks to understand the affordability of private schooling for different types of families living on quite a broad spectrum of socioeconomic status in Lagos. Our sample of 1,229 families all live within a fairly small geographical area of two electoral wards of Alimosho Local Government Area (LGA). These families have children attending schools ranging from N9,000 to N93,000 per year in fees alone, indicating the range of wealth levels that coexist within a limited area. The backdrop to the report is the recession that has set in over the last 18 months to two years, causing considerable hardship for families. No one is left unaffected, with the prices of all basic necessities having risen dramatically; while some will be much more adversely affected than others.
2. The hot topics of 'school choice' and 'competition' in a 'market' of private schools, and the merits of choice are all important and contested topics at the current time. Proponents argue that with parents proving to be 'active choosers', widespread private schooling is a good thing, giving families various options within their range of affordability. However, the truth behind 'affordability' of private schools and the options that confront parents is more complicated than it initially appears.
3. Parents are free actors in this market, and what our research has found is that many parents choose to enrol their children in schools that they cannot truly afford. They may be able to afford the fee or part of the fee, and some of the other various items that they would ideally be required to purchase. However after having spent everything in getting the child into school, there is often little left in the family coffers to buy the all-important textbooks and materials that children need. The end result then is that schools at all fee levels are populated by children with a range of different resourcing levels coming from families that may comfortably be affording the school to those who are doing and sacrificing everything they can just to keep the child in school.
4. Our research suggests that many families would likely be better off choosing a less expensive school for their child, where they could afford to send the child to school with a full school bag. The current situation presents a serious challenge to schools in terms of managing teaching and learning when all children in the classroom do not have all of the books and materials that they need to be effectively educated both in the classroom and through their homework.
5. Parents are making active choices at the start of the child's education, but they are clearly often not making the right choice for their own circumstances, in the above-mentioned respects. After this initial school choice is made, many do not change again, even when they are struggling to pay the fees; difficulties that around one-third of our

sample families are having. The vast majority of parents reported that changing schools is an expensive undertaking (due to the up-front registration fees and new uniform required); few reported that changing schools was easy. ***It should be duly noted that changing schools in a fully saturated market such as Alimosho's is not easy for parents to manage.*** This would appear to put a hole in the market competition argument that at last a proportion of parents are constantly shopping around and keeping an eye out for a better school. For the most part parents make a choice at the beginning, which is when they have to choose something, and their loyalties and commitments are then locked in to a considerable extent.

6. This is not to say that parents do not change schools: indeed just over two-fifths of our sample families had changed their child's school. However the vast majority of these changes had not taken place due to parental preferences and the search for a better quality of education. A total of 10.5% of all children in the sample (a quarter of those that had ever changed school) have changed school due to concerns regarding school quality (which is an expectation of proponents of school choice). By far the biggest factor for parents was location: 27% of changes were due to families' moving to a new location and 15% were parents stating they needed to find a school closer to home. One quarter of parents had to change to a cheaper school due to difficulties paying the fee, and the remaining school-changing families changed for various and very particular reasons.
7. We find that parents who are late in their fee payments are the least likely to change schools, because when they have found a proprietor who is willing to keep educating the child while the parent is not paying in full, the incentive to change schools for almost any reason (except for having to move to a new location) is nullified. Indeed even the initial choice of private over government schooling is not an entirely voluntary and assertive choice: parents are choosing private out of a desperation mind-set, because government school class sizes of 200 children are untenable, and the distance to school often poses a risk to a child's safety.
8. Our study looked at the circumstances of 724 randomly-selected primary school pupils (our general sample) from within our 179 sample schools, 416 families who are currently experiencing difficulties in paying school fees (our late-paying sample), and 89 families who have entirely defaulted from one of our sample schools (defaulting sample), and have had to withdraw the child from the school, leaving 'bad debt' behind them. Across these families (meaning the entire sample) 76% report that their economic conditions are worse or much worse than they were two years ago, and a similar proportion have reported a drop in household income.

9. All household necessities are reported to have become more or much more expensive; and approaching half reported that the cause of their economic decline, was the increase in the costs of basic necessities while one-fifth blamed this on declining earnings. Nearly one-fifth of all surveyed families have had to contend with rising rent costs while 9% have experienced a job loss within the household. With decreasing income, the bare essentials of living are taking up an increasing share of poor families' resources, and three-quarters of those whose income has dropped have dealt with this by slashing household spending. As with all other hardships of life, this is hitting the poor the hardest, with fully 81% having experienced a drop in household income, at this time of rising costs.
10. With regard to the cost of schooling, as already noted, parents find various areas of expenditure to save from, so the details we provide for schooling costs include the total 'intended spend' which lists the prices of various fees and materials. We present the sub-total that is paid directly to the school, which is only somewhat less than the 'intended spend'; we then provide the figure for instances where parents can afford only the bare essentials of getting the child into the classroom every day; and lastly, parents' actual spend for the entire previous school year.
11. For our general sample, irrespective of the fee level of the school, families are spending (on average) more than for just the bare essentials, although they are spending less than the intended costs, and it is only with high-fee school families where the gap between intended and actual spend becomes very small. Our defaulting sample of families have a far lower intended spend than their actual spend for the previous year because they have had to switch to a cheaper school this year due to the unsustainability (for their household) of their previous school's costs. The average actual spend for the last school year was N34,730 at low-fee schools; N49,960 at medium-fee schools; and N80,343 at high-fee schools.
12. The complete average expenditure for our sample households ranges from a low of N558,889 for families who defaulted from low-fee schools, to a significantly higher N1,654,648 for general sample families using high-fee schools. Overall for the most part households are dedicating around 5% of their household spend on one child's education; it is not surprising to find that defaulting families have larger families to support with slightly fewer earners than non-defaulting families; and defaulting families use mostly low-fee schools. Twelve percent of households have some children in government schools also, to lessen the burden of education spending. The majority of our poor families (who make up 57% of our sample) use low-fee schools while 38% and 6% stretch themselves to medium- and high-fee schools (respectively).

13. Key conclusions from the study is that affordability and choice are very challenging in practice for Lagosian families, and particularly so at the current time of recession. Efforts need to be made to encourage families to choose schools that they can truly afford to avoid the disruption that comes with default, and with sending children to school without the materials they need. Schools should be probing families regarding how realistic their fees and costs are for the family to afford, and DEEPEN and its many partners should be looking at ways of affordably including the materials that children need within the school fee, to be distributed by the school. If all schools followed such a practice, then it would not present a competitive disadvantage for schools to have to raise their fees somewhat accordingly. This is a challenging issue and one that will take time to solve, but working through the information work stream and working with civil society organisations may go some way to informing parents on making the right decision, in selecting a school that is truly affordable for them. There is however, a remaining question mark over what can be done for those families who are stretching themselves to afford the very lowest fee schools.

The DEEPEN Programme's school fee categories (full year's fee only)

Category	Term fee	Number in our sample
Low fee schools	Up to N25,000	86
Medium fee schools	N25,001 – N50,000	70
High fee schools	N50,001 +	23

Breakdown of the study sample by our categories and by poverty status

Sample categories	Number	Poverty categories	Number
General sample	724	Poor	702
Late-payers	416	Near-poor	321
Defaulters	89	Not- poor	206
Total sample	1,229	Total sample	1,229

1. Introduction

14. Lagos, Nigeria provides one of the relatively few world contexts where private schooling is so significant, and playing such a large role in the education sector overall, that to work in education in the state means addressing both private and government provision. The majority of those parents who can afford to pay school fees have been for some time choosing to do so, with the result that private schools cater to the majority of children: 62% of primary school children in 2015¹, and 88% of pre-primary school children as early as 2011². The number of schools serving Lagos households is estimated to have reached up to 18,000 in recent times³. According to household survey data, gross attendance at primary school is 99%, and 106% at the junior secondary level⁴ – most of Lagos State's children are attending schools including government schools, low-fee private schools serving relatively poor families, and better off schools catering to the middle and upper classes. Government schools continue to serve an unmistakably crucial role in catering to the 38% of primary school pupils (and a larger proportion at the secondary level) who cannot afford the costs involved in private education.
15. While there is truly wide-spread demand for private schools, and therefore widespread ability to pay, the issue of affordability is not straightforward. Many parents sensibly choose private schools that they can truly afford, and in many households it is a point of pride never to be late in paying the fees and never to ask for any concessions. Others wish to access the best school possible for their children and overstretch their finances, ultimately finding the burden to be too great. Many will choose schools for which they cannot afford the entire costs, and as a result pay the fees necessary to send their children to a 'better' school, but entirely under-equipped with books, stationery and other learning materials. Yet others experience conflict within the family regarding spending priorities and may find school fee savings diverted. It is likely too that some parents default on fees wilfully, having chosen a school that they know they can never truly afford or simply choose not to pay for. In addition, unforeseen events can happen to any

¹ National Population Commission (2015) Nigeria Education Data Survey (NEDS) Lagos Report. Abuja, Federal Ministry of Education, USAID, National Population Commission.

² Härmä, J. (2011) Lagos Private School Census 2010-2011 Report. Lagos, DFID-Education Sector Support Programme in Nigeria, Report number LG501.

³ Rosales-Rogge, G., Kadiri, D. & Hinton, P. (2014) Schools as a Sustainable Business Survey. Lagos, DFID-Developing Effective Private Education Nigeria. Report number FN-2014-01

⁴ National Population Commission (2015) Nigeria Education Data Survey (NEDS) Lagos Report. Abuja, Federal Ministry of Education, USAID, National Population Commission.

family, such as an unexpected job loss or an accident or sudden illness that mean unexpected drops in income or sudden and pressing expenditures.

16. Challenges for proprietors in getting parents to pay fees and especially to get payment on time, have been repeatedly documented since the first published studies of private schools in Lagos (and elsewhere). This may be especially true at the present time, with Nigeria experiencing its first recession for over ten years. Difficulties with fee payments are experienced most with lower-fee, smaller, newer schools, most likely because these are usually accessed by relatively poorer families, although it is an issue for higher fee schools also, and often with not poor households who have chosen to over-stretch themselves.
17. Education is an issue of the utmost importance to many families, with poverty being no bar to this. Parents want to access the best for their child, and increasingly over the past two decades government schools have come to be seen as providing poor quality education and as over-crowded and often too far from home. Perhaps most crucially, government provision has not even come close to keeping up with demand. Despite well over half of the state's children attending private schools, it is easy to find enormously overcrowded and under-resourced government classrooms. Not only is the learning at these schools perceived to be minimal by parents, but they are also viewed as unsafe: with so many children attending most schools, children lose interest and are able to leave the school grounds and 'roam the streets' without anyone noticing or stopping them. A significant issue for private school parents is that their children are kept safe and are cared for while at school.
18. This study seeks to understand better why parents are often late with their fee payments; whether they usually end up paying what they owe; and how often they report defaulting entirely and withdrawing their children. It also examines the issue of school choice and how frequently parents change schools and why, and how easy and affordable it is to do so. The study purposefully sought out parents who are regular with their fee payments; those who are often late or pay piecemeal, and those who have defaulted and withdrawn their children, to understand the differences between these families to see what the key characteristics are of these three groups of parents. This study compliments and is complimented by another report from the same study, which records the experiences of private school proprietors regarding this issue, and parents interviewed were found through these school proprietors.

1.1. Purpose of the Consultancy: the research questions

The report addresses these research questions:

- (i) What proportion of primary school children have changed schools, and specifically due to difficulties to do with fee payments?
- (ii) What proportion of children have finished a school year with fees still unpaid, and how many times has this happened for every year a child has been in school?
- (iii) What proportion of parents have defaulted entirely on fees and withdrawn the child?
- (iv) What are the complete costs of a year at a given school? What proportion of an entire year's household expenditures does schooling take up?
- (v) Is it easy to change schools (in theory) and how expensive is it to change?
- (vi) What is the economic position of the household now, and relative to past years (pre-recession)?
- (vii) What are the family characteristics most associated with parental fee default and/or late payments?

1.2. Structure of the Report

19. The next section discusses the methodology for the study and provides background on our measurement of poverty. Section 3 discusses the background for the study and describes the situation of recession facing the country. The bulk of the report, section four, sets out all of our findings, starting with descriptive results and at the end providing a multivariate analysis of the factors involved in default and late fee payments. The fifth section sets out the key issues in a discussion section, while the final section concludes.

2. Methodology and Main Activities

The methodology for collecting and analysing data

20. This study started with a sample of 179 schools whose proprietors were interviewed regarding parental fee default and late payment – exploring the issues from the school's side, while this report explores these issues from the household perspective. From the schools, we sampled families to interview about their experiences with affording private schooling.
21. The population of schools (meaning all those schools in existence at any given time) is never stable for long in Lagos, with new schools opening all the time, and other schools closing. For this reason there was no definitive sampling frame available from which to select schools, so in the chosen geographical area a school listing exercise was carried out. Two wards of Alimosho LGA were purposively selected for their density of private schools, Ijegan and Ikotun. A central point in each ward was identified and researchers worked their way out from those points until a sampling frame of 500 schools had been achieved.
22. There was an unavoidable element of self-selection involved in arriving at the sample of schools for the study. During the school listing exercise, the study and its purpose was explained to proprietors, and they were asked to indicate whether or not they would be interested in taking part in the study, with those refusing not included in the sampling frame. The loss of total randomness was unavoidable as otherwise the numbers of refusals and replacement schools would have been high; the end result was a complete sample of 179 schools.
23. At each of these schools the proprietor, or sometimes the head teacher or other senior administrative staff member was interviewed in depth. The respondent was then asked to provide us with the names and contact details of 8 parents from the school (primary classes only) to interview, in order to get to understand parental fee-payment behaviour. Four were randomly selected from the primary grades; two households where fees were in arrears were asked for, and two households that had withdrawn a child while still owing to the school. The four randomly-selected households could therefore include parents who are always on time with paying fees; those who may at some point have been late or fully defaulted at some time in the past with another school; and also those currently experiencing difficulties with fee payments.
24. Throughout this report we refer to these three different sub-groups within the sample as our 'categories of families'. The randomly sampled families we refer to as our 'general sample', of which there are 724 households; those experiencing difficulties right now are

'late payers', of which there are 416 in our sample; while the final group who have withdrawn their children with a debt of fees are referred to as 'defaulters', of which there are 89 in the sample. The reason why the numbers of late payers and defaulters is not the same (when two of each were sampled from each school) is that defaulting families are often extremely difficult to find as they may often have moved away, resulting in such a difference between the two sub-samples. A total of 1,229 households across these three 'categories' were interviewed for the study.

25. Data from the questionnaires were entered into Excel and analysed, using simple descriptive methods for the most part, and written up by the authors. Stata was used to run a logit regression analysis to determine the key factors correlated with parents' late fee payments, and 'bad debts', or complete default.

The makeup of the household sample – assessing poverty or wealth levels

26. The study families live in communities clustered around their schools (while some live closer and some live further from the school) and, from our data presented here, appear to be broadly similar in a number of respects. It must be noted at the outset that this is not a study based on a random sample of Lagosian households. As a starting point, they are all private school-families, and so are likely to be quite motivated regarding their children's education and have some disposable income to spend on education. They also live within a relatively small geographical area, although it is possible to have households at different socioeconomic levels coexisting within a short distance of each other.
27. In order to capture socioeconomic variabilities between households and resulting school level variabilities, an asset index score was computed for every household using a set of nine economic assets and two social indicators. The choice of eleven items for this asset score computation and the methodology used was determined from the DEEPEN baseline report⁵. The following variables were used to compute this poverty index: the education level of the household head; the number of rooms per person⁶; the household religion; type of latrine; type of roofing material; the family's main source of drinking water; the number of mosquito nets the household possess; ownership of a TV; ownership of a radio; ownership of a car; and lastly ownership of a fridge/freezer.
28. No separate analysis was performed to compute weights for each of the items; instead weights were adopted from the note on the household wealth index included in Annex E of the DEEPEN Evaluation Framework⁷. This was done to ensure that individuals and

⁵ DFID-EDOREN (2015) DEEPEN Quantitative Baseline Survey Report. Lagos, DFID.

⁶ This excludes bathrooms, toilets, kitchen, pantries and stores.

⁷ DFID-EDOREN (2015) DEEPEN Evaluation Framework. Lagos, DFID.

schools are placed on the same poverty spectrum as was used during the baseline calculations for the DEEPEN programme. Following the computation of the wealth index each household was then divided in three categories, as was done for the baseline: 'poor', 'near poor' and 'not poor'. The poverty classification criteria, shown below, is the one used during the baseline survey, and table 1 presents a list of items used for computing the wealth index and associated contribution coefficients (weights) for each category.

Category 1: Poor: Score <1

Category 2: Near Poor: ≤ 1 Score <2

Category 3: Not Poor: Score ≥ 2

Table 1: Household wealth index items and associated contribution coefficient

Dimension	Categories	Contributing PCA coefficients
Education level completed by the household head	None	-0.4639
	Pre-primary to P5	-0.3707
	P6, secondary and post-primary	0.0183
Religion	Christian	0.1297
	Muslim	-0.2209
	Other	-0.6717
Number of mosquito nets	None	-0.0015
	One	0.0098
	Two or more	0.0154
Toilet	Own flush	0.5835
	Shared flush	0.0397
	Other	-0.5172
Roofing material	Metal sheets and other lower quality materials	-0.0770
	Ceramic tiles, Cement, Calamine, Cement fibre, Asbestos	0.2565
Room per person (excl. bathroom, kitchen)	$X \leq 0.2$	-0.7524
	$0.2 < X \leq 0.3$	-0.2586
	$0.3 < X \leq 0.4$	0.0354
	$0.4 < X \leq 0.5$	0.2489
	$0.5 < X \leq 0.6$	0.4305
	$0.6 < X \leq 1$	0.6459

Fridge/freezer	None	-0.3422
	One or more	0.3578
Car	None	-0.1174
	One or more	0.7528
TV	None	-0.3270
	One or more	0.0592
Radio	None	-0.1687
	One or more	0.1612

29. In total 57.1% households were classified as 'poor', 26.1% were classified as 'near poor' and 16.8% as 'not poor'. The share of 'poor' in this sample is 3% higher compared to the one used during the baseline survey which represents three intervention and control LGAs. The distribution of households in the baseline survey was 54.1% 'poor', 30.5% 'near poor' and 15.4% 'not poor'. This indicates that compared to the baseline study this survey includes more poor and fewer near-poor households.

30. In the analysis below, households are most commonly divided into our 'categories' of general, late paying and defaulters; however in other tables they are divided into poor, near poor and not poor. Later in the report and for a limited amount of the analysis we divide families into quintiles of complete household expenditure, which is necessarily a relative measure as these are all private school families, while the asset index is more an absolute measure. But it must be noted that all of the sample are private school families, meaning that while many are assessed as poor, they cannot be drawn from the ranks of the poorest of the poor, except for some of the defaulting families.

3. Background

31. Nigeria finds itself in 2016 in its first recession in over a decade with the economy shrinking quarter-on-quarter. The international price of oil has dropped to well under half of the 2014 high of \$112 per barrel, while Nigerian production has also decreased. Because the oil sector generates around 14% of GDP⁸, and brings in around 70% of government revenues, and nearly all of Nigeria's foreign currency earnings⁹, the country's economy and budget have been greatly affected.

⁸ Leke, A., Fiorini, R., Dobbs, R., Thompson, F., Suleiman, A. and Wright, D. (2014) *Nigeria's Renewal: Delivering Inclusive Growth in Africa's Largest Economy*. New York, McKinsey and Company, p.ii.

⁹ The Economist (2016) Nigeria's Economy: Crude Tactics. Available online at: <http://www.economist.com/news/middle-east-and-africa/21689584-cheap-oil-causing-currency-crisis-nigeria-banning-imports-no> (Accessed 23 December 2016).

32. The country imports nearly everything it needs from food and consumer goods to vital business and industry inputs, therefore foreign currency is always in great demand. To counter this reliance on imports, the government has been limiting access to foreign currency to encourage people to buy Nigerian. At the same time, in order to curb inflation, the currency was being kept at an unrealistic exchange rate of 197-199 Naira to the US dollar. But now floating freely, the currency's value had decreased to around 317 at the end of 2016 when this research was carried out.
33. Businesses have been shedding personnel due to production slow-downs. Half a million jobs have been lost in the second half of 2016 and inflation is at its highest rate in ten years, at around 17%¹⁰. Foreign companies, worried for the value of their assets, have stopped work and in some cases withdrawn their investment from the country¹¹. This has led to lower demand for all types of goods and services, sending repercussions across the economy. Gross domestic product per capita has shrunk: from \$3,182 in 2014 to \$2,677 in 2015¹².
34. For Lagosians this means a severe tightening of household budgets due to job losses, but the effects are felt by all, even those still working. Anyone working as a sole trader, market trader or business person is experiencing a decline in income from sales. For those in poverty, or living close to the line, living conditions have been deteriorating. Parents of school-aged children in Lagos are finding various ways of coping with the current challenges they face, as outlined in this report; some must make short term economies that end up costing more in the long-term. For example the outlay for a gas cylinder for cooking is too much, so daily amounts of dirtier kerosene are bought instead. Some families have had to sell off all assets, including bedding, in order to keep a roof over their heads while (more commonly) some default on their school fees and have to withdraw their children from school¹³.
35. Parents tend to have a strong 'sacrifice mentality' that leads them to make cuts in other ostensibly important areas of household expenditure in order to keep their children in private school¹⁴. There is a strong and enduring drive to access private education in a context where government schools are perceived to be failing, and there is a growing

¹⁰ BBC (2016) Nigerian Economy Slips into Recession. Available online at: <http://www.bbc.com/news/business-37228741> (accessed 23 December 2016).

¹¹ See source, note 6.

¹² Focus Economics (2016) Nigeria Economic Outlook. Available online at: <http://www.focus-economics.com/countries/nigeria> (accessed 23 December 2016).

¹³ Instances of both of these practices were discovered through this study's fieldwork.

¹⁴ Härmä, J. (2016) *School choice in rural Nigeria? The limits of low-cost private schooling in Kwara State*. Comparative Education, 52:2, 246-266; also: Härmä, J. (2013) *Access or quality? Why do families living in slums choose low-cost private schools in Lagos, Nigeria?* Oxford Review of Education, 39:4, 548-566.

divide between more motivated and aware parents who use or want to use private schools (but are unable to due to the costs) and those whose children attend government schools. While household budgets are currently terribly constrained, parents will cut drastically from other expenditures or even change their child's school to a cheaper one, just to maintain a private education.

36. The true 'affordability' of private schools, and the real practicality of 'school choice' and 'competition' in a 'market' of private schools are all important and contested topics at the current time. This report examines the default behaviour of parents in this financially more constrained (than usual) context, which has made 'voting with one's feet' increasingly difficult due to the registration costs involved.

4. Findings

4.1. The background of surveyed households

Key characteristics of the three categories of parents and households

37. This research was motivated by the need to understand who is accessing private schooling for their children and managing to pay fees as agreed, and who is defaulting, and why? For this reason we look at the background variables on our categories of parents. The work situations of the sample households include professional work (21%), skilled work (20%), their own business which can be very small sole-trader work or a larger, more substantial business (30%), unskilled labour (23%) and unemployed, which is quite low, at 7%. Of note, unemployment is much more common amongst defaulting parents than late payers or general sample parents. Both unemployment and unskilled work are less common amongst general sample parents. Professional and skilled work are more common amongst general sample parents than late payers and defaulters.
38. The work situations of the sample household are spread between professional work (21%), skilled work (20%), their own business which can be very small sole-trader work or a larger, more substantial business (30%), unskilled labour (23%) and unemployed, which is quite low, at 7%. Of note, unemployment is much more common amongst defaulting parents than late payers or general sample parents (table 2). Both unemployment and unskilled work are less common amongst general sample parents. Professional and skilled work are more common amongst general sample parents than late payers and defaulters.

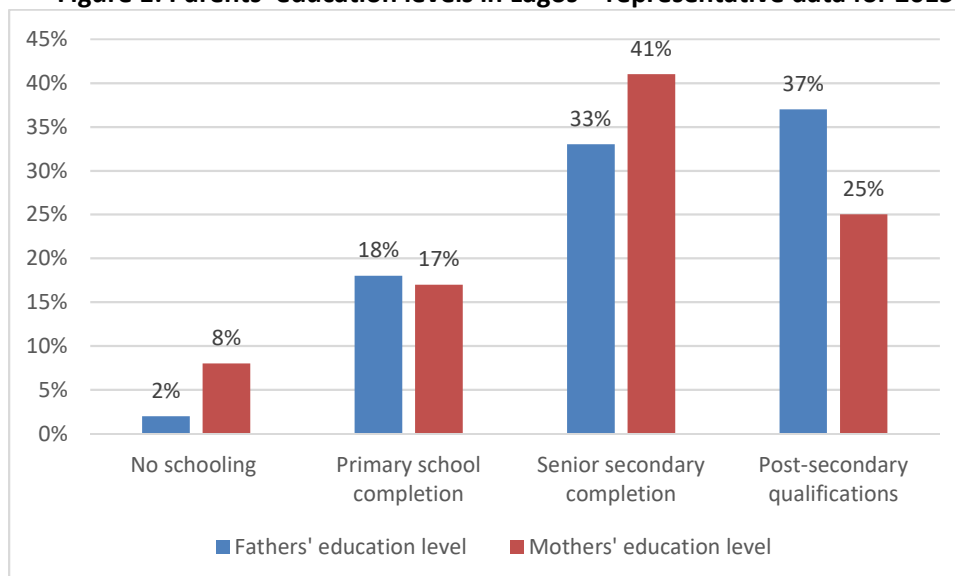
Table 2: Distribution of households by profession of the household head

	Professional	Skilled	Business	Unskilled	Unemployed
General sample	24.4	20.9	29.3	18.5	6.9
Late paying sample	17.3	17.1	31.7	29.3	4.6
Defaulted sample	9.0	22.5	25.8	28.1	14.6
Pooled	20.9	19.7	29.9	22.9	6.7

39. Of our sample families fewer than 3% of household heads have no education at all, while a quarter have higher education or other technical education beyond the senior secondary level (table 3). Another 55% have senior secondary as their highest educational level, while 4% have studied up through junior secondary. Nearly 14% have only studied at primary school. In Lagos generally we know that 2% of fathers and 8% of mothers have no education at all; but a larger proportion of parents have post-secondary qualifications – a quarter of mothers and 37% of fathers; there is also a slightly higher proportion of primary school completers in Lagos generally; as a result, there are fewer parents who have completed senior secondary school as compared to our sample (figure 1).

Table 3: Distribution of households by education of household head

	No education	Primary and above	JSS and above	SSS and above	Technical and Higher
General sample	3.0	97.0	86.0	83.0	28.2
Late paying sample	2.0	98.0	81.8	76.6	20.6
Defaulted sample	2.3	97.7	76.1	68.2	14.8
Pooled	2.6	97.4	83.9	79.8	24.7

Figure 1: Parents' education levels in Lagos – representative data for 2015

Source: DHS EdData Survey 2015 Report for Lagos

40. The vast majority of families in our sample are two-parent families (97%) and this proportion does not change by our categories of households; so just 3% of our sampled families are single-parent families. Of note, in the entire sample, female-headed households are more common amongst poor, defaulting families, while amongst not poor households, male-headed households are the most common (table 4).

Table 4: Distribution of households by gender of the household head by sample categories and poverty status

	General sample		Late paying sample		Defaulted sample	
	Male	Female	Male	Female	Male	Female
Poor	90.2	9.8	88.3	11.7	86.6	13.4
Near Poor	90.5	9.5	89.5	10.5	94.1	5.9
Not Poor	96.6	3.4	100.0	-	100.0	0.0
All	91.6	8.4	90.1	9.9	88.8	11.2

41. Surveyed households were Muslim (29%) and Christian (71%), with these proportions holding consistently across our categories of families. Half the sample speak Yoruba at home; 27% speak English; 17% speak Igbo, while the rest speak (in very small proportions) Pidgin, Hausa and others. The only notable variance was that defaulting families are less likely to speak English at home.

42. Average family size is 5.3 people, of which 2.7 are children aged 3-18 years, and there is very little variation across either our categories of families, or across wealth groupings. There is also consistency of average numbers of earners in the households: there are 1.8 across the sample, with defaulters alone having a lower average of 1.6 earners (table 5). Looked at another way, the ratio of total members of the household to the total number of earners, we see that there is a higher dependency ratio for poor defaulting families than for any other category; all defaulting households have, on average another 0.6 family member to provide for, than not-poor non-defaulting families.

Table 5: Ratio of total number of household members to total number of earners, by poverty status

	Poor	Near poor	Not poor	All
General sample	2.9	2.9	2.8	2.9
Late paying sample	3.0	2.9	2.8	2.9
Defaulted sample	3.4	3.2	3.0	3.4
Pooled	3.0	2.9	2.8	2.9

Respondents' perceptions of their economic status within the community and recession-related decline

43. Two key factors in our research are the socioeconomic status of families using and sometimes defaulting at private schools, and the complete stated costs of private schooling and what parents are actually spending. For an education market to be functional, there needs to be a fairly good fit between the costs of schooling and the spending power of families. This section therefore continues to set the scene for examining fee default and school choice by providing detailed information on household economies, and also provides information on what effect the recession has been having on the situation and security of families.
44. Firstly, respondents were asked to situate their own economic position in the neighbourhood where they lived, stating whether they were the same, worse off, or better off than their neighbours. It should be born in mind that this comparison includes the entire landscape of families around them, including families using government schools which are likely to be somewhat worse off. The largest group in our sample (43%) stated that they are at roughly the same position as other families in the area, while 35% stated that they are a bit better off compared to others. Just over 15% report being somewhat poorer than others, while 3-4% on either end reporting being very much poorer or better off than their neighbours.

45. Of note, nearly 57% of defaulting families consider themselves to be worse-off than their neighbours; while over 18% consider themselves to be better off. Better-off families who are defaulting are likely to be over-reaching in terms of what they could have truly hoped to afford. Of general sample families, we find many fewer families rating themselves as being worse-off than their neighbours, just over 11%, while 38% consider themselves somewhat better-off, and 5% much better off (table 6). However overall the message is that this sample of private school-using families is mostly of average socioeconomic status, to slightly better-off.

Table 6: Household perception of their economic status compared to neighbours'

	Very poor compared to others	Somewhat poorer compared to others	Same as other	Bit better off compared to others around	Much better of than others around
General sample	1.6	9.9	45.0	38.4	5.0
Late paying sample	3.0	19.9	44.1	31.3	1.6
Defaulted sample	18.4	38.2	25.0	17.1	1.3
Pooled	3.2	15.3	43.3	34.5	3.6

46. The research was situated temporally in a difficult financial period, as already made clear in this report. Therefore table 7 tells an interesting story that taking just a snapshot of a family's current position cannot do. Parents were asked what their financial position feels like now, in comparison with a year ago – meaning Autumn 2015. Overwhelmingly our sample of parents report that things are worse now. Sixty percent state that things are worse while nearly 18% report that things are much worse, meaning over 77% of families are now worse off. Only 9% report no change, 10% somewhat better off, and under 4% are much better-off. Only 3% of defaulting families claim to be somewhat better-off, while the vast majority of 93% report a deterioration in their economic situation.

Table 7: Household perception of their economic status compared to what it was one year ago

	Much better	Somewhat better	No Change	Worse	Much Worse
General sample	4.3	10.7	11.1	59.3	14.6
Late paying sample	2.9	9.8	7.6	60.0	19.6
Defaulted sample	0.0	3.4	3.4	58.4	34.8
Pooled	3.5	9.9	9.4	59.5	17.7

47. The following table provides parents' views on their current situation in contrast with two years previously, meaning Autumn 2014 which was at a time when the international oil price was high, and there was no recession setting in. This table (table 8) shows clearly that things have been sliding for some time. In fact there is hardly any difference in the percentage of families saying that things have got worse – 76% of parents as opposed to 77% stating this in comparison with a year ago. However compared to two years ago, many more respondents feel that things are much worse – one third of families, and over 58% of defaulting families. Even 32% of general sample families feel that their situation is much worse, and also 29% of late-paying families. Fewer parents feel there has been no change, although slightly more parents have actually seen a marked improvement in their circumstances, but this applies to only 7% of families.
48. What we can take from this is that deterioration in conditions for all types of families is likely to have contributed to the numbers of defaulting parents in our sample who are not from amongst the poorest families. School choices have been made some time ago, and with all families suffering decline in their economic conditions, including the better-off, using medium- and high-fee schools, some families that may otherwise not have defaulted, have been led to do so. Others may simply have made poor budgeting decisions in a time of now scarce family resources.

Table 8: Household perception of their economic status compared to what it was two years ago

	Much better	Somewhat better	No Change	Worse	Much Worse
General sample	8.1	10.7	9.0	40.5	31.7
Late paying sample	5.4	10.8	4.9	49.9	29.0
Defaulted sample	1.1	6.7	3.4	30.3	58.4
Pooled	6.7	10.5	7.2	42.9	32.8

49. We wanted to understand what kinds of financial changes had happened within our study households, resulting in their often more precarious financial situations. When asked what changes have occurred, the leading response was that the increase in the costs of basic necessities has been severe (table 9 below). Forty-six percent of families reported that these increasing prices of their everyday needs have been the cause of their family's economic weakening. One fifth report a drop in their earnings from business which, again, could be a substantial business, or from a sole-trader operation;

all types of enterprises have been affected by the recession. For 19% of respondents rising rents have been the primary cause. After these three major challenges, 9% of households have faced a job loss, while under 4% have experienced lower earnings or a severe delay in their pay; and a further 3% are struggling due to a large and unexpected expense, such as a large medical bill.

50. What is particularly striking about this table is the clear message that life is now much harder for ordinary people than it was two years ago. While this was clear from the above tables, this is brought out even more sharply by the areas in which things have become more difficult for the vast majority: in the basic necessities such as food and clothing, and in housing. These are issues that affect everyone; while housing will be less of a constraint for those better-off families who own their own home and therefore do not have to pay rent. With stagnating or falling incomes, basic needs will take up an increasing share of low-income families' resources.

Table 9: Percentage of households who reported reasons for their worsened financial position

	General sample	Late paying sample	Defaulted sample	Pooled
Loss of job	6.5	8.8	20.5	8.5
Drop in business earnings	17.6	21.4	26.5	19.7
Increase in the cost of basic necessities	48.9	43.7	37.3	46.1
Increase in rents and related expenses	21.2	18.5	8.4	19.2
Family problems e.g. illness, medical bills, expenses of a family member	2.5	3.5	4.8	3.1
Earning drop or severe delays in payment	3.2	4.1	2.4	3.5

51. To flesh out this picture of rising prices even further, and to provide the best possible context for the following discussion of school affordability within the wider context of the challenging economic environment, table 10 provides respondents' reports on changes in prices on various household expenditures. What is immediately striking is that essentially nothing has become cheaper, with very few respondents answering to that effect, on very few items. For the most part, respondents report increasing prices across the board. There is a near-universal perception that the price of food and cooking fuel have increased, which are the two items that are the most certain to negatively impact

the poor (rent is an issue for the poor, but it is not a foregone conclusion that all landlords will have increased their rents). Most parents report most costs of living increasing, with only 26% reporting no change in government fees and taxes; and 24% reporting no change in rent or housing costs. Lastly, around 14% of people report no change in the costs of schooling and of transportation.

Table 10: Percentage of households who reported expenditure items to be more or less expensive compared to previous year

	Much cheaper	Cheaper	No Change	More expensive	Much more expensive
Rent/housing	0.0	0.4	23.7	44.7	31.2
Food	0.0	0.0	0.1	19.4	80.6
Clothing	0.0	0.0	1.9	48.1	50.0
Cooking Fuel	0.0	0.0	0.3	37.3	62.4
Transportation	0.0	0.2	14.0	52.8	33.0
Medical costs	0.0	0.3	6.3	53.4	40.1
Utility bills	0.2	0.7	7.3	45.6	46.3
Nursery-primary school costs	0.1	1.3	14.5	53.0	31.1
Secondary school costs	1.3	1.1	13.8	53.4	30.4
Stationary, books etc	0.2	0.1	1.9	59.6	38.3
Leisure activities	0.0	0.0	5.2	55.0	39.8
Government taxes	0.0	0.6	25.8	46.5	27.1

52. In this context of rising prices, many families are also experiencing a drop in their household incomes, as already noted above. Table 11 provides the percentages of parents in each poverty grouping, and by our sample categories, who have experienced a drop in their household income. The table provides a stark picture of the poorest being by far the most likely to have lost income¹⁵. Nearly all (93%) defaulting parents lost income, and the same proportion of poor, defaulting parents did so, as well as 86% of poor late paying parents and 76% of poor general sample parents. The proportions become less in each category, with fewer near-poor losing income, and fewer still not poor families; 'only' 56% of the not poor general sample families experienced such a drop.

Yet again it is highlighted that the recession is hitting the poor the hardest. The current time is shown to be one of greatly heightened difficulties with poor families caught in the

¹⁵ It should be remembered that their poverty status is based on an asset index which is likely to have remained fairly constant, as few households in this study report having sold off assets. This means that these are households assessed as poor to begin with, having now lost income while facing rising prices.

pincers of rising prices and falling income. Yet while the better-off are somewhat better insulated against these issues, most likely through more secure and potentially more often formal-sector employment, it is still the case that 59% of not-poor families also experienced a drop in income.

Table 11: Percentage of households that experiences drop in income during last one year by poverty status

	Poor	Near poor	Not poor	All
General sample	76.3	67.7	56.2	69.8
Late paying sample	85.9	77.1	61.8	80.5
Defaulted sample	92.5	94.1	100.0	93.3
Pooled	81.3	72.2	58.7	75.1

53. Despite the pressing issues, the majority of households have not come to the point of selling assets in order to keep their heads above water, however this is very much more the case with defaulting parents, 35% of whom have had to sell assets to make ends meet (table 12). This reduces to a fifth of late-paying parents and just 12% of general sample parents. This fleshes out the picture from the data that many defaulting parents are truly struggling financially. Overall it is encouraging that relatively few parents have needed to sell assets. Asset wealth provides families with a barrier against financial shocks and insulates them from slipping into poverty or extreme poverty. Therefore the sale of assets can be considered an extremely clear sign of a serious decline in a household's economic situation and a serious threat to their financial resilience and security.
54. Several researchers visiting the homes of defaulting households found extremely distressing circumstances. Some families were managing to keep their homes by essentially cutting out all but food and any other unavoidable expenditures. Some households had sent their children to government schools because they could no longer afford private schools. One mother had all of her children at home, and told the researcher that she did not allow them out during school hours, even to play outside, because she did not want everyone to know her children were out of school. When asked why she did not at least send them to government school, she replied that that option is not a safe one, and that the children would not learn there. Another household had sold all assets of every kind, and were left with just a bare room to live in. The researcher was told that the family had not eaten in some time, and were not able to eat regularly. Increasing poverty, even outside of the sale of assets can become a

downward spiral, with poor families having to buy household necessities in small, easier-to-afford quantities that make the products more expensive in kilogramme or litre terms. These higher expenses make it harder for poor families to economise.

Table 12: Percentage of households that have had to sell assets to pay for living expenses

	Yes	No
General sample	12.3	87.7
Late paying sample	19.5	80.5
Defaulted sample	34.8	65.2
Pooled	16.4	83.6

4.2. The economy of the household: Families' complete spending on education and everything else

The complete cost of school

55. We present here – early in the report – the complete costs of schooling and what parents spent in the last academic year, to provide context: what a year at a low-fee, medium-fee or high-fee school actually costs – in quoted prices and actual spend. We then set out families' complete household expenditure so the magnitude of education spending can be fully appreciated. This information complements and contextualises the school choices by poor, near-poor and not-poor families outlined above. Tables 13-16 below present each specific cost that can be associated with private schooling. It should be noted that not each of the costs listed are applicable at every school. Each cell provides the average expenditure per child on each item, for each category of household. In the last column, marked 'pooled', is provided the average cost for each item across all of our surveyed households.

56. The final four rows of each table provide important totals. The cost of schooling might seem like something that is set by the providers of the education and of the necessary materials. However this is not the case in reality. Many fees and costs paid to schools can be negotiated, though some may not. In some cases the main fee may be agreed in advance, but then later the school may accept less if the family presents a compelling case, meaning that even fees initially agreed may ultimately be flexible. Parents can also decide how much to spend on ostensibly necessary inputs such as textbooks and stationery. Many parents know what it would cost to buy all of the 'necessary' books, but end up buying them late, one at a time, or never. Uniforms can be bought in lesser or

greater numbers and the necessity of changing these depends on the care taken of them, the level of hard or light wear, and how quickly the child grows.

57. The first of the final four rows in the tables presents the total 'intended' expenditure for the current school year, i.e. if all items are bought and paid for at the stated price. The second of the four final rows provides the amount (out of the total intended expenditure) that would be paid directly to the school, with other items paid to outside suppliers, for example bookshops or tailors. The third row provides the costs for the most important, essential items that must usually be paid for. Because our fieldwork took place part-way through the first term of 2016-2017, and because families so often do not spend the full amount that they are meant to spend, the final row in the table provides the total spent for the previous school year, 2015-2016. This data represents actual, total Naira spent¹⁶, and it represents what families can truly manage to afford far more accurately than the stated or intended spend.
58. Table 13 provides the average costs across our sample of schools and households, while tables 14-16 provide these figures for low-fee, medium-fee and high-fee schools. The tables show that total intended spend is the largest sum in all cases; the total that is meant to be paid to the school is of course lower (as several items are sourced from outside the school in many cases); but far lower still is expenditure on only the essentials¹⁷. The general sample of parents actually spent more last year than required to get only the bare essentials. Those parents that have in the past had trouble but managed to keep the child in school, last year spent just under the total for this year's essential expenditures only, while defaulting parents report spending less than other families on many items, though not all.
59. These observations tell different stories: those who have defaulted are projected to spend less this year than their actual spend last year, because they had been going to a school that they could not afford (for the most part), and so have had to enrol their child in a cheaper school in the current year. Our general sample includes a range of socioeconomic levels, from households that are quite comfortable, to those who are much less so, so they are often able (and willing) to spend more than what is required to provide their child with only the bare essentials. The final group, those in the middle, are just hanging on. Their children will be going to school materially under-equipped, and will likely be receiving less extra tuition than their more affluent peers. Evidence from our

¹⁶ At the time of data collection, 1 US\$ was equivalent to around 317 Nigerian Naira (\$1=N317).

¹⁷ See table 13 to see which expenditure items are and are not considered 'essential'.

survey of school proprietors suggests that these families are likely eventually to fully default¹⁸.

60. Where the actual spend is much less than the stated costs, two things are indicated. Firstly, as noted above, the children are highly likely to be attending school without the textbooks they need, and potentially without even the copybooks and pens or pencils that they require. This proves an enormous challenge for schools, and may go some way to contributing to low quality outcomes, where these are recorded, as teachers struggle with classrooms of pupils with varying levels of the necessary resources and writing materials. In such cases, teachers waste time writing material on the board that could have been avoided if all children had the necessary books, for example. It may also be difficult in certain cases to assign homework.
61. Another report from this study which reports the experiences of school proprietors found that many children are attending private schools every day without anywhere near a complete set of textbooks or even enough writing materials. The fact that on average parents are not managing to pay the complete costs indicates that schooling is difficult for most to afford, and that most parents will stretch their budgets to access the most expensive school within their reach. The second outcome that this gap between intended and actual spend indicates is that schools will be missing out on planned-for revenues, making it difficult for them to plan financially, to pay a fair wage to teachers and pay them on time, and to invest in school improvement or expansion.

¹⁸ Härmä, J. & Siddhu, G. (2017) Parental fee default: Extent and Implications. Lagos, DFID-Developing Effective Private Education Nigeria, draft report.

Table 13: Average expenditure per child per year – all schools

Expenditure Items	General sample	Late paying sample	Defaulted sample	Pooled
Tuition Fee	29,244	29,202	28,842	29,216
Registration	1,032	835	1,604	1,013
Examination Fee	1,806	1,706	1,817	1,772
Report card	574	512	547	551
Club/sports Fee	2,817	1,896	3,133	2,534
PTA Fee	1,421	1,431	1,788	1,436
Development Fee	1,825	1,563	1,580	1,729
Extra tuition*	8,375	9,451	8,347	8,743
Childminding*	27,000	9,000		24,750
Uniform	3,302	2,976	2,696	3,150
Textbooks	7,697	7,500	5,094	7,510
Stationary	2,613	2,197	2,568	2,463
Transport*	18,597	17,430	10,890	17,685
Lunch*	17,092	15,031	17,054	16,338
Other expenditure	5,553	9,346	3,433	6,648
Fee paid to others	2,924	2,580	4,292	2,880
Total Annual Expenditure (intended) 2016-2017	59,521	58,632	43,162	58,389
Total paid to school (intended) 2016-2017	57,199	56,702	39,442	56,131
Total Expenditure only on essentials for 2016-2017	45,082	43,552	31,096	43,849
Actual expenditure in 2015-16	50,228	42,555	36,375	46,695

Note: at the time of research 1US\$ was equivalent to around 317 Nigerian Naira.

* Starred items are not included in the penultimate line on 'essential' expenditures.

62. The following tables report the same expenditures, breaking these down for low-fee, medium-fee and high-fee schools, and show that in terms of total spend, each successive fee band entails a significantly higher spend, as judged by total intended costs and by last year's actual expenditure. The tables also show that the gap between intended expenditure and actual spend shrinks as the fee category increases. The gap represents 21% of the intended spend at low-fee schools; 18% at medium-fee schools but only 4% at high-fee schools. This indicates that families who must use low-fee schools are likely to be struggling the most to pay for private schooling, and saving from expenditure on important items such as textbooks in order to keep the child in school; indeed this is the key area of savings for defaulting low-fee school families. It also indicates that low-fee schools are losing out more so than other schools; since the

majority of costs are usually paid to the school, the larger distance between these totals means a larger gap in the finances of the school.

63. The average expenditure to attend a medium-fee school means an increase on low-fee schools of, on average, around N10,500 per year (table 15). The patterns are similar, with defaulting families spending less on some items but not on others, as compared with the other categories. With regard to total expenditures, the same pattern arises with the total intended expenditure for this year being the highest, with the proportion of this being paid directly to the school not very much less than this total. Expenditure on the essentials only is considerably less, and actual expenditure for last year is even less than this 'essentials' amount in both the late-paying category and the defaulting category. In the general sample we find parents did spend last year for more than just the bare essentials.

Table 14: Average expenditure per child per year – low-fee schools

Expenditure Items	General sample	Late paying sample	Defaulted sample	Pooled
Tuition Fee	20,036	20,880	23,933	20,467
Registration	693	652	1,886	771
Examination Fee	1,536	1,442	1,685	1,508
Report card	497	449	529	481
Club/sports Fee	2,104	1,574	3,533	1,993
PTA Fee	1,114	1,145	1,260	1,134
Development Fee	1,525	1,560	2,014	1,572
Extra tuition	6,733	8,796	5,800	7,437
Childminding	9,000	9,000		9,000
Uniform	2,352	2,466	2,238	2,386
Textbooks	5,742	7,165	3,891	6,179
Stationary	2,430	1,946	2,316	2,243
Transport	14,930	15,429	10,440	14,570
Lunch	14,709	12,780	14,791	14,038
Other expenditure	3,892	12,739	6,500	7,321
Fee paid to others	2,315	2,233	3,660	2,356
Total Annual Expenditure (intended) 2016-2017	45,622	47,337	34,463	45,684
Total paid to school (intended) 2016-2017	43,632	45,651	31,195	43,739
Total Expenditure only on essentials for 2016-2017	32,591	33,391	25,081	32,502
Actual expenditure in 2015-16	36,179	33,945	27,496	34,730

Table 15: Average expenditure per child per year - medium fee schools

Expenditure Items	General sample	Late paying sample	Defaulted sample	Pooled
Tuition Fee	33,060	34,298	33,088	33,475
Registration	993	917	1,478	999
Examination Fee	1,773	2,025	1,870	1,861
Report card	620	542	567	588
Club/sports Fee	2,198	1,816	3,100	2,087
PTA Fee	1,321	1,335	2,250	1,339
Development Fee	1,531	1,446	400	1,480
Extra tuition	9,788	10,480	9,488	10,006
Childminding	34,200			34,200
Uniform	3,339	3,300	2,968	3,300
Textbooks	8,650	7,460	6,459	8,161
Stationary	2,450	2,160	3,252	2,391
Transport	18,083	18,254	11,340	17,651
Lunch	18,505	16,832	17,550	17,783
Other expenditure	5,485	5,314	2,760	5,324
Fee paid to others	2,909	3,244	5,390	3,159
Total Annual Expenditure (intended) 2016-2017	63,210	65,828	52,174	63,512
Total paid to school (intended) 2016-2017	60,974	63,359	47,431	61,075
Total Expenditure only on essentials for 2016-2017	48,686	49,721	37,126	48,445
Actual expenditure in 2015-16	52,039	48,496	37,097	49,960

Table 16: Average expenditure per child per year - high fee schools

Expenditure Items	General sample	Late paying sample	Defaulted sample	Pooled
Tuition Fee	56,946	47,700	39,083	46,436
Registration	2,002	1,269	667	1,780
Examination Fee	4,471	2,943	3,000	4,091
Report card	813	769	500	793
Club/sports Fee	6,473	3,250	2,000	5,352
PTA Fee	2,454	3,767	3,500	2,742
Development Fee	3,424	4,500	900	3,361
Extra tuition	9,554	8,212	15,000	9,349
Childminding				
Uniform	6,592	4,317	4,633	5,828
Textbooks	11,223	9,218	4,923	10,317
Stationary	3,890	3,646	1,098	3,690
Transport	23,557	18,563		22,225
Lunch	23,758	19,013	36,000	22,367
Other expenditure	7,476	11,321	2,050	8,099
Fee paid to others	5,580	1,861	2,626	4,266
Total Annual Expenditure (intended) 2016-2017	93,242	83,829	45,776	88,129
Total paid to school (intended) 2016-2017	89,542	82,518	43,900	85,237
Total Expenditure only on essentials for 2016-2017	89,542	82,518	43,900	85,237
Actual expenditure in 2015-16	90,095	60,363	76,863	80,343

64. For high-fee schools the patterns are somewhat different (table 16). To begin with, there is an extremely large difference between the tuition fee as reported by the general sample and the late-paying sample. This will be due to families who are struggling negotiating a lower rate, or just paying less, even without the proprietor's agreement. The costs for many items are very much lower at their new (cheaper) schools for most children who had to change school due to default. Late-payers are also saving on other areas of expenditure, presumably just to keep the child attending their chosen school, explaining why even high-fee school proprietors report having a sizeable proportion of children who come to school under-resourced with materials.
65. For the defaulting families, their costs for this year are reported to be much lower than their actual spend last year (when they were at the high-fee school) because, as already observed, they have been forced due to financial constraints to 'down-size' to a lower-

fee school. Defaulting parents report a school fee of just over N39,000, while general sample-families attending our sample high-fee schools are paying nearly N57,000. Our defaulting families who were attending high-fee schools have changed to schools that are right in the middle of our medium-fee bracket¹⁹.

66. To sum up the data we have on what parents are spending on accessing a private school for one child for one year, the average actual spend for the last school year was just under N46,700. At low-fee schools this is N34,730; at medium-fee schools N49,960; and lastly at high-fee schools this is over N80,343. These averages mask the much greater variation from lowest to highest spend; the low-fee average spend indicates that there are likely to be families spending considerably less than N30,000 for a year of private education.

67. Parents were asked whether the fees charged by the school are fair and reasonable, with the result that nearly 81% of parents believe the fees to be fair and reasonable; those who defaulted are more likely to say that fees are unfair, however the proportions are still low (table 17).

Table 17: Distribution of parents by 'whether fee charged by the schools are fair and reasonable'

	Yes	Somewhat fairly	Neither fairly nor unfairly	Somewhat unfairly	Very unfairly
General sample	81.8	14.6	1.3	2.2	0.1
Late paying sample	78.3	15.3	3.0	2.7	0.7
Defaulted sample	81.4	10.2	3.4	3.4	1.7
Pooled	80.7	14.7	2.0	2.3	0.3

68. Most parents feel that schools treat them fairly, with over 95% of all surveyed parents answering positively to this question (table 18). This is markedly less for defaulting parents, although reports of unfair treatment are still rare, at 3.7% reporting 'somewhat unfair' treatment, and only 2% reporting 'very unfair' treatment. A more negative view of private school proprietor practices would be expected where a defaulting parent has to withdraw the child from the school and disrupt the child's education. Many proprietors will chase parents to pay fees, however many are also quite lenient in terms of when and

¹⁹ See categories in Härmä, J. & Siddhu, G. (2017) Parental fee default: Extent and Implications. Lagos, DFID-Developing Effective Private Education Nigeria, draft report.

in what amounts fees are paid, as proprietors hope eventually to be paid. Our other report from this study shows that many proprietors consider it to be too late to recoup any losses from a family, once the child has left the school²⁰

Table 18: Distribution of parents by 'whether school treats you fairly'

	Yes	Somewhat fairly	Neither fairly nor unfairly	Somewhat unfairly	Very unfairly
General sample	95.9	3.8	0.1	0.1	0.0
Late paying sample	95.8	3.2	1.0	0.0	0.0
Defaulted sample	85.2	5.6	3.7	3.7	1.9
Pooled	95.4	3.7	0.6	0.3	0.1

Complete household expenditure

69. The researchers carefully collected data from respondents on all of their household expenditure covering from food and housing to leisure spending. Tables 19-22 below provide this data for the entire sample, and then for those accessing low-fee, medium-fee and high-fee schools, and disaggregated by our categories of families. We find that on average, families dedicate 5% of their yearly expenditure on one child's primary school education (based on the above tables detailing the actual expenditure of families from the previous school year). Tables 23 and 24 below show the percentage of household expenditure dedicated to all education costs for the household, which is overall less than 14% (including all children in the household, irrespective of age).

70. It should be remembered that this study surveyed private school parents only, meaning that these percentages of household expenditure are not reflective of the population as a whole, many of whom cannot afford private schools. If government school families were included, in a sample representative of the local government area, these percentages would be much higher, as there would be many more low-income families, whose children are attending government schools. However this analysis is extremely useful in confirming the levels of expenditures that families typically and realistically dedicate to the education of their children.

71. The following four tables provide in clear detail the vast differences in the circumstances of our sample families. It shows a clear pattern for most heads of expenditure, of

²⁰ Härmä, J. & Siddhu, G. (2017) Parental fee default: Extent and Implications. Lagos, DFID-Developing Effective Private Education Nigeria, draft report.

defaulting families spending less than late-paying families, who in turn spend less than general sample families. Also, those choosing low-fee schools spend less than those choosing medium-fee and high-fee schools. We also see that just as the costs at high-fee schools jump significantly from the other two categories of schools, the average expenditure for families choosing those schools jumps significantly from that of families choosing low-fee and medium-fee schools. The total spend for defaulting families is not so different for those who defaulted from low- and medium-fee schools, however it is considerably higher for those having used high-fee schools, and is relatively close to the expenditure of general sample families using low-fee school. This indicates that these families were truly over-stretching their finances and pushing beyond the limits in order to access the best school that they possibly could manage. Our sample's average total expenditure goes from a low of N558,889 for families who defaulted from low-fee schools, to a significantly higher N1,654,648 for general sample families using high-fee schools.

Table 19: Average annual household expenditure – all households

	General sample	Late paying sample	Defaulted sample	Pooled
Food	394,322	347,638	304,744	372,131
Water	30,238	28,724	30,628	29,737
Medical	25,155	17,729	13,246	21,722
Fuel	136,473	110,632	77,326	126,330
Electricity	24,175	20,968	16,005	22,517
Mobile	52,023	42,943	61,195	49,593
Transportation	86,254	76,712	104,413	84,124
Cooking fuel	48,104	48,840	46,658	48,251
Toiletry	35,633	29,771	28,493	33,149
Personal goods	20,837	17,390	15,855	19,308
Recreation	48,547	39,707	38,182	45,301
Rent	122,716	98,540	75,953	111,980
EDUCATION	134,779	119,722	92,323	126,726
<i>School education</i>	127,407	109,560	89,905	118,763
<i>College education</i>	86,862	103,338	91,500	93,095
Clothing	39,499	25,858	32,359	34,362
Insurance	16,573	13,292	4,000	15,721
Family functions	72,694	70,525	49,400	70,238
Other expenditure	17,716	11,793	16,296	15,566
TOTAL ANNUAL EXPENDITURE	1,006,762	856,619	650,646	930,152
DISPOSABLE EXPENDITURE	252,727	206,111	156,882	230,007

Table 20: Average annual household expenditure – sample children attending low fee schools

	General sample	Late paying sample	Defaulted sample	Pooled
Food	346,897	324,732	264,136	332,215
Water	28,714	29,091	24,369	28,573
Medical	18,764	17,178	15,422	17,861
Fuel	103,016	101,627	71,145	101,201
Electricity	21,627	20,574	13,544	20,566
Mobile	41,555	36,238	40,733	39,527
Transportation	71,251	70,113	78,877	71,405
Cooking fuel	44,748	46,273	40,170	44,933
Toiletry	28,533	25,805	23,787	27,178
Personal goods	16,089	14,816	12,094	15,317
Recreation	38,400	29,221	13,500	33,710
Rent	82,244	69,281	48,217	74,974
EDUCATION	97,751	86,556	68,252	91,265
<i>School education</i>	89,313	82,812	66,771	85,129
<i>College education</i>	84,199	71,833	63,000	80,051
Clothing	30,767	21,859	16,322	26,635
Insurance	18,256	12,500		16,485
Family functions	52,752	51,244	37,567	50,731
Other expenditure	11,642	10,604	15,000	11,417
TOTAL ANNUAL EXPENDITURE	786,571	727,164	558,889	746,148
DISPOSABLE EXPENDITURE	178,292	141,251	124,082	160,374

Table 21: Average annual household expenditure – sample children attending medium fee schools

	General sample	Late paying sample	Defaulted sample	Pooled
Food	394,884	374,751	337,235	384,606
Water	27,638	27,808	37,700	28,399
Medical	30,357	16,080	11,957	24,861
Fuel	125,191	105,406	80,400	117,482
Electricity	21,299	18,872	14,754	20,150
Mobile	51,264	46,683	73,938	51,287
Transportation	87,954	82,523	136,356	89,160
Cooking fuel	49,722	53,320	55,201	51,224
Toiletry	39,336	33,025	33,881	36,938
Personal goods	20,623	18,782	18,956	19,903
Recreation	51,814	47,110	55,000	50,452
Rent	133,790	112,147	94,067	125,338
EDUCATION	126,203	145,515	109,582	131,493
<i>School education</i>	122,362	131,339	105,444	124,254
<i>College education</i>	70,722	103,675	120,000	88,225
Clothing	40,280	27,454	32,619	35,550
Insurance	12,070	9,100		11,520
Family functions	84,417	68,024	65,250	77,516
Other expenditure	19,054	11,112	16,833	16,406
TOTAL ANNUAL EXPENDITURE	1,028,873	951,983	726,779	984,120
DISPOSABLE EXPENDITURE	256,483	251,514	175,079	249,489

Table 22: Average annual household expenditure – sample children attending high fee schools

	General sample	Late paying sample	Defaulted sample	Pooled
Food	544,646	353,148	390,000	477,672
Water	42,183	30,146	27,647	37,297
Medical	26,471	25,697	6,460	24,813
Fuel	230,369	153,316	86,667	206,674
Electricity	40,632	29,777	33,000	36,967
Mobile	87,298	59,091	117,650	80,365
Transportation	123,694	84,151	109,633	110,966
Cooking fuel	53,562	44,206	48,165	50,426
Toiletry	46,292	35,561	30,086	42,197
Personal goods	34,299	23,224	21,086	30,367
Recreation	55,062	48,000	36,000	53,473
Rent	191,727	154,364	149,200	177,827
EDUCATION	276,947	171,410	150,114	238,518
<i>School education</i>	259,329	147,264	154,415	220,712
<i>College education</i>	121,976	164,998	120,000	134,784
Clothing	61,244	36,844	89,000	55,407
Insurance	21,509	21,333	4,000	20,650
Family functions	87,895	132,000	57,000	98,127
Other expenditure	27,575	17,720	19,333	24,228
TOTAL ANNUAL EXPENDITURE	1,654,648	1,091,473	866,146	1,439,888
DISPOSABLE EXPENDITURE	483,907	332,305	272,239	426,127

72. Tying together the detailed information on the costs of education, family size, and total household expenditure, tables 23 and 24 show that families are dedicating quite a high proportion of their household expenditure to education (all costs for all children in the family), and this rises with school fee level. Those choosing low-fee schools appear to have less of their total expenditure to dedicate to education. The proportion dedicated to education is the highest for poor families (in relation to the near- and not-poor), at 14% (including children in the age group 5-18 years as well as others outside of this age group).

Table 23: Household expenditure on education as percentage of total expenditure and disposable income expenditure by school fee level

		General sample	Late paying sample	Defaulted sample	Pooled
All	Education exp as % of total exp	13.4	14.0	14.2	13.6
	Education exp as % of disposable exp	53.3	58.1	58.8	55.1
Attending low fee	Education exp as % of total exp	12.4	11.9	12.2	12.2
	Education exp as % of disposable exp	54.8	61.3	55.0	56.9
Attending medium fee	Education exp as % of total exp	12.3	15.3	15.1	13.4
	Education exp as % of disposable exp	49.2	57.9	62.6	52.7
Attending high fee	Education exp as % of total exp	16.7	15.7	17.3	16.6
	Education exp as % of disposable exp	57.2	51.6	55.1	56.0

Table 24: Household expenditure on education as percentage of total expenditure and disposable income expenditure by household poverty status

		General sample	Late paying sample	Defaulted sample	Pooled
All	Education exp as % of total exp	13.4	14.0	14.2	13.6
	Education exp as % of disposable exp	53.3	58.1	58.8	55.1
Poor	Education exp as % of total exp	13.4	14.9	12.6	13.9
	Education exp as % of disposable exp	58.8	68.5	63.2	62.8
Near Poor	Education exp as % of total exp	13.4	12.8	16.4	13.3
	Education exp as % of disposable exp	50.9	51.4	46.6	50.9
Not Poor	Education exp as % of total exp	13.0	13.4	20.0	13.2
	Education exp as % of disposable exp	48.7	46.8	58.7	48.4

4.3. Parents' school choices and changing schools

Aspects of parental school choice

73. Having looked at the perceptions of respondents regarding their household's economic situation and how this has changed in the last two years; and their actual total expenditures on education and all other household costs, here we provide information on the fee-level school choices of our sample families by their poverty status using our asset index. This is presented all together (table 25) and separately for each of our sample family categories (tables 26-28). Predictably, the majority of poor families attend low-fee schools; 38% manage to afford medium-fee schools and 6% high fee schools. It is likely that the latter families have fewer dependents to support or have other unusual circumstances allowing them to afford a higher fee school. There is no wealth group however that mostly attends high-fee schools; indeed only 29% of not poor

families do so, and 16% of near-poor families; and still 24% of not poor families choose to use low-fee schools.

74. Perhaps the key message coming from these tables is that many not-poor families who defaulted chose high-fee schools (table 28). Poor defaulting families are less likely than any other category to use high-fee schools, which indicates that when the poor default it is less likely that this is due to having chosen a too highly-priced school. However with the near-poor and not-poor defaulters, their choices have far more often been for high-cost schools which they ultimately have proven unable to afford, leaving the schools with bad debts and their own children's education disrupted.

Table 25: Distribution of sample by school fee level and poverty level – full sample

	Low Fee	Medium Fee	High Fee
Poor	56.7	37.6	5.7
Near Poor	36.8	47.4	15.9
Not poor	24.3	47.1	28.6
All	46.1	41.7	12.2

Table 26: Distribution of sample by school fee level and poverty level – general sample

	Low Fee	Medium Fee	High Fee
Poor	55.9	38.5	5.5
Near Poor	34.2	48.7	17.1
Not poor	23.3	48.6	28.1
All	43.4	43.4	13.3

Table 27: Distribution of sample by school fee level and poverty level – late paying sample

	Low Fee	Medium Fee	High Fee
Poor	57.4	35.9	6.6
Near Poor	41.0	46.7	12.4
Not poor	27.3	43.6	29.1
All	49.3	39.7	11.1

Table 28: Distribution of sample by school fee level and poverty level – defaulted sample

	Low Fee	Medium Fee	High Fee
Poor	58.2	38.8	3.0
Near Poor	41.2	35.3	23.5
Not poor	20.0	40.0	40.0
All	52.8	38.2	9.0

75. While our sample consists of families highly motivated enough to seek out private schooling for their children, there were still some children technically of school age (ages 3-18 years) who were not in school: 1.6% overall on average, however this reaches 3.7% for poor, defaulting families. Many of these children are likely to be either very young children, aged 3 or 4 who might start with just one year of pre-primary schooling, or older children who have left school before completing senior secondary school. This data underlines findings from representative household samples that there is not a great problem of out-of-school children in Lagos.
76. Perhaps related to this, some families have children in both school types: government and private (table 29). This is likely to be associated with poverty and difficulties paying school costs. Overall 12% of families have children in both school types however this rises to nearly one-fifth of poor, defaulting families, and nearly 18% of near-poor defaulting families. The not-poor are far less likely than others to have children in government schools.

Table 29: Percentage of families with children in both government and private schools

	Poor	Near poor	Not poor	All
General sample	11.1	14.1	6.8	11.0
Late paying sample	13.3	15.2	10.9	13.5
Defaulted sample	19.4	17.6	0.0	18.0
Pooled	12.7	14.6	7.8	12.4

77. The proportions of families using registered and unregistered schools reflects the overall picture for Lagos, as found during the school census of 2010-2011²¹; it is also close to the 23% of our sampled schools for this study which are registered (table 30). Of note, over a quarter of non-defaulting parents are accessing registered schools, however of defaulting parents, the proportion is 10 percentage points lower. This higher incidence of defaulting parents using unregistered schools is consistent with these schools often serving less well-off families who may be more likely to be struggling with schooling costs.

²¹ Härmä, J. (2011) Lagos Private School Census 2010-2011 Report. Lagos, DFID-Education Sector Support Programme in Nigeria, Report number LG501.

Table 30: Distribution of households by the registration status of the school

	Unregistered	Registered
General sample	73.8	26.2
Late paying sample	74.5	25.5
Defaulted sample	84.3	15.7
Pooled	74.8	25.2

78. This study considered all types of schools from the sampling frame of 500 schools, and in the sample 48% of schools were low-fee²². Defaulting parents are more likely to be using low-fee schools (at 53%), while general sample parents are less likely, at just 43% (table 31).

Table 31: Distribution of households by the fee category of the school

	Low Fee	Medium Fee	High Fee
General sample	43.4	43.4	13.3
Late paying sample	49.3	39.7	11.1
Defaulted sample	52.8	38.2	9.0
Pooled	46.1	41.7	12.2

79. For the most part parents are sending their children to their preferred school, however this is markedly less the case for defaulting parents (table 32). Over 88% of all other parents report accessing their preferred school, while this is only 53% for defaulting parents who have, ostensibly for financial reasons, had to change from a more to a less preferred school.

Table 32: Percentage of children by 'is the child attending your preferred school'

	Yes	No
General sample	88.9	11.1
Late paying sample	88.0	12.0
Defaulted sample	53.3	46.7
Pooled	86.7	13.3

80. Surprisingly however defaulting parents do not report as often as would have been expected, that the reason for not attending their preferred school is that the fee is too

²² Härmä, J. & Siddhu, G. (2017) Parental fee default: Extent and Implications. Lagos, DFID-Developing Effective Private Education Nigeria, draft report.

high. Indeed, defaulting parents reported high fees just to the same extent as the average for the entire sample. Table 33 reports, for all parents not using their preferred school type, the reasons for this, and shows simply that fees are by far the largest barriers, followed by distance from home and a few other rarely-mentioned issues.

Table 33: Percentage of survey children who are not attending the preferred school by reason for not attending preferred school

	Fee too high	School too far	No space available	Unsafe journey	Other
General sample	86.5	4.1	2.7	0.0	6.8
Late paying sample	93.5	4.3	0.0	2.2	0.0
Defaulted sample	89.3	3.6	0.0	0.0	7.1
Pooled	89.2	4.1	1.4	0.7	4.7

The 'how', 'why', and 'how often' of changing schools

81. School choice is an increasingly popular concept and considered a desirable mechanism to be promoted for education reform, with the theory suggesting that parents' ability to shop around in a market of competing options will lead them to the best possible school for their child. This competition is also purported to drive up standards across the board, as schools vie with one another to attract clients. Table 34 shows that a minority of 42% of pupils have ever changed schools, meaning that changing is common, but certainly not something that all families do; not even half of our sample does this. While there are many schools physically available, the costs of changing effectively cut down the options, and many families will feel very invested in their initial school choice, and possibly even 'locked in' to some extent.
82. Table 34 provides the percentages of our sample children who have changed schools, with – unsurprisingly – the defaulting parents' children having changed the most. The remaining 6.5% of these children who have not changed are likely to have been pulled out of school after the default and not been re-enrolled anywhere else. Of note, late-paying parents are the least likely to have changed their child's school which is an intuitive result: parents will not want to change schools when they have found a proprietor who is willing to accept late fee payments, and will keep their child in the school despite being unreliable at paying fees.

Table 34: Percentage of survey children who have changed schools

	Yes	No
General sample	40.8	59.2
Late paying sample	36.4	63.6
Defaulted sample	93.5	6.5
Pooled	42.0	58.0

83. As already noted, there are high costs involved in registering at any new school. Only 14% of parents report that it is easy to change schools, but this rises to 40% of not-poor defaulting parents (table 35). This indicates that many of this specific sub-group of families take advantage of the ease of withdrawing a child without paying the balance of fees owed, which may balance out the costs of initial entry into their next school, including registration fees, new uniforms, books and other costs.

Table 35: Percentage of households who reported that it is easy to change school by poverty status

	Poor	Near Poor	Not Poor	All
General sample	15.8	18.7	14.4	16.3
Late paying sample	11.8	9.6	10.9	11.1
Defaulted sample	13.4	5.9	40.0	13.5
Pooled	14.1	15.0	14.1	14.4

84. The majority of parents expressed the view that changing schools is indeed very expensive (68%), or at least somewhat expensive (17%). In Lagos there is no doubt that there are many schools for parents to choose from – the market has become thoroughly saturated meaning that many households will have several schools within an easy walking distance of their homes. While many not-poor defaulting parents state that it is easy to change schools, the majority of all defaulting parents (74%) report that it is very expensive to change (table 36). It is likely that constrained household budgets at the current time will make changing schools even less likely.

Table 36: Percentage of households by their opinion about how expensive it is to change school

	Yes, very expensive	Yes, somewhat expensive	Not very expensive	Not expensive at all
General sample	65.5	18.6	13.8	2.1
Late paying sample	71.5	14.8	11.9	1.8
Defaulted sample	74.4	7.3	14.6	3.7
Pooled	68.2	16.5	13.2	2.1

85. When they do change, parents have many different reasons for this, but the most common reasons are due to relocation of the family home (27%) and in search of a better quality school (26%). The next most significant reason is to find a cheaper school (21%), followed by needing to find a school closer to home (15%). Just over 4% report having to change due to difficulties arising over fee payments. Disagreement with school management is not commonly reported but was cited as the reason for 2% of defaulting parents (table 37). It is a significant point to note that to find better quality was the motivation for exercising school choice again (after the initial selection of school) in just over a quarter of cases (for 129 children). The argument for school choice is that it would allow children to access the best quality education, and would put upward pressure on all schools' quality of provision in the competition for clients. Issues to do with money account for another quarter of decisions while by far the most pressing reason for change is simply due to location: 42% of cases, including families moving (27%) and parents wanting a school closer to home (15%).

Table 37: Percentage of children who changed schools by reason for changing schools

	For better quality	For lower cost	For school closer to home	For safer school	Had to leave due to unpaid fee	Had to leave due to difficulty in paying fee	Spouse/ other family member decided	Relocation	School did not have next level	Disagreement with school management
General sample	28.2	14.1	17.2	1.4	1.7	0.7	4.1	30.2	1.7	0.7
Late paying sample	25.0	20.9	14.9	0.0	4.1	1.4	4.1	29.1	0.7	0.0
Defaulted sample	19.0	53.4	1.7	1.7	8.6	1.7	3.4	6.9	1.7	1.7
Pooled	26.3	20.7	14.7	1.0	3.2	1.0	4.0	27.1	1.4	0.6

86. Table 38 presents a compelling case, outlining the reasons why parents have been unable to pay fees. The table outlines the cause within the family of the financial difficulties that forced the school change. The overwhelming general cause is a loss of family income; 53% of households experienced a decrease in custom at their workplace, meaning that employment continued but the income from it dropped off. Another 22% of families experienced a job loss in the household that led to a sudden and unexpected drop in household income. Ten percent of families experienced hardship due to an unexpected major expenditure that they had to make while another 10% report that it is simply impossible to save money for termly fees; that savings always get used up for other things.

87. This indicates, along with many other aspects of this study, that sudden loss of income is a very real problem for many families, and is very likely connected with the current recession. Many people are having to spend more to buy fewer goods and services, so many businesses are suffering, especially those that may not be providing daily essentials. Many Lagosians are self-employed in the informal sector, so while they will not lose their jobs, it is a very real problem to lose income with dropping sales.

Table 38: Distribution of students who changed schools because of non-payment of fees, by reason for non-payment

	Drop in HH income due to decrease in business / customers at work	Sudden and unexpected drop in HH income due to loss of job	Illness of family member >> large medical bills	Other unexpected, unplanned-for expense	Impossible to save money for termly fees. Money always gets spent	Proprietors charge too high fees, not reasonable, so I don't pay all
General sample	42.9	42.9	0.0	0.0	14.3	0.0
Late paying sample	46.7	6.7	13.3	26.7	6.7	0.0
Defaulted sample	58.6	24.1	0.0	3.4	10.3	3.4
Pooled	52.9	21.6	3.9	9.8	9.8	2.0

88. The majority of children who have changed schools have changed only once – this is in 82% of cases of all children who have ever changed schools (table 39). Defaulters' children are more likely than any others to have changed twice – nearly a quarter of them have, while this is 10-11% of other children in our study. Changing more than twice

is very rare, with only 6% of children having done this. Researchers asked respondents if they knew of many people in the community who change their children's school regularly, and the majority (63%) were unsure of this. Only 8% felt that many people change regularly, while 15% think that some families do this. Parents were also asked if they knew of many families actually defaulting and withdrawing the child from school, but nearly three quarters had no knowledge of this, while 6% thought there are many who do this, and 10% who feel that some families do this.

Table 39: Percentage of children who changed schools by number of times they changed schools

	Once	Twice	Three times	Four times	Five times
General sample	82.3	11.3	4.8	1.0	0.7
Late paying sample	84.5	9.5	4.7	0.7	0.7
Defaulted sample	72.4	24.1	3.4	0.0	0.0
Pooled	81.8	12.2	4.6	0.8	0.6

89. Over two-thirds of children change school – if they change school – between academic years, i.e. at the end of the school year. This would normally be the best time of year, in terms of minimising disruption to the child's education, and this is when, of the two fifths who have ever changed schools, 71% of general sample families have changed, and 65% of late-paying and defaulting families (table 40). For defaulting families the incidence of change during a term increases as the school year progresses, presumably as pressure builds on the family to get up-to-date on their fee payments. Twenty-one percent of defaulting children change in the final term of the year, while even late-paying children become more likely with each term to change schools. General sample children (13%) sometimes change in the middle of the school year.

Table 40: Percentage of children who changed schools by time of the year they changed

	During First Term	During Second Term	During Third Term	End of the year
General sample	6.9	13.1	8.7	71.3
Late paying sample	7.5	13.0	14.4	65.1
Defaulted sample	7.0	7.0	21.1	64.9
Pooled	7.1	12.4	11.8	68.7

90. In terms of how long ago sample children have changed schools, for the most part this is fairly evenly spread over the last few years, with numbers generally declining with the current school year – unsurprisingly, since the year was still in progress (table 41). For defaulters the percentages in 2015 and 2016 are higher, which is due to our having

asked schools specifically to provide us with contact details of recent defaulters, so these families had necessarily changed schools recently.

Table 41: Percentage who changed schools by the year they last changed

	Before 2014	2014	2015	2016
General sample	22.6	27.7	28.4	21.2
Late paying sample	28.6	32.7	25.9	12.9
Defaulted sample	10.3	13.8	25.9	50.0
Pooled	22.9	27.6	27.4	22.1

4.4. Paying late and defaulting on fees

91. A thread running through this report is the key observation that many families are having trouble coping in the current economic climate and that parents are struggling to keep up with all of their household expenses, including paying for private schooling. One result of this is default on fees and other costs owed to school proprietors. However parents employ other strategies also, such as cutting from other essential household expenditures, which demonstrates that there is no clear 'affordability line'.
92. Poverty appears to be linked with whether or not parents end up defaulting on fees, as we find that of those that pay late, 62% are poor, and of those who default, three quarters are poor (table 42). Of note are the 6% of not-poor parents who still fully default – this could be due to enrolling the child at an expensive school that they could not really afford; alternatively it could be what proprietors refer to as 'wilful default' where parents simply have no intention of paying, despite being able to.

Table 42: Distribution of households by sample categories and poverty status

	General sample	Late paying sample	Defaulted sample	Pooled
Poor	52.3	61.5	75.3	57.1
Near Poor	27.5	25.2	19.1	26.1
Not Poor	20.2	13.2	5.6	16.8

93. Many children (30%) have come to the end of a school year with some debt of fees owed to the school, although default does not always occur (table 43). Some defaulting children may have defaulted just one time, without ever having made it to the end of any school year with a debt owed. For the 30% of survey children who have been in the position of debtors, most have experienced this only once (62%); while for a quarter it

has happened twice (table 44). Three times is less common, with just 13% having experienced this.

Table 43: Percentage of pupils for whom the full fee was not paid by end of the year at least once

	Poor	Near Poor	Not Poor	All
General sample	10.9	11.3	5.6	10.0
Late paying sample	63.9	55.3	42.6	58.9
Defaulted sample	75.0	92.9	100.0	80.3
Pooled	34.9	29.5	17.0	30.4

Table 44: Distribution of pupils for whom the full fee was not paid at the end of the year by number of times this happened during last three year

	Once	Two times	Three times
General sample	62.1	25.8	12.1
Late paying sample	61.7	22.1	16.2
Defaulted sample	61.2	36.7	2.0
Pooled	61.7	24.9	13.4

94. The majority of parents will eventually pay the fee: a fifth of those with a debt will pay the following term and 39% will pay the following year, while 13% withdrew the child from the school with the debt unpaid (table 45). Perhaps most noteworthy for schools' financial health, 27% of the parents who had a debt at the end of the school year were able to bring the child back to school the next year and continue, despite never settling the debt for the previous year. This can then be considered a 'bad debt' for the school.

Table 45: Distribution of pupils for whom the full fee was not paid by the end of any year by action taken regarding 'fee owed'

	Yes, following term	Yes, following year	No, continued in school	No, left school, debt unpaid
General sample	32.3	47.7	13.8	6.2
Late paying sample	20.2	40.3	34.9	4.2
Defaulted sample	4.3	19.1	6.4	70.2
Pooled	20.3	38.9	27.1	13.1

95. Just under 10% of our sample have ultimately defaulted, never paying what was owed to the school (table 46). Of note, the highest proportion of any of our sub-groups defaulting is 16% of the near-poor using low-fee schools, which is surprising beside the 9% of poor attending low-fee schools who default. Next are the poor attending medium- and high-fee schools at 13%. No not-poor families have defaulted from low-fee schools, and they represent the smallest proportion defaulting from medium-and high fee schools.

Table 46: Percentage of households that defaulted by poverty categories and school fee type

	Low Fee school	Medium/High Fee school	All
Poor	9.4	13.2	11.1
Near Poor	16.2	8.4	11.1
Not Poor	0.0	7.1	5.5
All	9.9	10.0	9.9

96. Our surveyed families are for the most part extremely conscientious, while a small minority of 3.6% of our sample families can be called ‘serial defaulters’, or those who have defaulted more than once (table 47). Another 6.4% have defaulted once. Interestingly we see that the serial defaulters are proportionally higher at high-fee schools than anywhere else, with proportions about the same at low- and medium-fee schools.

Table 47: Percentage of households that have defaulted by frequency of default and school fee category

	Low Fee	Medium Fee	High Fee	All
Never defaulted	90.1	89.8	90.6	90.1
Defaulted once	6.7	6.7	4.2	6.4
Serial defaulter	3.2	3.5	5.2	3.6

97. Looked at using another lens, serial defaulters are proportionately most common amongst the poor, not far behind the proportions defaulting from high-fee schools (table 48). Very few not-poor families are defaulting; just 5.5%, as compared with 11% of the poor and near-poor. These two tables indicate that there are poor families accessing, and defaulting from, high-fee schools that they could never afford.

Table 48: Percentage of households that have defaulted by frequency of default and poverty status

	Poor	Near Poor	Not poor	All
Never defaulted	88.9	88.9	94.5	90.1
Defaulted once	6.6	7.5	4.1	6.4
Serial defaulter	4.5	3.5	1.4	3.6

98. To better understand default we can look at the family make-up of sample families, and table 49 shows that serial defaulting families have, on average, more children to support. Even more challenging, those with the largest families are poor, serial defaulters. The not-poor who have defaulted more than once are not far behind; it is an intuitive finding that those with more children will find it challenging to afford to pay for private schools. This will be especially the case when there tend to be somewhat fewer earners in these larger families (table 50), which will of course impact on the level of resources available for each child's education.

Table 49: Average number of children in the household by frequency of default and poverty status

	Poor	Near Poor	Not poor	All
Never defaulted	2.7	2.6	2.7	2.7
Defaulted Once	2.7	2.3	3.2	2.6
Serial defaulter	3.6	2.7	3.5	3.4
All	2.7	2.6	2.7	2.7

Table 50: Average number of earners in the household by frequency of default and poverty status

	Poor	Near Poor	Not poor	All
Never defaulted	1.8	1.8	1.9	1.8
Defaulted Once	1.6	1.9	2.0	1.8
Serial defaulter	1.7	1.4	1.5	1.6
All	1.8	1.8	1.9	1.8

99. Whether a school is affordable within a given family is a function of how many family members and earners there are, the price of the school and the other necessary materials, and the level of resources that the family has to spend. The following tables use the information gathered during the study on daily, weekly, monthly and yearly (as appropriate) expenditures on all costs of living, which have already been presented in full above.

100. Table 51 below sets out the average annual expenditure of sample households by our categories and also by poverty status, showing that across the board our general sample families spend more than the late-payers, who in turn spend more than defaulters. Looked at the other way, those who are not-poor spend more than the near-poor who spend more than the poor, showing congruence between our asset-index measure of poverty, and household spending.

Table 51: Average annual household expenditure by poverty status

	General sample	Late paying sample	Defaulted sample	Pooled
Poor	734,107	715,551	622,668	716,704
Near Poor	1,113,210	950,657	716,035	1,039,004
Not Poor	1,569,455	1,333,700	803,218	1,487,913
All	1,006,762	856,619	650,646	930,152

101. Table 52 provides information on household expenditure by poverty status and the number of times a family has defaulted. Those who have never defaulted have higher expenditure across the board than those who have defaulted once, however serial defaulters have the highest expenditure in both the poor and not-poor categories. Table 49 above is called back to mind as it showed that the poor and the not-poor also had the highest numbers of children to support. We see that spending on education follows a similar pattern, however the spending for poor and not-poor serial defaulters is very much higher than for any other group, which is likely to have contributed to their default (table 53).

Table 52: Average household expenditure by frequency of default and poverty status

	Poor	Near Poor	Not poor	All
Never defaulted	735,102	1,127,724	1,569,057	1,018,200
Defaulted Once	663,274	966,766	1,505,220	872,058
Serial defaulter	818,547	1,059,999	1,789,650	958,254
All	734,107	1,113,210	1,569,455	1,006,762

Table 53: Average household expenditure on education by frequency of default and poverty status

	Poor	Near Poor	Not poor	All
Never defaulted	86,632	146,825	190,411	124,938
Defaulted Once	70,725	99,626	186,833	95,294
Serial defaulter	127,484	99,014	327,450	135,201
All	87,415	141,585	192,141	123,423

102. Indeed the percent of household expenditure dedicated to education is high for these groups, at 16% and 18%, yet table 54 below presents a more nuanced picture. The poor are spending by far the highest proportion of their disposable income on private schooling; over half is going to children's education (table 55). It is no wonder that poor serial defaulters have found themselves in difficulties, as nearly three-quarters of disposable income has gone to education, much higher than for any other group. In contrast, the spending for not-poor serial defaulters is the lowest for any group, at less than two-fifths. While not-poor families are dedicating the highest proportion of expenditure overall to education, because their resources are greater, this spending is actually a smaller amount of disposable income. This appears to point to a degree of wilful default for this group, or at least very poor financial management.

Table 54: Expenditure on education as a percentage of total household expenditure*

	Poor	Near Poor	Not poor	All
Never defaulted	12	13	12	12
Defaulted Once	11	10	12	11
Serial defaulter	16	9	18	14
All	12	13	12	12

*Children in the age group 5-18 years

Table 55: Expenditure on education as a percentage of disposable household expenditure

	Poor	Near Poor	Not poor	All
Never defaulted	51	49	46	49
Defaulted Once	52	43	43	46
Serial defaulter	73	41	39	56
All	52	48	46	49

103. The picture of wealth and default can be looked at in another way, using wealth quintiles based on household expenditure, and using our survey categories (table 56). Firstly, of the 89 defaulting families in the sample, 82% are drawn from quintile one; while only 67% of late-payers are, and 58% of general sample families. Furthermore, only 1% of defaulters are in the third quintile, and none are in the richest two quintiles, indicating yet again that default is linked with low annual expenditure, while our general sample is somewhat more spread across the quintiles, though still not to a very great extent.

Table 56: Distribution of households by expenditure quintiles

Expenditure Quintile	General sample	Late paying sample	Defaulted sample	Pooled
Quintile 1 (poorest)	57.5	66.6	82.0	62.3
Quintile 2	32.9	30.3	16.9	30.8
Quintile 3	7.7	2.2	1.1	5.4
Quintile 4	1.4	1.0	-	1.1
Quintile 5	0.6	-	-	0.3

104. The average yearly expenditure per quintile shows that the resources of the poorest defaulters is less than half of those of the next quintile up (table 57). And while the household expenditure for quintile two defaulters is close to average for the quintile, the spending of the richest defaulters is markedly higher than for other families in this quintile. These richer defaulters (as shown in table 56 above) make up just 1% of all defaulters, indicating that these are rare cases.

Table 57: Average household expenditure by sample categories and expenditure quintiles

Expenditure Quintile	General sample	Late paying sample	Defaulted sample	Pooled
Quintile 1 (poorest)	596,816	583,523	490,808	581,906
Quintile 2	1,297,856	1,284,018	1,294,112	1,293,107
Quintile 3	2,220,151	2,370,772	2,666,804	2,247,458
Quintile 4	3,037,425	2,898,643		2,997,773
Quintile 5	4,256,949			4,256,949
All	1,006,762	856,619	650,646	930,152

4.5. Effects of the current recession

Households have had shortfalls and have lost income

105. This section discusses the difficulties that families find themselves in at the current time and the various ways they have found to deal with the recession and the different demands on their resources. We can see that the vast majority of 75% of our sample families have experienced shortfalls in paying for household needs (table 58). This is most common amongst poor families (79%), yet still common for near-poor families (75%) and not-poor families (66%). It is also much more common amongst defaulting families than amongst those in the general sample. All not-poor defaulters report experiencing a drop, helping to support the picture that some of those who are

actually better-off are over-stretching themselves to access a school that they cannot really afford.

Table 58: Percentage of households who reported experiencing shortfalls in household expenditure, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	74.9	67.8	64.4	70.9
Late paying sample	80.9	84.8	67.3	80.0
Defaulted sample	91.0	88.2	100.0	91.0
Pooled	78.6	74.5	66.0	75.4

106. The main response of families when they have experienced these shortfalls is to cut back their overall household expenditure. There was not much variation across our categories of families, at around three-quarters of families doing this (table 59). The next coping mechanism for 16% of our sample is to borrow money from family; very few had to take the less preferable options of loans from money lenders or banks.

Table 59: Percentage of households who experience shortfall in household expenditures by main action taken

	Borrowed money from family	Cutting down expense	Took loan from money lender	Took bank loan	Other
General sample	14.8	76.8	0.8	2.9	4.7
Late paying sample	17.4	72.4	1.8	3.0	5.4
Defaulted sample	17.3	75.3	0.0	1.2	6.2
Pooled	16.0	75.1	1.1	2.8	5.1

107. As already noted some families have had earners who have lost their jobs or who have experienced a serious drop in their income (table 60). Again the vast majority have responded to this situation primarily by cutting their household expenditure (in 77% of cases). There is a marked difference here as compared with those only experiencing a bit of a shortfall (above). With actual loss of a job our general sample families were most likely to simply cut their consumption, while 6% stated that their main way of coping was to cut education expenditure and another 6% took a loan while 4% sold assets. For late payers 74% cut consumption while 12% cut education spending. Unsurprisingly it is in defaulting families that education is hit the hardest with over a quarter cutting spending in this area while for only 59% cutting consumption was the main means of saving

money. This table notes only the main coping strategy that families use, so it is quite likely that cutting consumption and education expenditures will go hand in hand.

Table 60: Percentage of household who have experienced a job loss by main way of managing this loss

Row Labels	Take loan	Cut consumption	Cut education expenditure	Sale of assets	Children started working	Extra jobs	Use savings	Rely on family support
General sample	5.8	83.2	6.4	3.9	0.0	0.0	0.0	0.6
Late paying sample	5.3	73.8	12.2	4.1	0.6	0.6	0.9	2.5
Defaulted sample	7.5	58.8	26.3	5.0	1.3	0.0	0.0	1.3
Pooled	5.9	77.3	10.5	4.1	0.3	0.2	0.3	1.3

Effects on education spending

108. As has been clear throughout this report, some families are late in their fee payments while others default. But for some it is considered a point of honour never to pay late, not to ask for discounts, and ultimately not to leave unpaid debts. Families with the latter outlook are more likely to change the child's school to a cheaper one, rather than fail to pay what is agreed. Table 61 shows that of those who defaulted, quite a significant proportion of parents have used all of the listed coping mechanisms: switching to less costly private schools, switching to government school; choosing not to pay the full school fee, and the most radical choice of all: discontinuing the child's formal education entirely. The latter course of action is the least likely to take place, with just 4% of families choosing to do this; while 15% did choose to stop paying the fees in full.

Table 61: Percentage of households who had to take the following actions during the last 2 academic years

	General sample	Late paying sample	Defaulted sample	Pooled
Switched to cheaper private school	10.7	10.2	20.9	11.3
Switched to government school	5.7	11.2	32.6	9.5
Discontinued formal education	1.1	2.2	40.7	4.4
Stopped paying full fees to school	10.0	22.9	24.4	15.4

109. Many families have chosen to cut their spending on education in order to cope with the rising cost of living. This is most common amongst defaulting families – most common of all amongst not-poor defaulters. Nearly three-quarters of defaulting families have cut their education spending, while this drops drastically to just under a third of late-paying families. Still 21% of general sample families have done likewise, rising to 30% of poor families in this category, and falling to a low of 9% of the not-poor (table 62).

Table 62: Percentage of households who had to cut education expenditure due to increasing prices, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	29.7	15.9	9.2	21.7
Late paying sample	36.7	29.7	17.3	32.4
Defaulted sample	75.0	64.7	100.0	74.4
Pooled	36.5	23.0	13.6	29.1

110. Parents were asked if any of their children who had previously only been studying have had to start working to add to the family income, but this was extremely rare, at less than 3% overall; this was highest amongst poorer late-payers and was uncommon amongst defaulters, presumably because parents responded to financial pressure by defaulting rather than trying to keep up with costs.
111. Asking school proprietors to accept a smaller fee has proven to be an extremely common approach, with 41% of our sampled parents asking schools for a reduction (table 63). This practice is most common amongst poor families, of whom 46% have asked for a discount, but even more common amongst defaulting parents, of whom 61% have asked. This includes 40% of not-poor defaulters, who are trying to keep their children in unaffordable schools. The practice is least common (at 22%) amongst not-poor general sample families.

Table 63: Percentage of households who asked schools to take a lower amount in fees, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	38.4	33.2	22.1	33.7
Late paying sample	53.9	40.0	38.9	48.4
Defaulted sample	61.2	64.7	40.0	60.7
Pooled	46.2	37.1	27.0	40.6

112. Parents were willing to admit when they had left a school with a debt of fees that they could have paid but chose not to, which has happened at some point in 8% of families (table 64). This practice has been least common amongst general sample families, only 5% of whom have done this; while 11% of late-paying families and 13% of defaulters have willingly left unpaid debts.

Table 64: Percentage of households who have left a school with debt when they could have paid it (wilful default), by poverty status

	Poor	Near Poor	Not Poor	All
General sample	4.8	4.6	4.1	4.6
Late paying sample	11.0	14.4	7.3	11.4
Defaulted sample	15.2	5.9	0.0	12.5
Pooled	8.0	7.9	4.9	7.5

Parents' use of banking services and access to loans in coping with the costs of schooling and the effects of recession

113. This section looks at parents' use of financial services. It is often considered a positive thing for families' financial health to use bank accounts to facilitate saving, as well as to interact with the formal economic sector. We find that many poor families currently do not have any bank account (38%). Of the near-poor and not-poor the proportion is much smaller, at 16% and 12% respectively (table 65). Yet in our regression analysis (below), we do not find that having a bank account has any significant relationship with whether families do or do not have trouble paying fees.

Table 65: Percentage of households who have a bank account, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	61.7	86.4	91.8	74.6
Late paying sample	62.9	80.0	80.0	69.5
Defaulted sample	61.2	88.2	60.0	66.3
Pooled	62.1	84.4	87.9	72.3

114. Families are managing to save money even in the current economic climate, though very few families are using formal savings accounts, just 7% overall, increasing only to 11% of our not-poor general sample (table 66). However 41% of families have saved money in the last six months in a variety of informal savings groups (adshi, esusu, ajo arrangements; table 67). For those families that did not fully default, between 36% and 49% of families have saved money this way. For defaulting families between 33% and 60% of families have saved money informally.

Table 66: Percentage of households that have used a cooperative, savings association or micro-finance institutions to save money in the last 6 months, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	6.9	6.0	11.0	7.5
Late paying sample	7.0	4.8	7.3	6.5
Defaulted sample	7.5	5.9	0.0	6.7
Pooled	7.0	5.6	9.7	7.1

Table 67: Percentage of households that have used an informal savings group (adshi/esusu/ajo) to save money in the last 6 months, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	42.0	35.7	39.7	39.8
Late paying sample	43.0	48.6	41.8	44.2
Defaulted sample	32.8	41.2	60.0	36.0
Pooled	41.5	40.2	40.8	41.0

115. Many families report having had to borrow money in order to fill holes in their families' finances. For those who have had to borrow, the percentages doing so for each specific need are

detailed in table 68; the major reasons include investment in business activities; for education expenditures; and to compensate for job loss. Those in our general sample were considerably less likely to borrow for education expenditure than those in our other categories. Overall few households have had to borrow to finance education expenditures but the share of poor families is twice as large as for near- or not-poor families, at 12% and 6% respectively (table 69). Borrowing was much more common amongst defaulting families, especially not-poor defaulters (20%). However the numbers borrowing would have been 9% higher if all those who had tried to borrow and were declined, had been successful (table 70). The most common type of loan that sample families have had in the last six months is from family or friends (16% of our sample borrowed this way); followed by a cooperative or savings association (8%); just 3% used informal savings groups or associations to save money.

Table 68: Percentage of households who had to borrow money in the last 6 months, by the main reason for taking the loan

	Business	Health Issues	Compensate for shortfall in income/ job loss	School expenditure	Higher education expenditure	Other	Purchase of assets
General sample	39.1	2.3	24.7	19.0	1.7	8.6	4.6
Late paying sample	33.6	5.6	26.4	32.0	0.8	1.6	0.0
Defaulted sample	37.1	5.7	17.1	37.1	0.0	2.9	0.0
Pooled	36.8	3.9	24.6	25.7	1.2	5.4	2.4

Table 69: Percentage of households that reported taking loans for education expenditure during the last one year, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	8.7	6.5	4.1	7.2
Late paying sample	16.0	3.8	10.9	12.3
Defaulted sample	17.9	17.6	20.0	18.0
Pooled	12.3	6.2	6.3	9.7

Table 70: Percentage of households that tried to borrow money but were declined in the last six months, by poverty status

	Poor	Near Poor	Not Poor	All
General sample	7.9	5.5	7.5	7.2
Late paying sample	10.9	12.4	3.6	10.3
Defaulted sample	14.9	23.5	0.0	15.7
Pooled	9.7	8.7	6.3	8.9

Taking a multivariate look at the factors associated with late payment and default

116. This report has already looked at the many factors that appear to be associated with parents' struggles with paying school costs and ultimately default. In this section we include a multivariate analysis to discover the key issues associated with problems paying school fees. Table 71 presents the results for three logit regressions using three different dependent variables. The first dependent variable is if the family has defaulted at least once; the second dependent variable is whether the family has failed to pay the full term fees by the end of the term at least once in the last school year; the final model is run on the dependent variable of multiple defaults in the past. The significance of the coefficients has been estimated using a robust standard error which is used to adjust for the clustering effect that comes from the fact that many of our sample children were sampled from the same school (groups of 8 or 9 children will have been drawn from each of the 179 schools). For this analysis we use only our 724 families in our general sample. This is because only these pupils were selected at random from the schools' registers, while the late-payers and defaulters were purposively selected. The table below shows the results of the analysis, indicating the variables that are related with the three dependent variables at the 1%, 5% and 10% levels of significance.

117. To begin with, across the board we see that the number of people in the household is positively associated and significantly associated with problems paying school fees. This means that the more people there are in the household to pay for, the more difficult it is to pay for private schooling; and relatedly we see that the number of earners is important too: the models say that the fewer earners, the higher the likelihood of default and multiple default, while it is only insignificantly associated with late fee payment. For late payment only, the household head having a professional job is associated with reduced likelihood of this. If a child has ever changed school there is more likelihood of default and late payment, but not serial default, and if the child is attending the preferred school there is a reduced likelihood of default.

118. Surprisingly having saved money in an informal savings scheme in the last six months is significantly associated with serial default (as is having borrowed from a bank in the last six months), which may indicate that the inability to save is not the key issue stopping parents from paying fees reliably. And borrowing from a bank may help in the moment, but the burden of high interest may negate the usefulness of a loan. Borrowing from friends or relatives in the last six months is associated with less default while having tried to borrow in the last six months but having been declined is associated with both default and serial default.
119. Two school-related factors come out as significant. The size of the school is important, with smaller schools experiencing more default and serial default (which is intuitive as smaller schools are also often newer and cheaper schools, attracting the less-well-off), while being a high-fee school is strongly associated with default (medium-fee schools are also more likely to be associated with serial default). Additionally, and surprisingly, being better-off in our sample is somewhat weakly (yet still significantly) associated with serial default – most likely indicating wilful default, or stretching finances to access far too expensive schools. Some not-poor families using high-fee schools have, surprisingly, experienced default, likely for these same reasons.

Table 71: Logit regression analysis of late fee payment and default, general sample households only

	<u>Dependent variable:</u> Defaulted at least once=1			<u>Dependent variable:</u> Did not pay fee at least once by the end of the term during last one year=1			<u>Dependent variable:</u> Defaulted more than once	
	Coefficient	SE		Coefficient	SE		Coefficient	SE
Religion (Christian=1)	0.13	0.34		0.06	0.23		-0.52	0.67
Language (Yoruba=1)	0.55	0.27		0.27	0.21		0.09	0.53
Number of people in household	0.18**	0.08		0.17***	0.06		0.40***	0.12
Number of earners	-0.53**	0.28		-0.23	0.17		-0.87***	0.32
Gender of head of household (Male=1)	-0.45	0.43		-0.38	0.32		-0.88	0.58
Age of head of household	0.00	0.02		0.00	0.01		-0.01	0.03
Highest education level of head of household	-0.02	0.08		-0.02	0.07		-0.15	0.15
Type of profession of head of the household (Reference=Unskilled)								
Professional job	-0.04	0.32		-0.49*	0.27		-0.26	0.62
Skilled job	0.45	0.33		-0.07	0.26		0.29	0.61
Business	-0.20	0.32		-0.38	0.25		-0.31	0.61
Grade of survey student in 2015-16	-0.16	0.11		-0.12	0.08		-0.06	0.18
Survey student changed school? (Yes=1)	0.43*	0.26		0.48**	0.19		0.33	0.44
Survey student attended preferred school? (Yes=1)	-0.62*	0.32		-0.33	0.24		-0.51	0.59
Household income compared to 2 years back? (1= Much better....5=Much worse)	0.14	0.11		0.10	0.09		0.11	0.24
Bank account (Yes=1)	0.25	0.30		0.15	0.23		-0.32	0.55
Savings in formal account in last 6 months? (Yes=1)	0.00	0.53		0.17	0.39		-0.63	0.66
Savings in informal account in last 6 months? (Yes=1)	0.01	0.28		-0.10	0.20		1.33***	0.48
Borrow from banks etc, in last 6 months? (Yes=1)	0.19	0.55		0.28	0.37		1.15*	0.67
Borrow from local lender in last 6 months? (Yes=1)	0.14	0.73		0.35	0.50		0.50	0.90

Title of Assignment Report

Borrow from friends/relatives in last 6 months? (Yes=1)	-0.68**	0.33		0.09	0.26		-0.24	0.59
Tried to borrow in last 6 months but declined? (Yes=1)	0.88***	0.32		0.46	0.30		0.90*	0.55
Size of school survey student attended	-0.14**	0.07		-0.02	0.05		-0.34***	0.09
School registered? (Yes=1)	0.10	0.34		0.09	0.25		-0.65	0.57
Fee category of school survey student attended (Reference=Low fee)								
<i>Medium Fee</i>	0.41	0.34		-0.02	0.24		0.89*	0.54
<i>High Fee</i>	0.65	0.42		-0.18	0.34		1.75**	0.69
Poverty score (Low=Poorer)	-0.01	0.11		-0.18**	0.10		0.25*	0.15
<i>R squared</i>	0.09			0.07			0.22	
Sample size	724			724			724	

Ref: ***=99% confidence level **=95% confidence level *=90% confidence level SE=Robust Standard Error

5. Discussion and recommendations

120. Lagos has always been an expensive and challenging city, and this research has been carried out at a time when the cost of living has been rising further, causing considerable hardship to many. The key finding of our study is that many, if not a majority of families stretch their household resources to an unreasonable extent to place their children in schools that they cannot truly afford. This means that families that should be using low-fee schools are using medium-fee schools; but in order to do this they are sending their children to school without many of the requisite materials and books. This was a problem reported by the proprietors in school-survey part of this research; and it is a considerable challenge for teachers to handle classes with vastly different levels of learning materials resourcing.

121. Many families (81% of the poor) have experienced a drop in income, rising to 93% of poor defaulting families. Respondents (76%) reported that their financial position is worse than it was two years ago, and many families report that things are getting 'much worse'. Prices of all essential costs of living have risen severely, and have proven the cause for half of these families reporting that their economic situation has worsened. In this context it is no surprise then that the majority of poor households use low-fee schools, while 38% manage to afford medium-fee schools and 6% are even accessing high-fee schools. However still only 29% of not-poor families are using schools in this most expensive category.

122. Choice in a market of private options is meant to exert upwards pressure on the quality of all providers, including government – and there numerous options in Lagos, at just about every fee level. The theory in favour of school choice is that families who are dissatisfied with the quality of education their child is receiving, will change the child to another school. This leads proprietors to improve standards to keep their clients from changing to a competitor school – thereby serving clients and educating children well, which is beneficial for all. The theory also predicts that government schools will also improve, to avoid coming to be seen as obsolete. However the costs of every aspect of private schooling are high for those on relatively low income; and registration costs are proving prohibitive enough to stop families from changing schools very often.

123. We have found therefore that 'school choice' does not translate into practice quite as the theory suggests, partly because of the high costs of changing schools that prohibit easy transfer. Indeed while just over two-fifths of our sample families had changed the child's school, only around a quarter of these changes were due to quality

concerns (10.5% of the sampled children), while the most common reasons were location-related, and around another quarter were due to the need to find a cheaper school. We find that most families tend to make a choice and stick with it, with late-paying families even less likely to change schools once they have found a proprietor that is willing to accept the child back with debts. Ever having changed schools is associated (in our multivariate analysis) with default, and despite living in a city replete with options supposedly available, actual choice and the ability to change is severely constrained. Only a small proportion of families reported that it is easy to change schools, meaning that the claims in favour of school choice in such a setting are over-blown. Education, which is a continuous, ongoing 'transaction' does not lend itself to the kind of market behaviours that shopping for particular goods does.

124. Unsurprisingly, and consistent with other research studies, smaller families and those with more numerous bread-winners (in relation to the overall number of household members), are more likely to be able to afford their chosen private school. On average, defaulting families had another family member to support (or 0.6 to be exact), meaning that scarce and limited resources have to stretch even further. Defaulters are more likely to be poor, and to attend small schools (which are often, but not always, newer and cheaper as well). It is the case however that some defaulting families have left medium- and high-fee schools, which indicates that these parents were over-stretching themselves in a quest for the best possible quality of school for their child.
125. This study as well as our school-based study seems to indicate that affordability along with the calculus that parents go through when choosing a school, are major issues, and that it would be best for schools and children (and probably for parents' stress levels) if parents chose more appropriately priced schools. Children should be enrolled at schools whose fees allow for the parent to buy all of the necessary materials and textbooks, so that all children are attending schools where most all of their peers are equally equipped providing teachers the chance to teach more effectively. When parents can properly afford a school, the child will not have his or her education interrupted due to issues with paying fees and will not suffer the stress that goes along with this.
126. The question is how to get parents to choose appropriately priced schools? This is a complicated issue as the market incentivises proprietors to seek to attract more clients, and will be hopeful of eventually getting paid. Their incentives are not to direct parents to cheaper schools. In addition there are those, already clinging on to the bottom of the private schooling ladder, for whom the cheaper option will be the already-full government schools or no schools at all. It is recommended that DEEPEN's information work stream try to tackle this issue through the media and through civil society organisations, as well as any other potential avenues for the distribution of public

information. Parents should be aware before they make their choices that the main school fee is likely to equal only around half of the full costs of attending school for a year, and that it is best for them and their child's education to choose a school that they will be able consistently to afford.

127. Another report from this study, focussing on issues that proprietors face with renting and buying land²³, has recommended the establishment of an advice and mediation bureau, through one or more of the private school associations in cooperation with DEEPEN. It was recommended that such a body could also provide information and advice to landlords too; it is possible that information for parents could also be distributed this way (although the outreach of such an organisation might be geographically limited, meaning that media and civil society messaging might be more effective), as well as through the media. It is recognised that, as with housing and other important costs of living, many people's inclination is to stretch the finances to achieve the best. Public information can hopefully go some way to discouraging families from choosing truly unaffordable schools.
128. DEEPEN's finance work stream should also continue working with financial institutions as well as with schools, to design banking and saving products to help poor parents make multiple smaller fees, and to save for the larger outlays such as a full set of textbooks and a uniform for the start of the year. The failure of such services may be due to the additional costs (interest added) that they entail. If such services could be based at the school with the school paying some fee for the service but being free to parents, this could help such schemes succeed where they have made no difference to date. The incentive for the school would be a steadier flow of income. For the parent there is no real incentive to use a scheme that ultimately costs them in the end, because whether or not the school gets a steady cash flow makes no difference to the parent.
129. DEEPEN could also investigate ways in which materials could be provided at the lowest cost possible, thorough schools at the time of admission. It is recognised that schools are likely to be reluctant to add costs into their fee structure that may put parents off, however ways of achieving a more even distribution of all necessary materials should be investigated. Some call for aid to go to private schools to help them to improve their quality, especially to the lower-fee schools that are most likely to be serving the relatively poor. This research survey, including our school-bases survey, suggests that universal provision of textbooks and materials to all children in all schools in Lagos would most likely be the best way to aid the poorest (attending government schools and

²³ Härmä, J. & Siddhu, G. (2017) The challenges of land and security of tenure for private schools in Lagos. Lagos, DFID-Developing Effective Private Education Nigeria, draft report.

the very cheapest low-fee private schools) and ensure that children in all schools are equipped and ready to learn. It would also be an effective way of incentivising private schools to take part in government data collection activities. There are clear cost and implementation issues connected with this proposal – however there are with any idea to transform or at least give a boost to education in Lagos. For this proposal to work however, would require an ‘amnesty’ of sorts; i.e. the government would need to allow all private schools, of whatever condition, to participate. The beneficiary would, after all, be the child, and not the school; and if universalised, would mean that incentives for corruption or wastage at least at the beneficiary end would essentially be eliminated. Clearly issues of contracting and procurement for the textbooks would have to be done extremely carefully. While there have been issues with population census data in Lagos, we know from household survey data that there are very few out-of-school children in Lagos, meaning that estimating the number of beneficiary children could be done using population growth rates in conjunction with the enrolment data from the the comprehensive school census of 2010-2011.

6. Conclusions

130. This study has examined the issue of the affordability of private schools for a broad cross-section of private school parents, drawn from a sample of low-, medium- and high-fee schools. We have found that 59% of families, making up our ‘general’ sample are for the most part better off than our late-paying sample, and better off than most defaulters. In addition, while most families are spending more than for only the bare essentials, they are having to save money from some areas of education expenditure, unable to pay for all necessary materials, such as textbooks.
131. This study was carried out in a general context of economic gloom, with much higher prices for nearly all of the costs of living. The study finds that changing schools and searching for a better-priced or better quality option is not terribly common amongst sample households, and that changing schools is related to default. While only 7% of families in our sample have defaulted, around one-third are currently ‘late payers’, and our other report from this study has found that allowing children to return to schools where the parent is owing fees, is highly correlated with eventual default²⁴.

²⁴ Härmä, J. & Siddhu, G. (2017) Parental fee default: Extent and Implications. Lagos, DFID-Developing Effective Private Education Nigeria, draft report.

132. While it might appear clear and simple that private schools must be unaffordable to the poor and especially during a recession, the issue is not so clear cut. The report has outlined how parents cut from spending for the household, and also any materials or costs that they can get away with not paying for, in order to keep their child in their chosen private school. This is not true affordability, and has negative impacts for the child whose education is likely eventually to be disrupted, the household, and the school and its teachers. A finding of this report is that ways need to be found to ensure that the price of schooling reflects the full cost and that materials are provided through schools as well as to dissuade parents from choosing schools that they cannot truly afford. Alternatively, a system of universal provision of a full set of textbooks could help to solve a large part of the education problem in the state.

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