

Case Study

IDP Rising Schools Program

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Introduction

The IDP Rising Schools Program (IDPRSP) is a microfinance scheme implemented in Ghana that was created in 2009 by the IDP Foundation in partnership with Sinapi Aba. The program targets low-fee schools that offer education to low-income families. School owners receive microcredit as well as other forms of support, such as training.

Stated problem

In the developing world, some low-income families choose to send their children to low-fee private schools. Such schools are owned by local school proprietors who run these schools by charging parents a small tuition. Some argue that these parents require “more access and accountability than the government sector can provide” (IDP Foundation, 2019). Despite the growing market demand, these low-fee private schools still lack access to many basic services and usually do not have access to financial support from public and private sources. The IDP program was developed in response to this market demand of impoverished parents in search of quality education for their children and the need to improve the service provision by low-fee schools.

Finance mechanism

IDPRSP was created in September 2009 by the IDP Foundation and Sinapi Aba. IDP Foundation is a non-profit organization that supports “innovative and sustainable solutions to complex global issues”. Sinapi Aba is a microfinance institution that “provides loans, financial literacy and school management training to proprietors of the low-fee private schools that are participating in the program” (IDP Foundation, n.d.).

IDPRSP is based on a profitable microfinance model. Microfinance is mainly related to microcredit, which can be defined as “a credit of low amount destined to people having little or no income” (ADA, 2019). Microfinance is mostly used in developing countries, such as those in Africa and in Latin America, as small entrepreneurs in these places often lack the capital required to start a company. In response to that, micro-finance institutions have set up services, financial products, and non-financial services that aim to promote poverty reduction by facilitating access to small loans. In the case of IDP Foundation, microcredits are mostly loans given to school owners, but the offered services might also include insurances, deposits, and others.

The IDP program is targeted towards low-income private schools, where the school fees are on average USD 15 per term. School proprietors receive microcredit as well as other types of support, especially training. They receive extensive training in financial literacy and school management, which enable them to apply for future business loans. The cost of training is included in the terms of the loan products. The following topics are covered in the training: “accounting, savings, handling credit, human resources management, community relations and registration with Ghana Education Services (GES) as a school and business”.

Outcomes

After a pilot study with “105 existing very poor private schools with an initial enrollment of 27,000 primary-aged children”, the IDP Foundation became a “fully-developed program that is rapidly expanding throughout Ghana” (IDP Foundation, 2019). Over 650 schools serving 150,000 children have successfully graduated from the IDPRSP between 2009 and 2020. The program plans to include 450 more schools by the year 2023.

References

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