

Kenya School Financing and Technical Assistance Facility, IFC Impact Evaluation Concept Note

First version for comments

1. Description of the program

This project is an IFC initiative to provide local currency financing and technical assistance (TA) to private K-12 institutions in Kenya. On December 7, 2006, IFC signed a risk-sharing agreement with K-Rep Bank (K-Rep) of up to 120 million Kenyan shillings (\$1.7 million equivalent) on loans extended to eligible private schools in Kenya. Under this agreement, IFC shares 50 percent of the risk on the pool of loans made to schools after an initial 5 percent first loss taken by K-Rep. Schools will use these loans to finance construction projects, purchase educational materials, including computers, and cover other capital expenditures. To support the risk-sharing agreement, a comprehensive technical assistance program is under preparation and is scheduled to begin in the first quarter of 2007. The program will be designed to improve schools' financial, management, and educational capacities; strengthen K-Rep's ability to evaluate and monitor loans to schools; and foster the development of an independent provider of educational services to private schools.

The TA delivered to schools includes the following:

- An introductory workshop that will introduce the K-Rep facility and associated technical assistance, and provide comprehensive training on school self-diagnostics, strategic planning, and business plan development.
- Following receipt of the loan, both individualized attention and workshops covering: the installation of and training in the use of a comprehensive EMIS, accounting and financial management, human resource and training management, curriculum and learning management, quality assurance (including self-diagnostic and evaluation processes) and student-level monitoring.

The program's target areas are Nyeri (Central), El Doret and Nukuru (Rift), Mombassa (Coast), and Nairobi (Nairobi). The TA program will be phased in by region, beginning with Nairobi. It is expected that one team will carry out all introductory workshops over a six-month period.

2. Design of the Impact Evaluation and Identification Strategy

In principle, the program has the objectives of increasing access to education, especially for students in low-income households, and ultimately raising the quality of education. Based on these objectives, there are three main research questions:

- Does the program increase the sustainability of participating schools?

- Does the program increase access to education for low-income students?
- Does the program improve educational outcomes?

The nature of the risk-sharing agreement between IFC and K-Rep does not allow for randomization of loan recipients. However, we can use the TA program as the identification mechanism. There are two proposals for the randomization design, which are described below. The evaluation team is discussing with key people at the World Bank the implications of both.

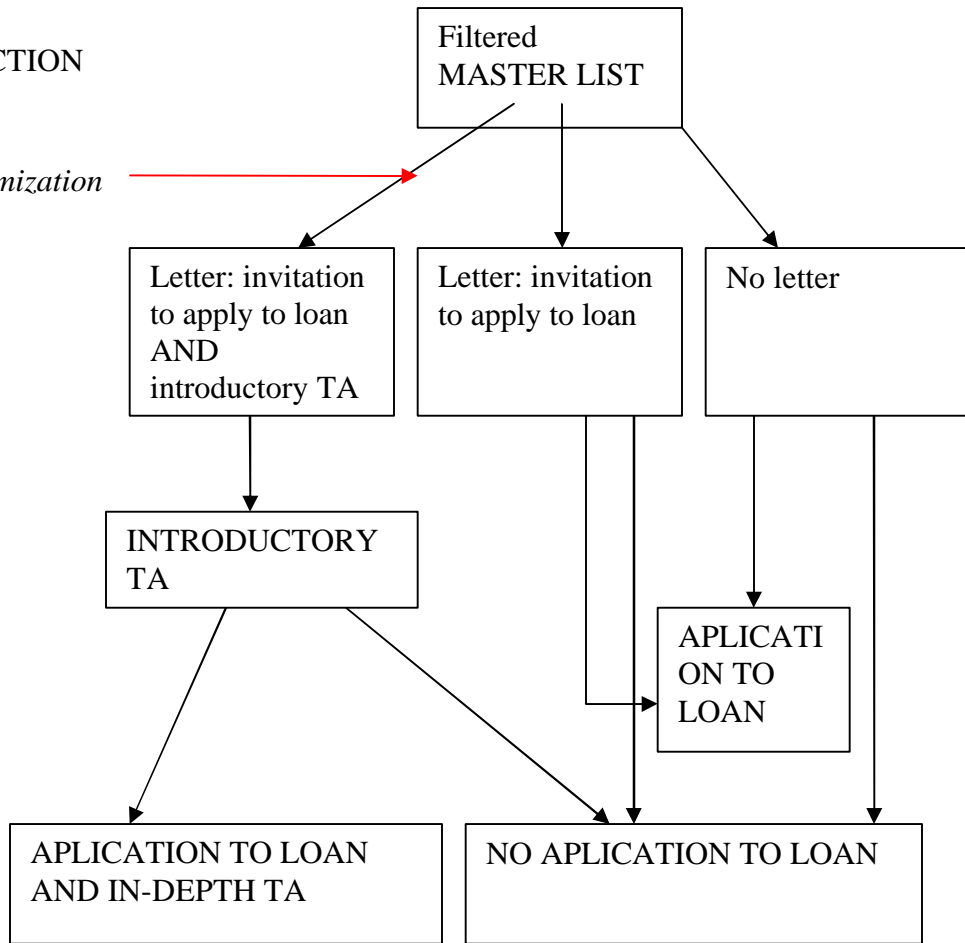
The following diagrams describe two potential randomization strategies. The numbers are approximations based on interviews with K-Rep; the Aga Khan Foundation (an NGO that specializes in educational services), and others. It is expected that 100 schools will participate in the TA program. This number is based on the size of the risk-sharing facility and the estimated average loan size based on a survey of a sample of 86 schools. It is entirely possible, and highly likely, that K-Rep will lend to schools that do not participate in the TA program. That is, the TA is in no way obligatory for a school wishing to obtain a loan. As long as a school meets the basic lending criteria, K-Rep can extend a loan, and that loan will be included under the risk-sharing agreement. Thus, we will have four different types of schools in our sample: schools that receive both the TA and a loan, schools that receive TA but not a loan, schools that receive a loan but not TA, and schools that receive neither a loan nor TA.

The master list of private schools in Kenya comes from three sources: the membership list from the Kenya Private Schools Association; the list of registered and non-formal schools from the Ministry of Education; and the list of non-formal schools from the Kenya Independent School Association (receipt of this list is still pending). A first approximation indicates that the total number of schools is around 2,000. This master list will be filtered to include only those schools that could potentially qualify for a loan from K-Rep. Filtering criteria include: geographical location, school size, number of years in existence, and debt status.

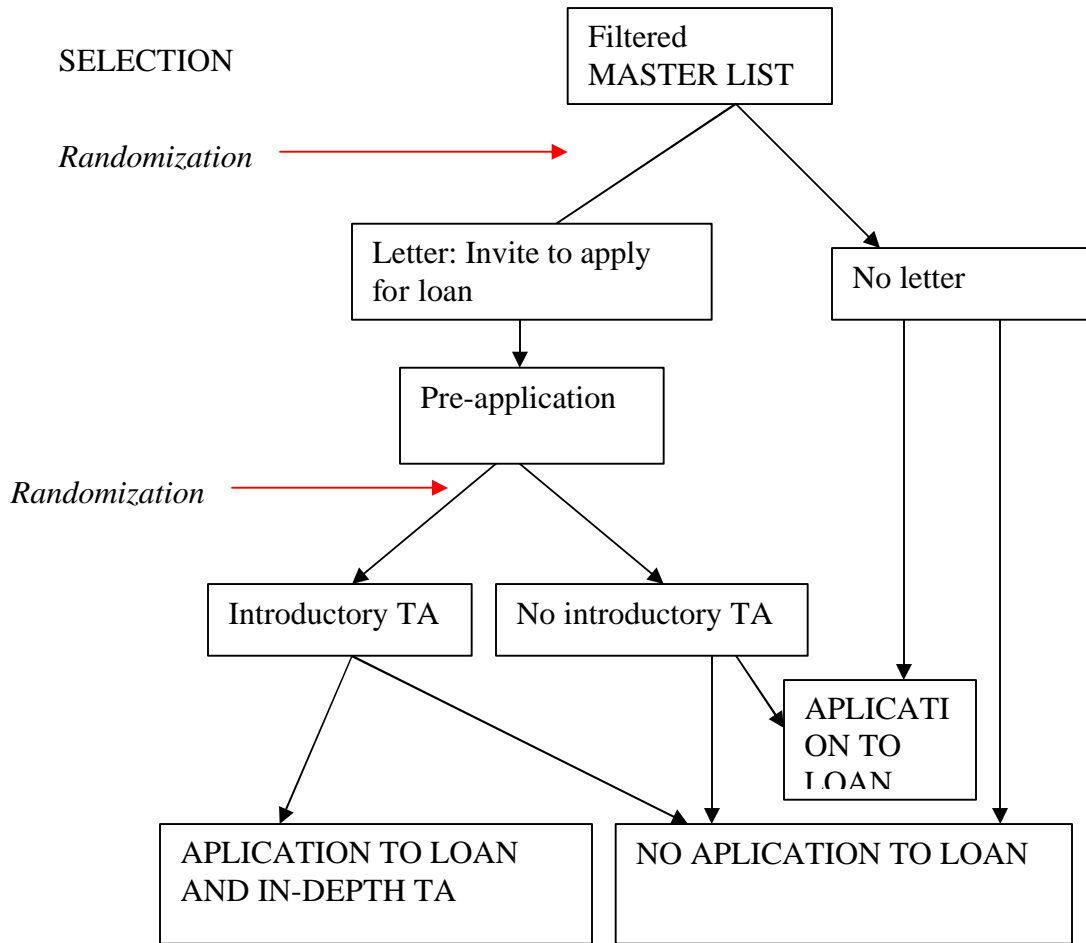
STRATEGY A.

SELECTION

Randomization



STRATEGY B.



Clearly, based on these diagrams, it is possible to build several control and treatment groups. Two points of randomization are present in Strategy B: randomization at the invitation level and randomization at the introductory TA level. This model is a complex model, and it may have several implementation risks (for instance, problems in the timing of events). Strategy A is simpler, but only has one source of randomization.

3. Data sources

As discussed previously, the master list is a critical component of the strategy. The program's operational team is currently assembling this list based on the sources listed above. Also, the operational team contracted a consulting firm to carry out a survey of schools during 2005. These data can be used as part of the base-line survey.

The proposal for the evaluation is to undertake one base-line survey in the first quarter of 2007, since the TA program will likely start around the beginning of March. It is possible to coordinate the collection of base-line information with the phase-in of the introductory

workshops. Ideally, we may want to carry out two follow-up surveys, one year after the base-line and two years after the base line.

4. Outcome variables

The variables that we are collecting are the following (among others):

- Control variables: individual characteristics (gender, age, some proxy for income, demographics of the family, geographic region, etc.) and school characteristics (infrastructure and teacher characteristics)
- Exposure to the program: use of EMIS, preparation of business plans, change in corporate governance, preparation of strategic plans, school diagnostics, HR policies.
- Individual educational variables: repetition rates, drop-out rates, absenteeism, standardized test performance (based on national test, only for grade 6), self reported hours of study outside of school, self-reported assistance, grades on the last math test, student happiness.
- School level variables: enrollment, allocation of teachers' time, financial indicators (revenues and costs), teacher absenteeism, teacher happiness, teacher turnover, teacher qualification.

5. Feasibility, and government acceptance

IFC, K-Rep, and the firm that will most likely deliver the TA are aware and approve of the design of the evaluation. A potential problem is in the collection of data from schools that are not participating in the program. The proposed strategy to gain cooperation is to spell out for schools from the beginning the nature of the program and the lottery that will be used to select participants. It will also be explained that because the TA program envisions the creation of an independent entity that will deliver school development services on an on-going basis, schools that are not selected in the lottery may ultimately gain access to these services. The Ministry of Education is supportive of the general program and is conscious of the need to enhance the private sector.

6. Time line

Time line	06 07					08											
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Ago	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
1. Construction of Master List	█																
2. Design Identification strategy	█	█															
3. Randomization		█	█														
4. Send letters			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
5. Introductory seminar			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
6. Application to loans			█	█	█	█	█	█	█	█	█	█	█	█	█	█	█
7. TA								█	█	█	█	█	█				
8. Follow up																█	█

7. Budget and all funding sources

Thus far, funding has been secured from the BNPP. These resources will probably cover the base-line survey and the salary of a part-time administrative person on the ground. Clearly, we need to find resources for the follow up survey(s), probably amounting to

around US\$60.000 (based on estimates from such work in other countries). Limited funding may be available from PEP Africa as well as from IFC's SME Department.

8. Team

- Evaluation team
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- Program team:
 - Aida W. Kimemia, Sr Investment Officer, TTL Financial component of the program
 - Tanya D. Scobie, Operations Officer, TTL TA component of the program
 - Jane Onoka, Program manager, TA component of the project