

# Save Time Opening a Private School in Tanzania

Toolkit and Case Study from Silverleaf Academy

August 2017



**Silverleaf**  
Academy



## Acknowledgements

Silverleaf Academy would like to express its gratitude to the Human Development Innovation Fund (HDIF) and UK Aid for supporting game-changing ideas which have the potential to make real impacts within Tanzania. We appreciate that Tanzania can be a difficult environment to do business in – the World Bank Ease of Business report ranked Tanzania as 132 out of 190 countries for doing business in 2016. It is even more challenging to be innovative within traditional systems such as the education sector. That being said, HDIF and UK Aid are leading the initiative to support programs and businesses, such as Silverleaf, which aim to disrupt the traditional ways of working in the sector, promote innovation, and foster development.



## Table of Contents

<b>Introduction</b>	<b>2</b>
Current Status of Private Schools in Tanzania	2
How to Use the Toolkit and Case Study	2
<b>Toolkit</b>	<b>3</b>
Process for Opening a Private Primary School	3
Challenges to Opening a Private Primary School	9
Recommendations for Success	10
Resource Points	10
<b>Case Study – Silverleaf Academy</b>	<b>11</b>
Introduction	11
Silverleaf’s Experience in Securing Property	11
Identified Challenges in the School Rental Model	13
Silverleaf’s New Approach to Securing Schools	14
Lessons Learned	16

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# Introduction

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## Current Status of Private Schools in Tanzania

Private schools, particularly those financially accessible to low and middle-income families, have the potential to make a dramatic impact on education provision in Tanzania by reducing the burden currently placed on the government school system. In 2015, the Tanzanian government made a landmark decision in declaring free basic education. A worthwhile effort to improve access to education for Tanzanians across the country.

That being said, overcrowded and under-resourced government schools, particularly at the Primary level, struggle to cope. Class sizes average 42 students per 1 teacher (Basic Education Statistics of Tanzania 2016). On average, 3 students share 1 textbook (Uwezo 2017). While the student to teacher ratio has decreased and the supply of resources has improved over recent years, learning outcomes across the sector have not improved significantly. In 2015, only 72% of Standard VII students could pass Standard II level assessments in math, Kiswahili, and English (Uwezo).

Private schools, while financially unattainable for some Tanzanian families, have the potential to reduce the burden government schools currently face related to overcrowded classrooms and limited resources. In 2016, only 6% of Primary schools in Tanzania were private, and there were only 14% more private Primary schools in 2016 than 2015. The low number of private schools is largely attributed to the cost of opening a school as well as the arduous and complicated process aspiring school owners must follow to register a private school. Some aspiring schools have reportedly been seeking formal registration for over 18 months. Greater transparency and clarity on how to open a private school will advance initiatives to supplement the government school system with private sector alternatives.

## How to Use the Toolkit and Case Study

The Toolkit and following Case Study on Silverleaf Academy should be used by aspiring private school owners as guidelines for best practices in opening a primary school in Tanzania. The Toolkit walks through the reader through the regulatory process of opening a school site, from site identification to school opening. The Toolkit also provides a summary of key challenges to opening a private primary school, as well as strategic recommendations for success. Immediately following the Toolkit are links to resource points for completing the school registration process.

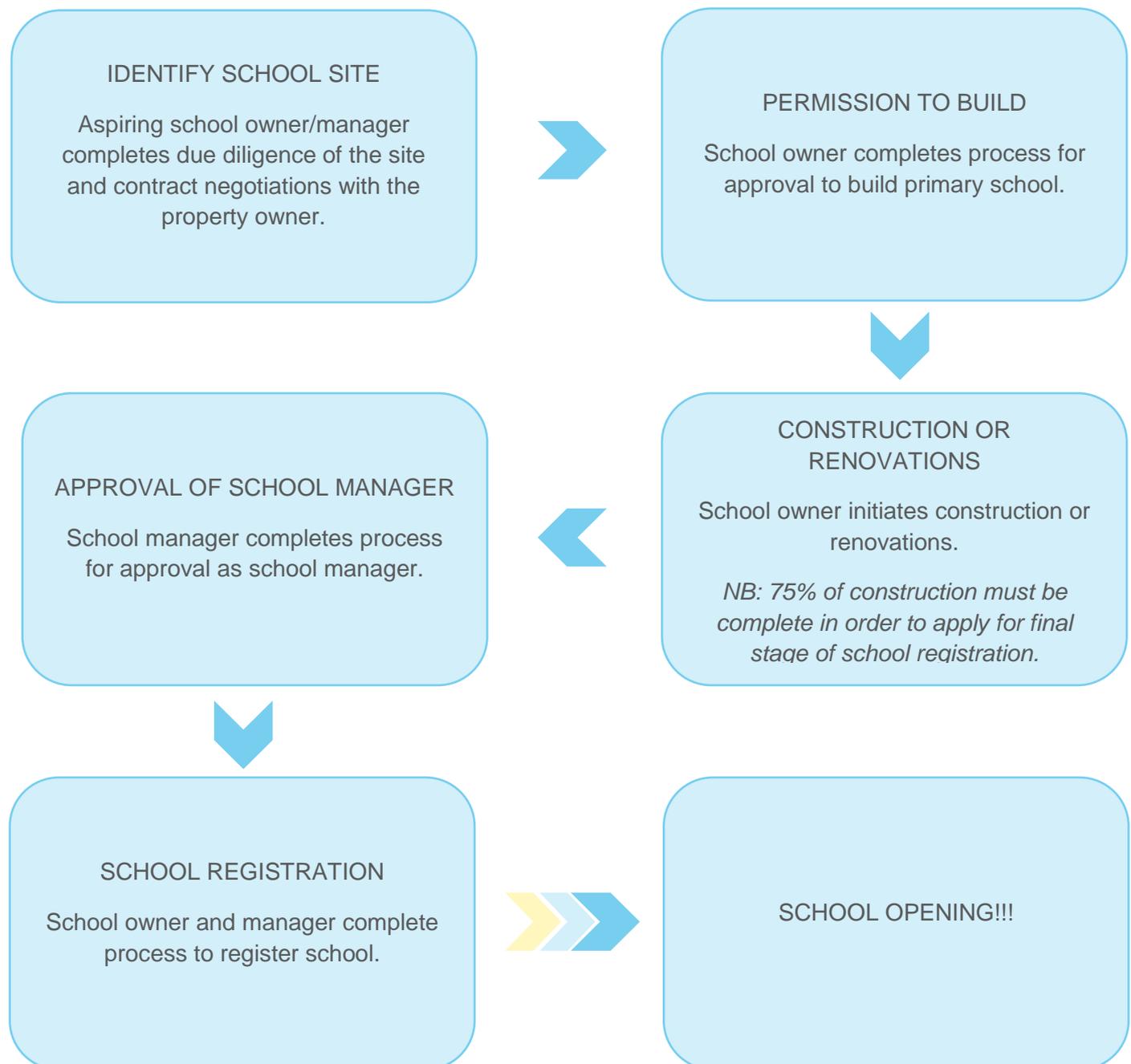
The supplementing Case Study on Silverleaf Academy is intended to act as lessons learned for the education sector in Tanzania. Sharing the knowledge learned by Silverleaf in its first year and a half of operations will improve awareness and efficiency throughout the sector for the government, donors, and aspiring private schools on the obstacles aspiring private schools face, as well as recommendations on how to mitigate against these challenges in future school openings.

# Toolkit



## Process for Opening a Private Primary School

The process from site identification to school opening is estimated to take anywhere between three to 18 months. The expansive time range is due to the wide variations in time required to complete contract negotiations with the property owner, construction or renovations, and the three stages of registration with each level of government. The process map below provides a general overview of each step an aspiring school owner or manager should follow in order to open a private primary school at an identified site.



**QUICK FACT:** The timeline is difficult to predict because there is so much **variance within each step.**

## What are the Regulations on Taxes and Licenses?

All organisations – businesses, community-based organisations, and charities – must first register with the Tanzania Revenue Authority (TRA) to receive a Tax Identification Number (TIN). For aspiring schools which will operate as businesses, school owners must then apply for a business license with the District or Municipal Office. Upon receiving the business license, owners must then report back to TRA in order to receive a quote for the expected tax owed in the first year of operations.

## What are the Site Requirements?

All new private primary school sites must meet minimum standards set by the Ministry of Education. Property requirements must be met in order for the site be approved in the first step of registration (permission to build). After receiving permission to build and approval for the new school owner and/or manager, the new school operator must complete 75% of the infrastructure requirements detailed below prior to initiating the final step of school registration by inviting District Quality Assurance Officers to inspect the site.

PROPERTY REQUIREMENTS		INFRASTRUCTURE REQUIREMENTS	
<b>Zoning</b>	Education	<b>Classrooms</b>	8 classrooms (Pre-Primary, Standards I-VII)  Each classroom at least 30 x 30 feet in dimension
<b>Size</b>	Urban 3.5 acres Rural 7.5 acres	<b>Administration Block</b>	2 rooms (1 Head Teacher Office, 1 Teacher Planning Room)
<b>Title Deed</b>	Detailing ownership	<b>Kitchen</b>	Built in wood-burning stove and access to water
<b>Architecture Plan</b>	Current infrastructure layout	<b>Dining</b>	Must hold 300-500 students
		<b>Windows</b>	2-3 on at least one side of classroom, 5 x 5 feet dimensions
		<b>Doors</b>	Normal size and must open from the outside
		<b>Toilets</b>	1 toilet per 25 boys, 1 toilet per 20 girls, separate staff toilets, and access to plumbing system
		<b>Playground</b>	Leveled playing field. Preferably with football pitch and concreted netball pitch.

**QUICK FACT:** Having hygienic and an adequate number of **toilets** is **very important** to inspectors. National average is 1 toilet per 52 students, over double the regulatory standard.



# A Learning from Silverleaf



Follow all of the rules.

**What Silverleaf Did:** Silverleaf signed a lease agreement with a property that did not meet the minimum 3.5-acre requirement and ultimately faced roadblocks in registering the site due to its small size. *Why do this?* Silverleaf received an initial letter of approval from the Regional Chief Inspector prior to leasing the site. The mindset was, “if the Chief Inspector approved, and if other schools are on sites smaller than 3.5 acres, then Silverleaf should be covered and the school will be register”.

**What Silverleaf Learned:** Strictly follow the rules. Approval letters outside of the formal registration process and the examples of others is not assurance that your school will also be approved if it does not meet the minimum site requirements.

What some registered primary schools look like...



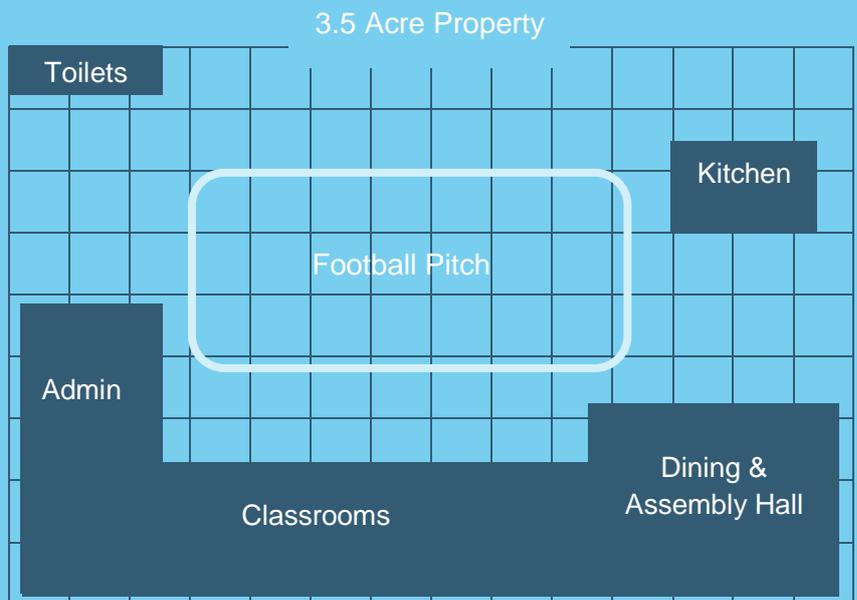
No space for all of the infrastructure requirements.



What registered primary schools SHOULD look like...



Plenty of space for all infrastructure requirements.



## What is the Registration Process?

School owners and managers must follow a three-stage process in order to establish and register a private primary school with the Ministry of Education. Each step requires the school owner to receive permission from the Ward, District, Regional, and National levels.

1

### PERMISSION TO BUILD

**PURPOSE:** Attain approval of school owner and to “build” a primary school on the site.

**ACTIVITY:** Complete site inspections and submit Form RS6

- ✓ Ward Education Officer and Street Chairman provide recommendation letter after inspecting site and speaking to community to confirm need for school.
- ✓ District Quality Assurance Officers provide recommendation letter after inspecting site and reviewing architectural plans to confirm standards are satisfied.
- ✓ School owner submits Form RS6 with attached recommendation letters from Ward and District to Education Commissioner at Ministry of Education, copying District Commissioner.

2

### APPROVAL OF SCHOOL MANAGER

**PURPOSE:** Attain approval of school manager as education provider

**ACTIVITY:** Complete Form RS7

- ✓ Compile CVs and education degrees of school manager, head teacher and teachers
- ✓ School manager submits Form RS7 with attached CVs and education degrees to Education Commissioner at Ministry of Education, copying District Commissioner.

3

### SCHOOL REGISTRATION

**PURPOSE:** Attain school registration with the Ministry of Education

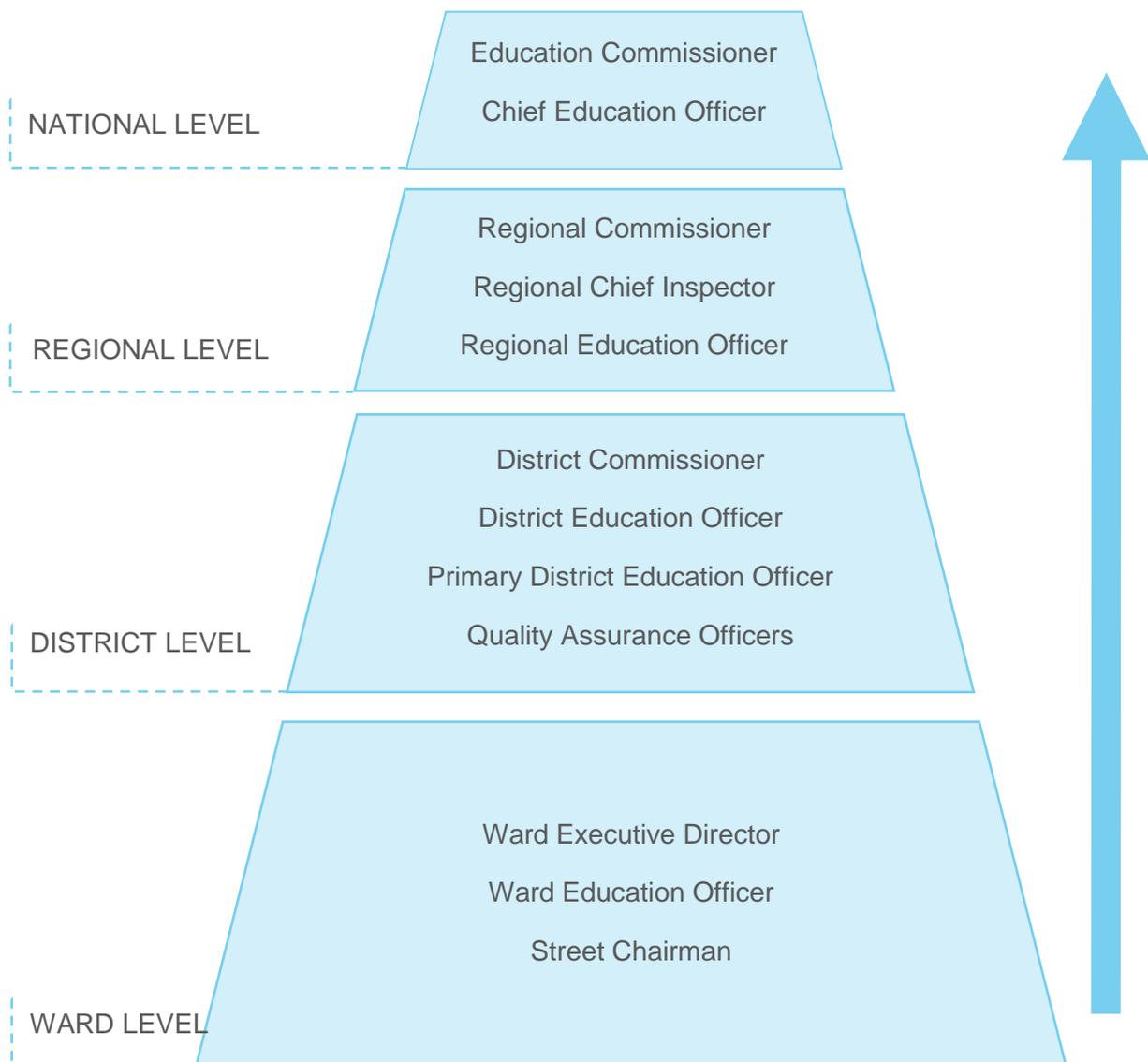
**ACTIVITY:** Complete Form RS8

- ✓ School owner and manager together fill out Form RS8 with the Zonal Chief Inspector. Form RS6 and RS7 and all their attachments should be attached to Form RS8.
- ✓ Zonal Chief Inspector submits Form RS8 with all attachments to Chief Education Officer at Ministry of Education.
- ✓ Chief Education Officer provides letter to school owner and manager approving Form RS8 and the school’s registration number.

**QUICK FACT:** Each form can be found on the Ministry of Education, Science and Technology’s website. ([link on page 10 ‘Resources Points’](#))

## Who is Involved from the Government?

Each step of the school registration process detailed above requires school owners or managers to gain approval from officials at each level of government. In general, the process is driven at the Ward and District levels where officials conduct inspections of the site and provide recommendations of approval to the higher levels of government. Final approval at each of the three stages is granted by the Ministry of Education at the national level. The diagram below depicts the various officials involved in the registration process throughout the three steps.



**QUICK FACT:** Inspections of the site must be scheduled in advance and can take weeks to arrange.



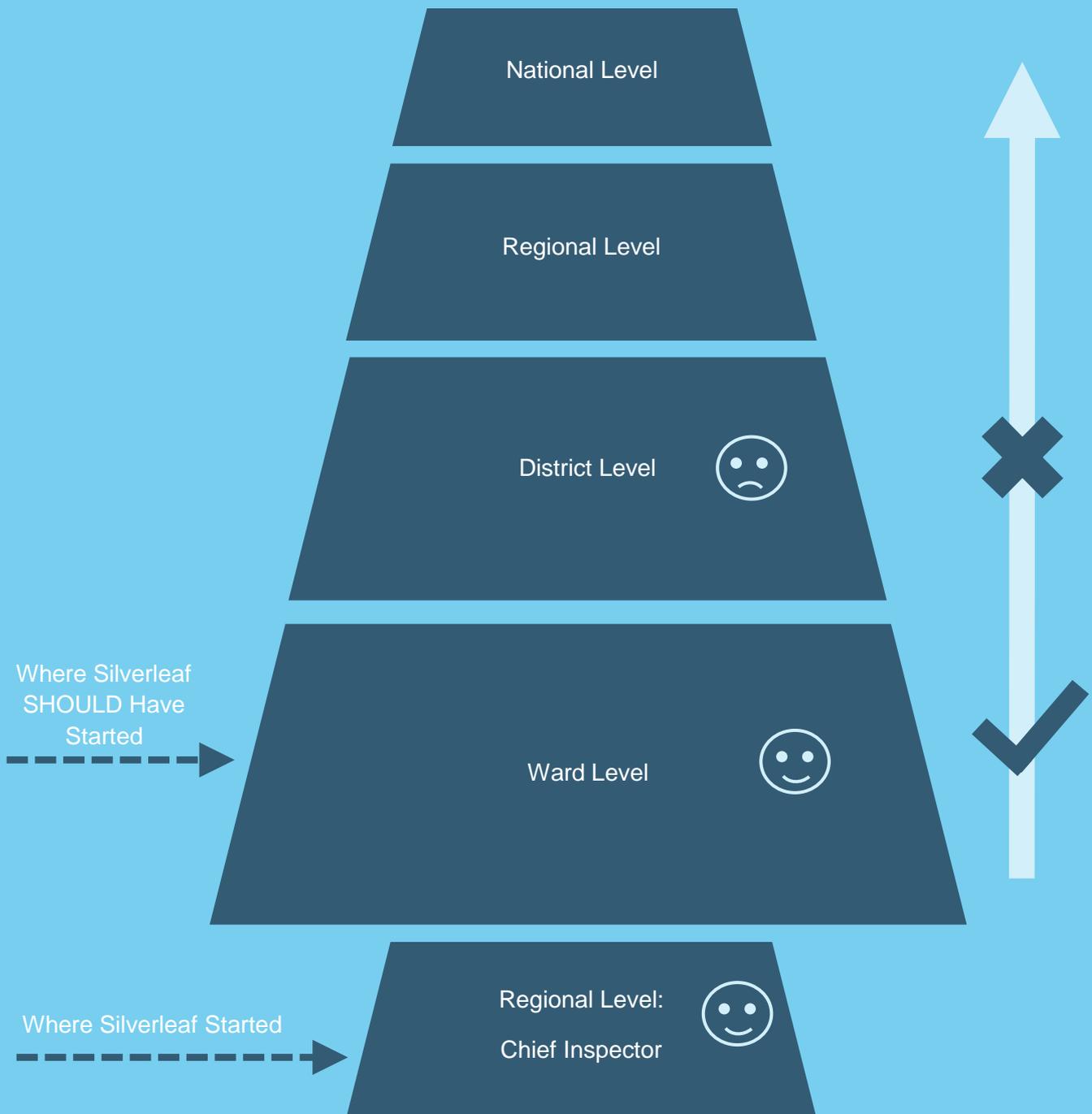
# A Learning from Silverleaf

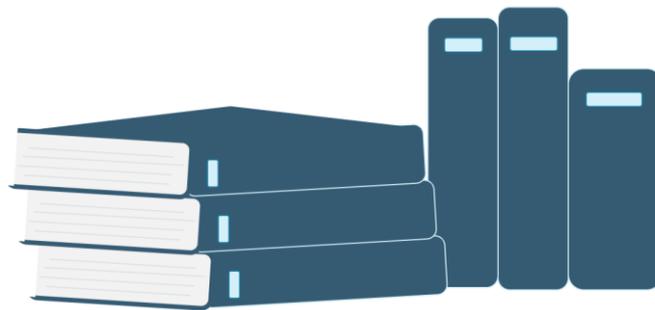


Work Your Way Up!

**What Silverleaf Did:** Silverleaf understood that the Chief Inspector (located at the Regional Level) was responsible for determining if a property qualified as a school site. So, prior to leasing a site, Silverleaf received a letter of approval from the Chief Inspector. Then, Silverleaf initiated the formal school registration process at the Ward Level, but was denied at the District Level.

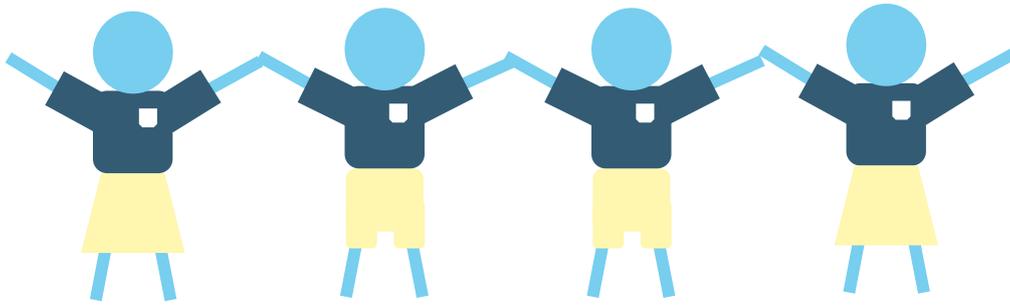
**What Silverleaf Learned:** The initial understanding was right, but the process was wrong. The formal registration process is driven from the bottom up. Without formal approval first from the Ward and District Level, a school's registration cannot progress to the Regional or National level for approval.





## Challenges to Opening a Private Primary School

- 1. School acquisition is time sensitive.** School openings must be aligned to times within the academic year when it is feasible for students to transfer schools. For private schools implementing the Tanzania national curriculum, this is at the start of the academic year at the beginning of January and at the end of the mid-year break at the beginning of July. If private schools open during the academic term, then student enrollment will be more difficult since parents will opt to wait until the next academic year or mid-term break to avoid disrupting their student's learning or paying school fees twice. Given the varied timeline in completing contract negotiations, construction/renovations, and school registration, this can be difficult for aspiring school owners/managers to plan.
- 2. Negotiations with landlords are time consuming.** Purchasing and/or renting a school site requires completing a due diligence process and negotiating contract terms with landlords. This is further complicated when the:
  - Property is owned by a family or council – requiring all members to grant approval before signing contracts;
  - Property/landlord holds debts – requiring additional discussion on how to clear debts especially if debts are tied to the property; and
  - Landlord is unfamiliar with formal purchasing/rental contracts and/or the process of registration – requiring additional time for the landlord to become familiar.
- 3. Registration process is both time consuming and uncertain in length.** The estimated time range is anywhere from three to 18 months. The exact length of time varies and is dependent on relationships with government officials, the reputation of the school owner or manager, the speed at which site inspections can be scheduled and completed, and if any renovations or education program changes are required.
- 4. Registration requires large initial investment.** The registration process requires substantial initial capital investment, in addition to the time and human resources required to complete the various registration steps. For instance, in order to begin the third and final stage of the registration process, the site owner must have completed 75% of the school's infrastructure despite not having secured the actual school registration to confirm the site can operate as a primary school.



## Recommendations for Success

- 1. Define the ideal school.** Prior to initiating the search for a school site, clearly define the ideal site and how it will be checked against a due diligence process. Along with this, standardise the contract to be used with the site owner and the future school's business model to ensure the school's sustainability.
- 2. Build relationships with government officials.** Aspiring school owners or managers should build healthy working relationships with officials at the Ward and District levels early on. This ensures clear understanding of regulations and the registration process, as well as that the officials clearly understand the school's mission. Doing so will make the registration process smoother and more efficient.
- 3. Gain community support.** Outreach should start immediately after identifying the site at the village level to gain initial buy-in. This will ensure market demand and improve outcomes in future marketing for enrollment.
- 4. Allow extra time for school registration.** Begin the school registration process at least six months prior to the school opening to ensure registration is complete.
- 5. Schedule the school opening aligned to the academic calendar.** Schools should open at either the start of the academic year or the end of the mid-year break in order to maximise the number of students who will enroll. For private schools aligned to the Tanzania national curriculum this is the beginning of January or the beginning of July. However, marketing for the school should take place at least two months
- 6. Implement school marketing prior to school opening.** Marketing specific for the school opening should start at least two months prior to the school opening to spark interest within the community. Marketing channels should utilise the same school branding and messaging about the school and its offerings.

## Resource Points

The Education Act No.25 of 1978, (<http://www.moe.go.tz/index.php/sw/component/k2/item/376-kuanzisha-na-kusajili-shule-au-mwalimu> )

- Section 16, Form No. RS 6 – Application to be the School Owner
- Section 17, Form No. RS 7 – Application for School Manager
- Section 25, Form No. RS 8 – Application for Registration of Non-Government School

Ministry of Education, Science, and Technology: National Guideline for Water, Sanitation and Hygiene for Tanzania Schools, 2016

# Case Study



## Introduction

Silverleaf Academy is a social business and education operator launching the first chain of low-cost private primary schools in Tanzania. Launched in January 2016, Silverleaf aims to bring innovative, student-centered education to low and middle-income families in order to improve education opportunities and learning outcomes.

Silverleaf is planning to open its first school in Arusha Region in January 2018. All Silverleaf schools will deploy a pedagogy built on highly trained teachers and a curriculum enhanced by engaging multimedia content through partnerships with Mwabu (tablet-based e-learning content: [www.mwabu.com](http://www.mwabu.com)) and Ubongo (Tanzanian-based educational entertainment: [www.ubongokids.com](http://www.ubongokids.com)). This approach successfully transitions what would otherwise be ‘talk and chalk’ lessons built on rote memorization into an exciting student-centered learning environment where teachers utilise a variety of strategies to cater to all pupils’ learning needs.

Silverleaf spent its first year and a half of operations developing its pedagogy and adapting its property strategy to secure property for its first school site. Upon inception, Silverleaf’s property strategy centered on a rental-model for securing and opening school sites. Within the first year of operations, Silverleaf learned the benefits and costs of relying solely on a rental model. In response, Silverleaf has refined its strategy, including expanding its search area to multiple regions across Tanzania and offering alternative models to rent (e.g. site purchase and providing management consulting to operating school sites).

The following case study details Silverleaf Academy’s experience in its first year and a half of operations. The review includes Silverleaf’s identified challenges under the rental model, its new approach, and lessons learned.

## Silverleaf’s Experience in Securing Property

Silverleaf Academy’s original property strategy centered on identifying properties for rent in Moshi District Council of Kilimanjaro Region. This then expanded to include properties in Arusha, and eventually Mwanza and Dodoma. Within its first year of operations, Silverleaf was close in securing four different properties as primary school sites. Ultimately, with each of these four properties Silverleaf faced roadblocks in contract negotiations with landlords and unclear government regulations. Table 1 describes the four properties, the stage in the pipeline the properties reached, and the reason Silverleaf did not pursue opening a school at the site.

Table 1. Properties Silverleaf was Unable to Convert into a Silverleaf School

School Site	Site Status Prior to Silverleaf	Stage Reached with Silverleaf			Time Dedicated	Roadblock	Silverleaf's Current Status with Site
		Contract with Landlord	Registered as Silverleaf School	Occupied by Silverleaf			
A	Unoccupied No primary school registration	Yes: 10- year rental, with 2 years paid upfront	No	Used as central office and training center	30 months	Unclear enforcement of property size requirement (3.5 acres). Prior to leasing site, Silverleaf received approval letter from a Regional Inspector stating site was appropriate for a primary school. After occupying site and proceeding in registration process, Municipal Education Office denied school registration stating property did not meet minimum size.	Vacated site Aug. 2017. Found new tenant to take over lease.
B	Unoccupied Primary school registration	No	No	No	30 months	Nov. 2016, landlord backed out of signing contract the day before renovations were set to begin and teaching staff planned to occupy.	Landlord renewed negotiations in May 2017.
C	Unoccupied Secondary school registration	No	2 out of 3 steps - Approval to build - Approval for Silverleaf as manager	Yes	11 months	School occupied in Jan. 2017 with landlord and Municipal verbal approval while Silverleaf completed registration. Contract signing delayed by changes in landlord's leadership structure.	Vacated property. Oct. 2017 deadline for landlord to sign contract and finish registration. Running Pre-Primary at alternate site.
D	Occupied Primary school registration	No	No	No	4 months	Upon final due diligence Silverleaf discovered the landlord never obtained a title deed for the property. The landlord declined to obtain a title deed from the government - a Silverleaf requirement in order to sign a contract	No longer in discussions with landlord.

## Identified Challenges in Silverleaf's Rental Model

- 1. School owners NOT school managers drive school registration.** The school registration process must be completed for both new primary schools and existing primary schools which have a change in ownership or management. In both cases, the process is initiated by the school owner and should be pursued by the school owner until completion. As the school manager, Silverleaf oftentimes has the stronger drive in completing the registration process in order to have an operating school. However, as the school manager, Silverleaf is not in a position to fully drive the registration process through the different levels of government and any meetings with the government must include the school owner. As a result, Silverleaf is left in a position to strongly encourage the school owner's attention to finalising the registration process.
- 2. Negotiations with landlords are time consuming.** As a result, Silverleaf dedicates significant time and human resources to securing a site which may ultimately not be converted to a Silverleaf school and thus miss an opportunity to pursue another school site on the property pipeline. The timeline for negotiating contract terms with landlords is further complicated when the:
  - Property is owned by a family or council – requiring all members to grant approval before signing contracts;
  - Property/landlord holds debts – requiring additional discussion on how to clear debts especially if debts are tied to the property; and
  - Landlord is unfamiliar with formal purchasing/rental contracts and/or the process of registration – requiring additional time for the landlord to become familiar.
  - Landlord wants sub-contracts for providing school services (e.g. school feeding) – requiring additional negotiations on sub-contracts.
- 3. Silverleaf social business mission is not aligned to landlord's mission.** Developing a school which is not for-profit in the traditional sense nor a charity school is innovative in the Tanzanian context. Finding landlords who have a similarly aligned mission to provide quality education at a low cost to students is difficult given the traditional private school model in Tanzania where schools either generate a profit for landlords or are a charity service to the community.
- 4. Rental contracts pose significant investment risks to the school manager.** Rental contracts offer greater opportunities for landlords to breach contract terms throughout the lease period (e.g. landlord fails to maintain infrastructure quality to standards defined in contract, landlord ends lease period early, etc.). This places risks on initial investments for renovations and start-up costs related to operations and hiring and training staff. It also places risks on continuity of students' education.
- 5. Complications in the retrenchment and/or re-employment of previous staff.** In renting schools which are already operational, contracts with support staff and teaching staff previously employed must either be terminated or rewritten according to the new manager's terms and conditions. This requires special attention to employee rights according to Tanzania's labour laws.
- 6. A school's reputation takes time to improve.** School owners seek new school managers when their schools are in vulnerable operational situations, i.e. drop in enrollment, mismanagement, etc. This requires significant effort from the new school manager in order to first correct issues in management, finances, and educational provision in order to improve the school's standards. A school's reputation does not improve overnight. Once operations standards within the school improve, it will take time for the school's reputation to improve throughout the community.

# Silverleaf's New Approach to Securing Schools

## New Strategy

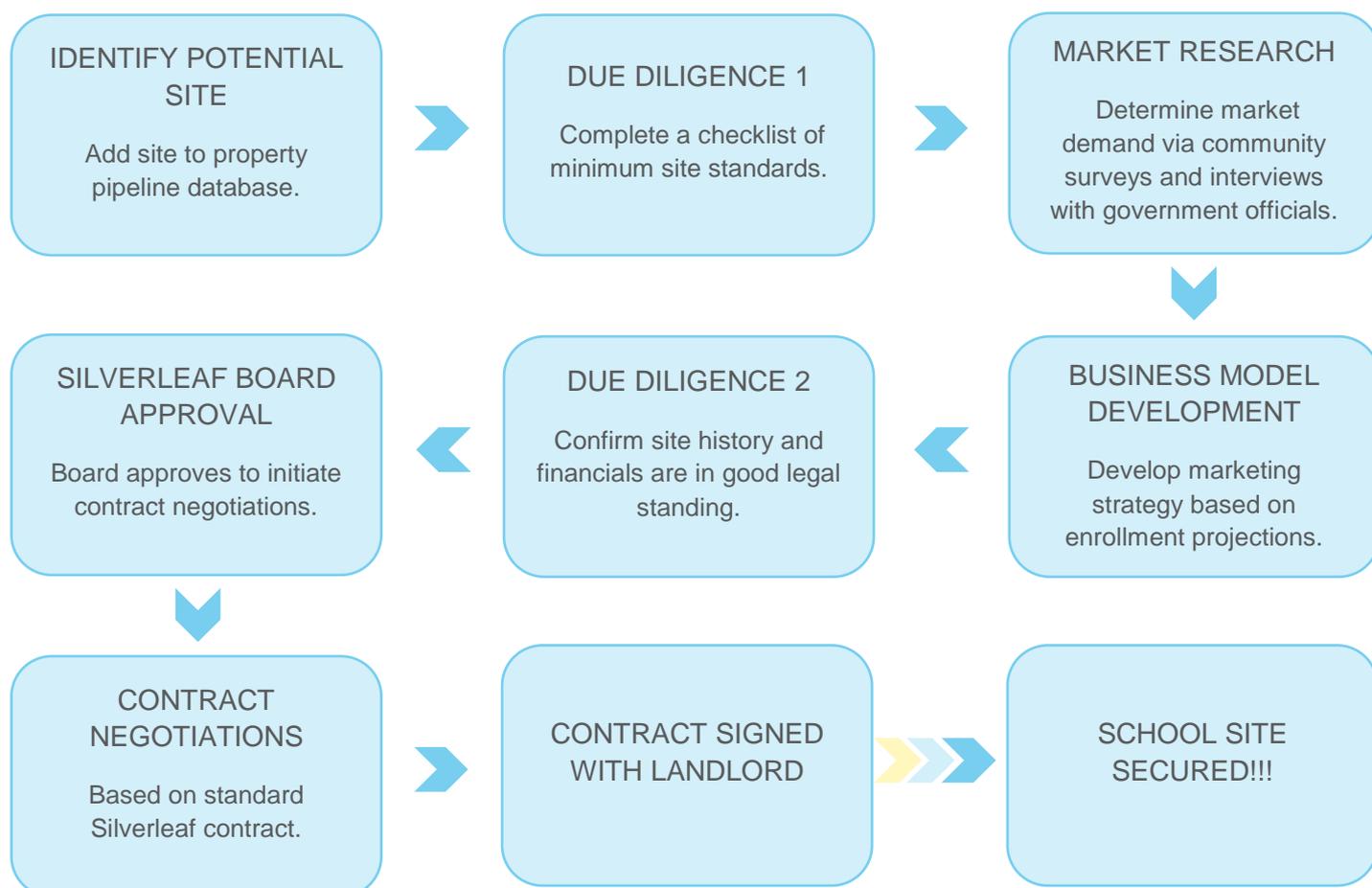
Silverleaf adopted a new property strategy in May 2017 to mitigate the challenges identified above. The strategy is built on pursuing multiple property sites in parallel across major target cities while deploying a due diligence tool to quickly weed out undesirable properties that do not meet Silverleaf's minimum standards.

Silverleaf's Chief Operations Officer (COO) is responsible for delivering the strategy. The strategy functions through the deployment of four cluster managers across Arusha, Dar es Salaam, Dodoma, and Mwanza, where Silverleaf has already identified potential school sites in its property pipeline. There is a detailed process map and due diligence checklist system in place which validates each property through decision making gateways until the final stage of contract signing is appropriate. At that point, the property is formally presented for investment sign-off at the Board level.

Property sites are now sourced and secured using a range of different channels, focusing predominantly on a) the rental of existing pre-primary and primary private schools with full school registration license and b) the wholesale acquisition of registered primary or secondary schools which are compatible with Silverleaf's commercial model.

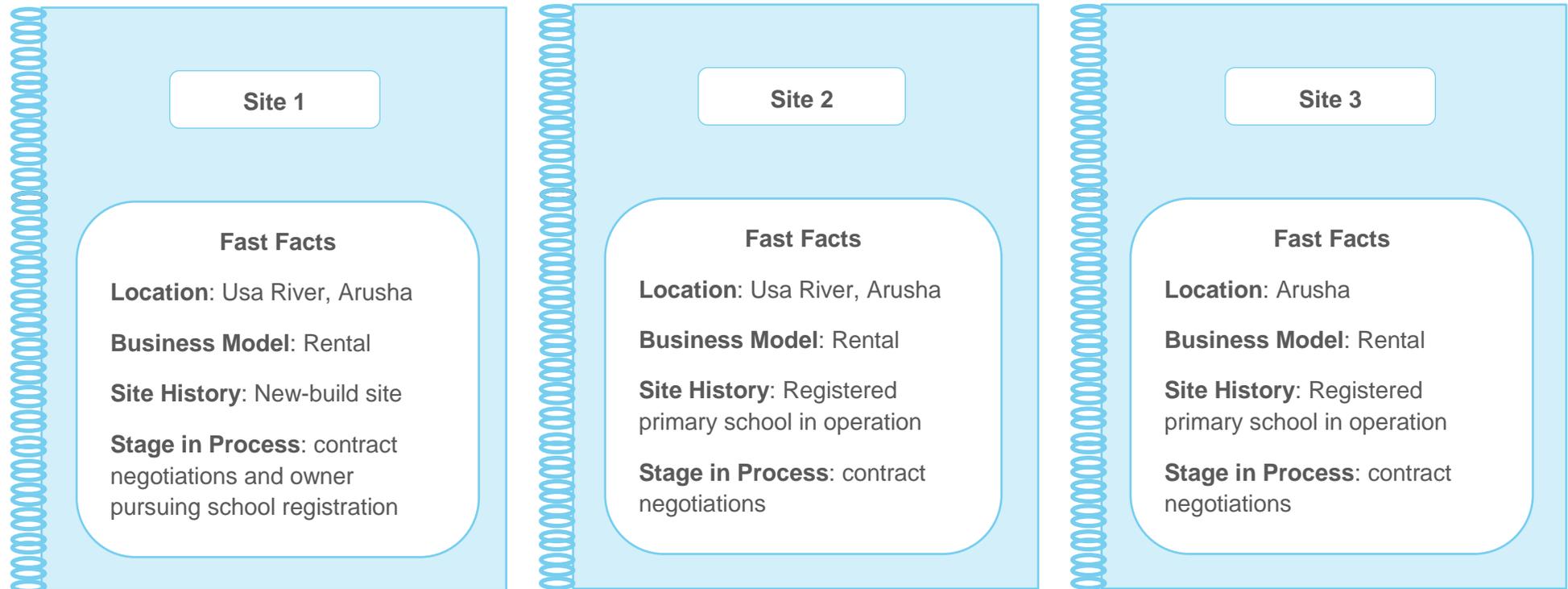
Given the long timelines inherent in property acquisition, Silverleaf has identified three separate sites within Arusha that are at the stage for contract negotiations and signing. The aim being to achieve at least one fully contracted and operating Silverleaf Academy school in any of the three sites by January 2018.

## What is Silverleaf's Process?



## Results

Upon enacting the new property strategy in May 2017, Silverleaf has pursued multiple properties in parallel in order to increase the likelihood of opening a school at the start of the 2018 academic year. While three cluster managers are deployed across Arusha, Dodoma, and Mwanza, Arusha Region has been the operational focus and is where Silverleaf has identified three separate sites which are either in or approaching the contract negotiation stage. All three properties are on track to meet Silverleaf's goal of having a site contracted and registered as a primary school by October 2017 in preparation for a full school opening in January 2018.



## Lessons Learned

In response to the identified challenges in renting a private school site, Silverleaf has identified the following lessons learned. These lessons are built into Silverleaf's new property strategy which it began implementing in May 2017

- 1. Build relationships with community and government stakeholders.** Silverleaf has now developed a network of individuals working within the education community and government at the ward, district, and national levels. This in turn has provided Silverleaf with a network of individuals to contact in order to better understand areas of ambiguity, garner support on potential future school sites, and navigate the most efficient channels through the school registration process.
- 2. Build an extensive property pipeline in targeted cities/regions.** Pursuing the acquisition and registration of multiple school sites in parallel, gives the company more flexibility in prioritizing sites that have stronger market potential, fewer renovation/turnover costs, and enable school openings in aligned to the academic calendar.
- 3. Streamline school site acquisition process.** To reduce the time required to conduct an in-depth due diligence and negotiate contracts, Silverleaf operates by dividing the due diligence process into two phases with specific indicators for each. This better enables the Silverleaf Team to quickly weed out properties which do not meet key indicators. Further, this process, along with a standardised rental contract, reduces the time and complexity of contract negotiations with landlords.
- 4. Mitigate risk in contract design.** Silverleaf's standard rental contract includes terms which alleviate risks throughout the rental period (e.g. signing 10-year rental contracts upfront to encourage the school's longevity).
- 5. Implement an intensive marketing and community outreach campaign.** Silverleaf starts at the village and ward levels in first getting buy-in and approval from leaders. Then, Silverleaf utilizes multiple channels including: door-to-door marketing, holding community outreach events to demonstrate our tablet programs and educational offerings, newspaper advertisements, and radio announcements.
- 6. Complete agreement on retrenchment/re-employment of previous school staff prior to contract signing.** The expectation is that the owner must retrench previous employees. In the event that teaching staff are kept on, they will complete extensive Silverleaf in-service training to ensure the educational quality among all Silverleaf schools is standardised.
- 7. Offer additional options of property purchase and management consulting.** Some landlords are not interested in rental contracts - they either want to sell school sites they are no longer interested in running or they want some consulting help to improve the schools they have. In response, Silverleaf has diversified its offerings to expand its options.



## Contact Us!

For questions or additional information on the current status of Silverleaf Academy:

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