

## EduFinance in Marginalized Communities

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## SUMMARY

**The Challenge:** Millions of children are out of school or not reaching adequate levels of learning. Opportunity's EduFinance program has yet to serve marginalized communities at scale.

**Features Solution:** The EduFinance program has set a goal of having 30% of children reached be living in extreme poverty. To achieve this, it has adapted its approach to better serve marginalized communities.

- ▶ **ETAF:** Adaptations include financial solutions (guarantees, grants), partnerships (government, school association, NGOs, more diverse FIs), additional staff, school segmentation, and calibrated expectations.
- ▶ **EduQuality:** Adaptations include use of paper for material distribution, intro seminars, partnerships (for curricular alignment, mobilization, and additional resources), adjusted communication approaches, and adjusted curricula for school leadership and teachers.

**Lessons Learned:**

- ▶ Partnerships are key
- ▶ Dedicated staff are needed
- ▶ Blended finance leverages more capital
- ▶ More technical support is required
- ▶ Greater reliance on cluster leaders and teacher mentors delivers more TA
- ▶ Managers need to adjust expectations and

**THE CHALLENGE: MILLIONS OF CHILDREN ARE OUT OF SCHOOL, OR NOT REACHING ADEQUATE LEVELS OF LEARNING**

Quality education is a critical sustainable development goal (#4), yet 617 million children around the world are either out of school, or are in school but not achieving adequate levels of learning.<sup>1</sup> Opportunity International's Education Finance Program (EduFinance), invests in schools, parents, and teachers so that more children will be learning and have access to quality education, in an inclusive, enabling environment. In the EduFinance model, Opportunity increases access to education through its EduFinance Technical Assistance Facility (ETAF) and by facilitating access to capital for financial institutions (FIs) looking to expand financing in the education sector. ETAF identifies and builds capacity of these FIs to offer school fee loans to parents and school improvement loans to schools. The target schools – non-government, affordable schools – then use loans for infrastructure and materials that expand the number of students they serve and make the schools more welcoming to girls. In the second component of the EduFinance model, Education Quality (EduQuality), Opportunity conducts professional development for school leaders and teachers in order to improve the quality of education. EduQuality establishes peer learning clusters, and identifies and supports teacher mentors to cultivate a sustainable culture of continuous improvement in education quality.

The EduFinance footprint is extensive, but has yet to reach marginalized communities at scale. ETAF works in 31 countries and EduQuality in 13 countries. Altogether, EduFinance works with 164 FI partners, and has facilitated \$793 million in investments into the education sector. The program has benefitted 13.1 million children to date. So far, EduFinance has operated primarily in urban and peri-urban areas. The program's next challenge is to serve more marginalized communities. To reach that goal, the EduFinance program aims to have 30% of children reached be from communities of extreme poverty.<sup>2</sup>

Some of the key challenges facing the EduFinance program when working in marginalized communities include—

- ▶ **Geography:** In rural communities, the distances between schools and between schools and FIs makes operations more time consuming and costly. Roads are often challenging to navigate during inclement weather. Some locations pose security threats.
- ▶ **Smaller FIs:** Often, larger FIs do not operate in more marginalized communities, leaving the EduFinance program to work with smaller, less well-financed FIs.

- ▶ **Lower capacity of school leaders and teachers:** In marginalized communities, school leaders and teachers have less exposure/access to professional development and support and are less financially included. Many schools are not registered to operate, and have no bank account or formal collateral to guarantee loans.
- ▶ **Technology and connectivity:** In many settings, school leaders and teachers have limited digital literacy and may not use basic cell phones, much less smartphones or computers.

### Education Marginalization Defined

In the context of EduFinance, marginalized communities refers to schools and/or parents who have historically faced exclusion and possibly discrimination and limited access to educational support and/or financial services and resources.

To address these challenges, the EduFinance program has adapted its approach and adjusted its expectations.

### ETAF ADAPTATIONS

Operating among marginalized communities in northern Ghana and Mityana, Uganda, EATF has made the following key adaptations to enhance effectiveness:

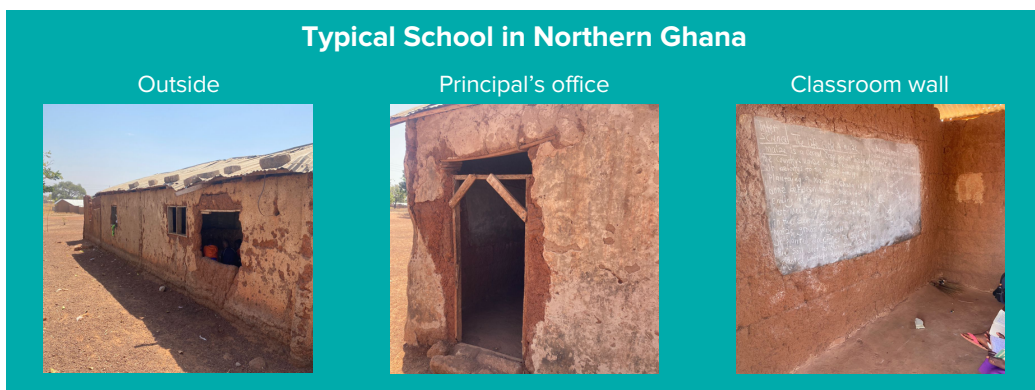
- ▶ **Innovative Financial Solutions:** To reduce risk to smaller FIs in offering finance to affordable schools in general and to marginalized schools specifically, the EduFinance program is offering loan portfolio guarantees (in Mityana, Uganda). To help schools become stronger candidates for financing, the program offers grants to schools (in northern Ghana), along with training in how to effectively use grants to become positioned for further growth financing.
- ▶ **More Partnerships:** To leverage deeper support for schools, EduFinance engages the government (for example, the Ministry of Education in northern Ghana), private school associations, and other NGOs working to improve education in the target locations. To mobilize parents around school fee loans, ETAF works with community-development ministries to identify village savings and loan groups (VSLAs),<sup>3</sup> and then reaches out to parents through these VSLAs to promote the concept of using loans for school fees (in northern Ghana).
- ▶ **New Types of FI Partners:** To mobilize capital for schools and parents in marginalized communities, ETAF partners with a more diverse set of FIs. These include rural community banks, savings and credit cooperative societies (SACCOs), and VSLAs (in northern Ghana), for school fee loans and basic school improvement loans.
- ▶ **Higher staffing levels:** ETAF assigns dedicated associates and managers to marginalized communities to conduct outreach, coordinate support, and work more intensively with FIs and schools.
- ▶ **School segmentation:** ETAF differentiates among schools based on level of income, capacity to borrow, and need to access finance.
- ▶ **Different Performance Expectations:** Tracking the number of schools and/or parents financed and the steps they have taken to improve their schools are important intermediate indicators, while the value of capital mobilized is expected to be lower.

### Profile in Northern Ghana's Education Status

The poverty rate in northern Ghana is 50%, high compared to Greater Accra (22%); and, 70% of the population resides in disadvantaged rural areas. In Ghana, the concentration of women and girls who have never attended school is highest in the north (59%), compared with only 14% in Greater Accra. An estimated 10% of schools in northern Ghana are private schools, and the majority (65%) are "low-fee."

*UNICEF et al, "The Ghana Poverty and Inequality Report." 2016; USAID, "Leveraging Low-Cost Private Schools in Northern Ghana. 2021.*

### Typical School in Northern Ghana



### EDUQUALITY ADAPTATIONS

EduQuality is operating in northern Ghana, with marginalized communities in southern Ghana, and in the Democratic Republic of Congo (DRC), among other marginalized locations. The EduQuality team has made the following adjustments to its approach when operating in these communities:

- ▶ **Technology Adaptations:** When delivering educational resources and tracking training progress, EduQuality normally distributes tablet technology, loaded with appropriate software, to teachers and school leaders

using a blended learning approach combining in-person training with self-guided digital learning. In some marginalized communities, however, EduQuality uses a paper-based approach, for example in the DRC. This model utilizes staff to enter and submit data on behalf of the schools.

- ▶ **Introductory Seminar:** Prior to engaging in professional development, EduQuality conducts a seminar aimed at introducing the program opportunity to school leaders, mindset change around working in a cluster with peer schools, and completing a school self-assessment of quality that is used to inform school development planning.
- ▶ **Partnership:** As is the case with ETAF, EduQuality engages in more and deeper partnerships in marginalized communities. The government (in northern Ghana, the Ministry of Education and the National School Inspection Agency, NaSIA) is a critical partner in providing the fundamental curricula that schools should follow, in helping to reach out to and mobilize schools to participate in EduQuality, and in providing additional resources targeted to marginalized communities.
- ▶ **Mobilization:** EduQuality typically communicates with school leaders and teachers via WhatsApp message groups, but in more marginalized communities staff resort to basic SMS text and phone calls. In rural areas where few people use cell phones, staff organize training events and cluster meetings well in advance, printing out the list for cluster leaders and teacher mentors to distribute in-person to target participants. On the day of events, staff and leaders often still need to “round up” participants, leading to late starts and delayed finishing times. In rural areas with low population density, EduQuality provides monetary support for transportation to and from training and cluster meeting venues.
- ▶ **School Leadership Professional Development:** The content of these trainings is adapted to meet the more basic skill development needs of more marginalized school leaders. For example, many leaders do not keep even paper-based records, so this is a key focus on the training. Leaders are also motivated to effectively collect school fees and bank them, to demonstrate their financial capacity to banks in order to better access school improvement loans later.
- ▶ **Teacher Mentor Professional Development:** The content of this training is also adapted to the context of the teachers. For example, many schools do not have strong enough walls to post learning materials and only have basic chalkboards as communication tools, so teaching methods need to be effectively downsized to be appropriate for their teaching environment.



EduQuality Teacher Mentor Training, Uganda

## LESSONS LEARNED IN SERVING MARGINALIZED COMMUNITIES

Both ETAF and EduQuality have learned valuable lessons so far in their work in marginalized communities.

- ▶ **Partnerships are key:** Partnerships – especially with government and other NGOs focused on education – are critical for mobilization and technical support.
- ▶ **Dedicated staff and higher staffing levels support better results:** Because the work is more labor-intensive and somewhat specialized, dedicated staff are needed as well as more intensive technical assistance.
- ▶ **Blended finance (a mixture of grants, loans, and/or investments) catalyzes investment:** Blended finance at the FI and school level helps mobilize capital.
- ▶ **Stronger leveraging of cluster leaders and teacher mentors:** These leaders become even more important in marginalized communities to support staff with outreach and ongoing technical advice.
- ▶ **Adjusted expectations and accommodations:** The results will be lower than in less marginalized communities, and/or the cost and time to meet expectations will be higher. In addition, disruptions due to unseasonable weather (leading to poor road conditions) and – in some locations – due to conflict, need to be accommodated.

<sup>1</sup> Opportunity International, “Why Education?” website: <https://edufinance.org/what-we-do/why-edufinance>, downloaded March 1, 2024.

<sup>2</sup> A person living in extreme poverty lives on less than \$1.90/day. [World Bank](https://www.worldbank.org/).

<sup>3</sup> [VSLAs](https://www.vslas.org/) are community-based savings and loans groups.