



# Informal fee charge and school choice under a free primary education policy: Panel data evidence from rural Uganda

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## ABSTRACT

Although Uganda became a pioneer in sub-Saharan Africa by introducing a fee abolition policy to achieve universal primary education, charging fees has become increasingly common. This study assesses the effect of informal fee charges in public schools on primary school attendance and choice in rural Uganda, finding that there is a strong negative effect of high fees on public school attendance of children from poor households. The study also finds a limited role of private schools absorbing the children from poor households who left public school due to high fee charges.

## 1. Introduction

The international community has made significant efforts to ensure universal primary education (UPE) since the 1990 World Conference on Education for All (EFA) held in Jomtien, Thailand. While the new framework for action toward 2030 set ambitious and challenging goals and targets, the most important EFA target, UPE, is still far from being reached (UNESCO, 2016). Encouraged by the EFA's initiative, school fee abolition policies were introduced in many developing countries as a crucial step toward achieving UPE. In sub-Saharan Africa (SSA), Uganda pioneered the introduction of a school fee abolition policy. Since the UPE policy was introduced in 1997, government commitment to the education sector has dramatically increased, and the priority of developing the primary education sub-sector has risen greatly.<sup>2</sup>

Consequently, Uganda has made great strides in expanding access to primary education. However, UPE has not yet been fully achieved due to several economic and non-economic factors, and little progress has been made in recent years in reducing the number of out-of-school children (Tamusuza, 2011; Yamano et al., 2006). Furthermore, due to insufficient public funding, the role of private financing in the provision of primary education has been growing informally, particularly in rural areas.

The failure of public education providers to fully implement the UPE policy has triggered a mushrooming of private schools in Uganda (Kisira, 2008). In addition to the expensive private schools for elites in urban areas, the role of private schools in rural areas has been growing, catering to children from poorer households. This trend has been

observed in many developing countries, particularly those in South Asia and SSA (Ashley et al., 2014; Heyneman and Stern, 2014; Lewin, 2007; Tooley and Dixon, 2005). Concerning the emergence of private primary education, some studies have found that increasing the share of the private sector contributes to reducing the number of out-of-school children (Tooley and Dixon, 2005; Tooley and Longfield, 2013). However, many studies have also found that only wealthier households have a real choice of schools (Akaguri, 2014; Alderman et al., 2001; Bold et al., 2013; Glick and Sahn, 2006; Nishimura and Yamano, 2013).

Moreover, although abolishing fees for public schools is central to the UPE policy's aim of removing financial hurdles in providing education to the poor, some public schools are charging various fees to parents/guardians at the initial stage of UPE policy implementation (Byamugisha and Nishimura, 2015). Although prohibited by law, charging households fees has become increasingly common in rural public schools (Kayabwe and Nbacwa, 2014). There have been several empirical studies of this topic with mixed results. Regarding the debate around charging fees in public primary schools, some empirical evidence has indicated, on the one hand, that there is a strong willingness in developing countries to pay for education, even in poor households (Kattan and Burnett, 2004; Gertler and Glewwe, 1990). On the other hand, other studies have found that schooling costs remain a barrier to primary school attendance (Lincove, 2012).

After abolishing fees from primary education, there may be a need for governments to take appropriate measures to increase the role of private financing, especially from households, to sustainably fund education. At present, little is known about the effect of the growing

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<sup>2</sup> After the introduction of the UPE policy, the share of public education expenditure in the GDP increased from 1.6% to 3.8%, and the share of the primary education sub-sector in public education expenditure increased from 40% to 65–70% (Nishimura and Byamugisha, 2007).

role of private financing on primary schooling in rural areas. This information would provide the critical evidence required to adjust the current UPE policy. Against this background, this study aims to investigate the determinants of primary school attendance and choice in rural Uganda, with special focus on assessing the effect of high informal user fee charges in public schools. This, in turn, should shed light on the difference between children from poor and non-poor households in terms of the effects of charges on school choice.

This study is significant because it makes an academic contribution in the explicit assessment of the effect of informal fee collection in public primary schools under the fee abolition policy. Several studies have identified the existence of this type of non-negligible payment in Uganda and in other developing countries where a free primary education policy has been implemented (Byamugisha and Nishimura, 2008, 2015; Foko et al., 2012; Kattan and Burnett, 2004; Lincove, 2009, 2012; Nordstrum, 2012a, 2012b; Oumer, 2009). However, few studies have empirically examined its determinants and its effects on access to primary education.

One of the prior studies closest to this one is Lincove (2012), which empirically analyzed the effect of price on schooling under the free primary education policy in Uganda using cross-sectional household survey data collected in 2001. While Lincove (2012) examined an overall effect of school price on schooling by using the amount of household educational expenditure paid to schools, this study provides evidence from panel data and focuses more on assessing an effect of the presence of fee charge in each public school utilizing school-level information to create a related variable. Moreover, while Lincove (2012) applied a school attendance model in her analysis, this study applied a school-choice model, which was used in other studies (Bold et al., 2013; Nishimura and Yamano, 2013). Considering the recent increase in the participation of the private sector in the provision of primary education, it is critical to apply school-choice model especially in analyzing the fresh data from rural Uganda in order to capture the real situation (Kisira, 2008).

The remainder of this paper is organized as follows. The next section describes the Ugandan context of informal user fees in public schools and the emergence of private schools. Section 3 reviews the existing literature on these topics and some Ugandan case studies. Section 4 outlines the methodology, followed by the results and discussion in Section 5. The last section provides the conclusions.

## 2. Country context

### 2.1. Informal user fees in public schools

In rural Uganda, government-aided schools are not officially allowed to collect money from parents and guardians (Najjumba et al., 2013). This is because of Article 9 of the Education Act of 2008, titled “Prohibition of charging for education in UPE or UPPEP.”<sup>3</sup> There is nothing new in pointing out the existence of user fee collection from households in Ugandan public schools after the introduction of the UPE policy. In general, the Parent Teacher Association (PTA) actually accepts the role of collecting informal fees.<sup>4</sup> The amounts to be paid and plans for expenditure are agreed upon during the PTA’s general meetings and are then approved by the School Management Committee (SMC).

It has commonly been found that the fee amount varies depending on school location. Partly because of a clause in the Education Act of

<sup>3</sup> Article 9 (1) states: “No person or agency shall levy or order another person to levy any charge for purposes of education in any primary or post-primary institution implementing UPE or UPPEP programme” (Republic of Uganda, 2008, p.14).

<sup>4</sup> Due to the nature of this fundraising process in Uganda, the fees are sometimes referred to as “PTA fees.” There are also cases where schools use names such as “development fee” or “exam fee” according to the purpose of the fee collection (Kisira, 2008; Nishimura and Byamugisha, 2007).

2008 that officially allows urban public schools to levy charges, urban schools tend to charge higher fees than rural schools. It is also important to note that in-kind contributions, or contributions by way of labor provision, are especially common in rural public schools, in addition to household cash contributions. Typically, in-kind food contributions allow children to be fed in rural public schools (Najjumba et al., 2013).

Kayabwe and Nbacwa (2014) found that there was a compulsory nature to fee collection in some rural schools. As mentioned above, the Education Act of 2008 strongly prohibits all public schools from sending pupils away if they fail to make voluntary payments. However, Kayabwe and Nbacwa (2014) found that all 14 of the sampled schools, located in either urban or rural areas, employed both direct and indirect tactics to make parents/guardians pay voluntary fees. For instance, in one sampled rural school, they found that pupils whose parents/guardians had failed to make the necessary fee payment were not allowed to move to the next grade level because they had not received their report cards at the end of the previous school term/year. In another sampled rural public school, they found that children whose parents/guardians had failed to pay fees were simply sent back home to collect the money.

From a legal perspective, any child of primary school age in Uganda must not lose access to schooling simply because they cannot afford to pay school expenses. In this sense, the Ugandan UPE policy can be categorized as a free primary education policy. However, public primary education in Uganda is not “free” in a practical sense. In this study, the term “informal user fee” is used to refer to fees that rural government-aided schools charge to households. The term “informal” is used because the collection of fees by rural government-aided schools is legally prohibited, excepting emergency situations. In addition, this study only covers fees paid in cash by households.

### 2.2. Private schools

In the Ugandan context, the majority of primary schools were founded by religious bodies, but there are also “community schools” that were started up by rural communities in self-help initiatives. After the introduction of the UPE policy, the government took over many of the religiously affiliated private schools and community schools (Kisira, 2008). As a result, government-aided schools founded by religious organizations currently constitute the majority of primary education provision in Uganda. Though they are few, there is also a number of government-aided primary schools founded by the community and the government. The largest number of private schools are founded by entrepreneurs. The rest are founded either by the community or religious organizations.

It is important to note that the UPE policy was implemented alongside the liberalization of the provision of education services, which allowed private schools to operate in the first place (Bategeka and Okurut, 2006). Administrative data show that the percentage of pupils enrolled in private schools has doubled, from 8.3% in 2005 to 19.5% in 2014 (MoES, 2016). However, there is a significant number of unregistered private schools that are not part of the annual school census conducted by the Ministry of Education and Sports (MoES) (Kisira, 2008). Given the limitations of the administrative data, statistics calculated according to household survey data might provide a more realistic description of the situation.<sup>5</sup> According to an estimation based on data collected by the Uganda National Household Survey (UNHS) 2011/2012, the percentage of pupils attending private primary schools was 28.6%. After restricting the sample to rural areas, the percentage was 23.4% (UBOS, 2014).<sup>6</sup>

<sup>5</sup> The low response rate of private schools in the annual school census also decreases the reliability of the administrative data (MoESTS, 2015).

<sup>6</sup> In contrast, almost half of the pupils (48.4%) in urban areas attended private schools (UBOS, 2014).

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