

2025

The State of the Affordable Non-State School Sector Report

Unlocking Access to Quality Education

The case for
increasing access
to finance for the
non-state school
sector in low-
and middle-
income countries

6th edition



OPPORTUNITY
EduFinance

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A young learner in Tanzania.
Opportunity EduFinance strives
to get more children into better
schools with social finance.

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Executive Summary

Education is essential for the economic and social growth of individuals and society, and its benefits are far-reaching and well-documented. At the individual level, education enhances people's ability to achieve higher earnings, live healthier lives, make informed decisions, and exercise their rights. For societies, education enhances social cohesion, fosters innovation, promotes economic growth, and reduces poverty.¹

However, for millions of children in low- and middle-income countries, access to quality education remains scarce. Despite global gains in education over recent years, the world entered the COVID-19 pandemic with an estimated 617 million² children worldwide not learning basic numeracy and literacy skills, which included approximately 256 million out-of-school children.³ At the peak of the pandemic, approximately 1.6 billion children faced disruptions in their education.⁴ This will cost this generation of children, especially in low and middle income countries an estimated \$21 trillion in their collective lifetime earnings.⁵ Since the end of the pandemic, based on recent UNESCO data, Opportunity EduFinance estimates that around 263 million children remain out-of-school.⁶

Children who are the most disadvantaged in society—whether due to location, poverty, gender, ethnicity, or disability—are more likely to be out-of-school, and if they are in school,

are likely to learn the least. Those children who were already disadvantaged before the pandemic have lost even more classroom time than their peers due to the inability to learn from home.

Although governments have prioritized education in their agendas and expanded their education budgets, education remains underfunded in many developing regions. The Education Commission estimates that low- and middle-income countries must increase their education spending by 117 percent for children to complete primary and secondary education with basic levels of learning.⁷ Achieving basic education goals, however, requires more than increased national spending. Governments lack the capacity to manage their existing levels of spending, often allocating funds in ways that exclude poor and marginalized children.⁸ Amplifying the issue is the population growth rate in many low- and middle-income countries and the resulting increase in the



At the peak of the pandemic, 1.6 billion children were not in school, which will cost this generation of children an estimated \$21 trillion in lifetime earnings."

volume of school-age children, which continues to exceed the rate at which states can increase access to schools.

Given the context of the growing, unmet demand for education and capacity- constrained public management, states are being encouraged to recognize the value that non-governmental actors bring to education.⁹ Non-state schools can play an important role in aiding overburdened state education systems in low- and middle-income countries by fulfilling unmet demand. In the roles of investors and direct providers, non-state actors can remove supply constraints, particularly for poor and marginalized families. The majority of non-state schools in low- and middle-income countries have adopted an affordable¹⁰ model,

¹⁰ **Affordability:** Opportunity EduFinance works with financial institutions that lend to schools that charge school fees of US\$8/month on average, but these widely vary between market, level, and services. The fees generally reflect the socio-economic status and ability of families to pay school fees

thereby catering to low-income families. Studies have shown that non-state schools can fill in gaps in regions where the nearest state schools are too far away, or when the demand for education outpaces public infrastructure. Moreover, in some regions, non-state schools can cost less than state schools when accounting for informal fees.

In the last few decades, the number of non- state schools globally has increased significantly. According to official UNESCO Institute of Statistics (UIS) figures, the non- state education market share increased from 23.1 percent to 25.8 percent between 2005 and 2023 across low- and middle-income countries. If current rates hold, the non-state school sector will continue to grow its share of the education market (26.1 percent) through 2028. Moreover, this may be an underestimation given that a significant portion of non-state schools are unregistered with the government and therefore unaccounted for in official data.

Getting more children into better schools, like this school in Tanzania, is the focus of our Education Finance work.



Despite its important role in education, the non-state school sector remains under-leveraged, and its growth has largely been financed organically — by proprietors’ savings and/or informal borrowing. Affordable non-state schools are heavily dependent on tuition from low- and middle-income families, which often means commercial banks and other lending institutions consider these businesses too risky and are unwilling to extend lines of credit. In addition, while affordable non-state schools keep their fees low to attract lower income families in the surrounding communities, these same families do not always have the steady cash flow readily available to pay for school costs.

Recognizing these significant financing gaps, Opportunity International’s Education Finance (EduFinance) program has been partnering with institutions across the globe to extend financing to both leaders of non-state schools and parents of students. In addition, EduFinance blends access to capital with training and localized support to educators at affordable non-state schools to improve their quality and maintain strong relationships with families. EduFinance, given its unique position in the non-state education market, leveraged its expertise and experience to conduct a sizing analysis of the non-state education market in low- and middle-income countries.

EduFinance found that there is an estimated \$36.4 billion market for EduFinance flagship products worldwide: \$9.9 billion for School Improvement Loans and \$26.5 billion for School Fee Loans. The largest market demand globally by country and region is India (\$13 billion) and South Asia (\$16.5 billion), which is more than twice the size of the next largest region, East Asia (\$6.8 billion). Third is sub-Saharan Africa with a \$5.4 billion market and some of the fastest growing populations in the world. Latin America, just behind sub-Saharan Africa, also has a \$4.8 billion estimated market size (details discussed further in section VI).

To demonstrate the extent of the growing global demand for non-state education, Figure 1 illustrates the comparison between the growth rates of enrollment in the non-state and state education sectors from 2018 to 2023. In sub-Saharan Africa, the Middle East & North Africa, and Europe & Central Asia, the non-state sector outpaces the state sector. In East Asia, both sectors display an equivalent rate of growth. In contrast, South Asia’s state sector shows a higher growth rate of enrollments. Latin America state enrollments have seen a higher growth rate than the non-state sector (both state and non-state sectors are shrinking in terms of the enrollment number). The increase in demand for affordable non-state schools means that there will be an additional 33 million new seats in the non-state sector required in the next five years globally (between 2024–2028) as well as an additional 57.2 million seats in the non-state sector if all out-of-school children enroll in non-state schools. This also indicates the potential for additional funding as explained above.

Methods and Limitations

To develop this sizing model, EduFinance combined field market research with publicly available data from UIS, the World Bank, Open Data Initiative, and the Education Policy Data Center (EPDC). EduFinance also analyzed demographic trends, government expenditures, market demand, and other variables to estimate the number of state schools, as well as develop estimations for the demand for capital, specifically for EduFinance’s tailored School Improvement Loan (SIL) and School Fee Loan (SFL) products. While several constraints limited the depth of this analysis, including the absence of up-to-date country-specific data, EduFinance utilized triangulation, proprietary data, and the program’s experience in the sector to generate the estimations.

FIGURE 1 – 33 MILLION NEW SEATS REQUIRED, (EXCLUDING OUT-OF-SCHOOL CHILDREN)

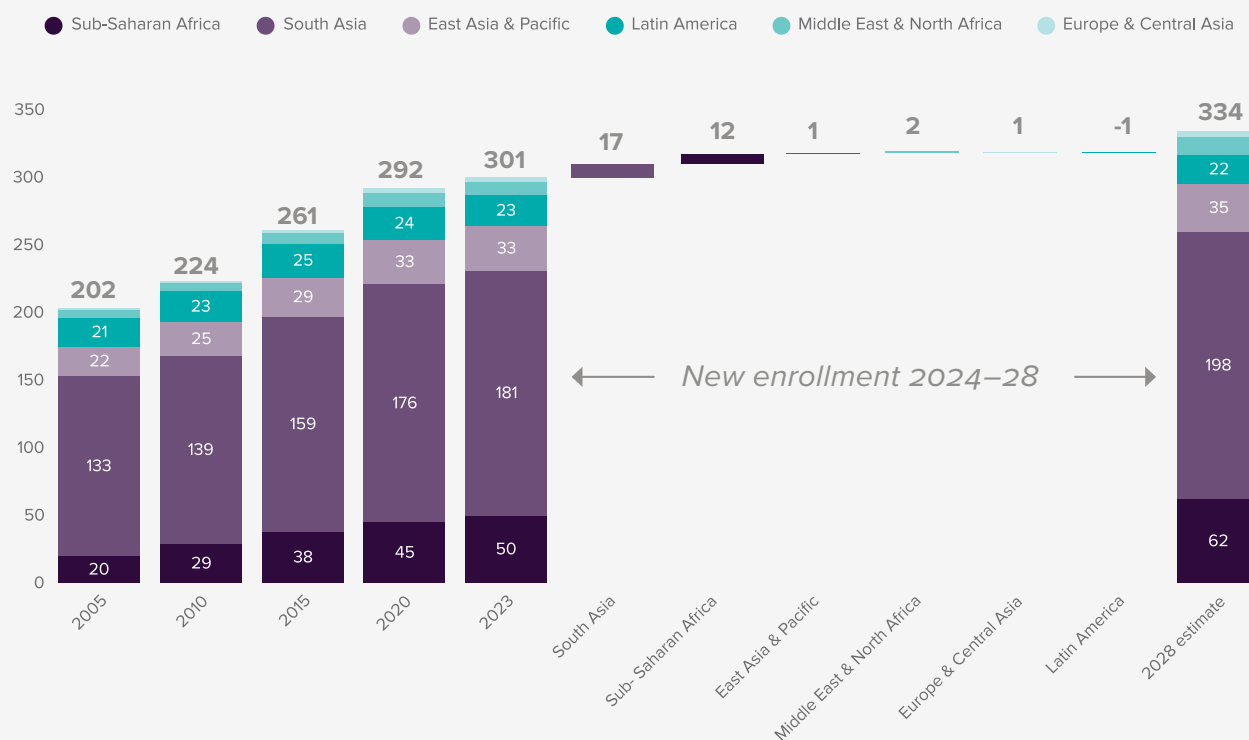
5 YEAR ANNUALIZED ENROLLMENT GROWTH

	Non-State	State
Sub-Saharan Africa	4.3%	2.8%
South Asia	1.7%	2.4%
Latin America	-1.5%	-0.2%
East Asia	0.7%	0.7%
Middle East and North Africa	2.8%	1.8%
Europe and Central Asia	3.3%	1.1%

Source: UIS, EduFinance



(Above) A school leader in Colombia. Latin America has a \$4.8 billion estimated market size for EduFinance products

ACTUAL AND FORECAST NUMBER OF CHILDREN ENROLLED IN NON-STATE SCHOOLS (MILLIONS)

Source: UIS, EduFinance

The State of Global Education

FIGURE 2 – MORE SCHOOLING LEADS TO HIGHER WAGES – ESPECIALLY IN AFRICA AND FOR GIRLS

WAGE GROWTH ASSOCIATED WITH AN ADDITIONAL YEAR OF SCHOOL

	Female	Male
Sub-Saharan Africa	14.5%	10.9%
Latin America & Caribbean	10.8%	8.8%
East Asia & Pacific	10.6%	9.2%
Middle East & North Africa	10.6%	5.3%
South Asia	9.9%	7.4%
Europe & Central Asia	8.5%	5.5%
High Income	11.0%	9.3%
World	10.9%	9.0%

Source: World Development Report 2018

A large body of empirical work shows that for every additional year of schooling, a student can expect an additional 10 percent increase in their future wages.¹¹ Moreover, the returns on schooling have declined only modestly over time despite higher global averages of schooling attainment, suggesting that the demand for skills has increased simultaneously with supply. Finally, as shown in Figure 2, the returns are highest in sub-Saharan Africa, and far more for women than men.

“

Approximately 263 million children remain out of school, which translates into roughly one in five school-age children around the world not in school.”



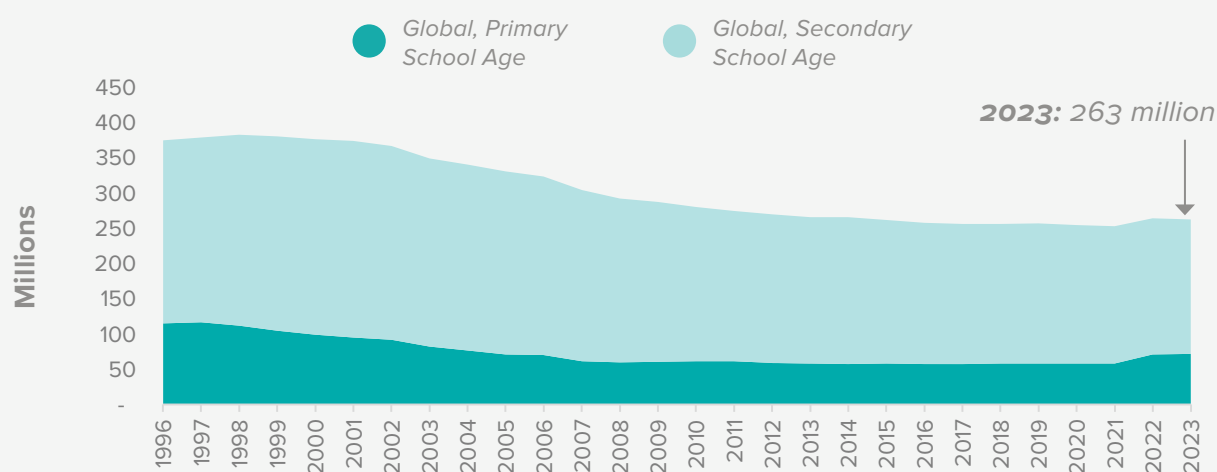
(Above) Children learning in a school in Tanzania.

The right of every individual to receive a quality education is enshrined in the Universal Declaration of Human Rights (1948) and the Convention on the Rights of the Child (1989). The international community pledged to make ambitious efforts to realize this right in the Millennium Development Goals (MDGs), and in the subsequent Sustainable Development Goal 4 (SDG 4), which aims to **“ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”**¹² To this end, there has been remarkable progress in getting more children into classrooms over the last few decades. Net enrollment in low-income countries has greatly outpaced the historic performance of today’s high-income countries.

By 2008, the average low-income country was enrolling students in primary school at almost the same rate as the average high-income country.¹³ While much progress has been made, significant challenges remain that hinder a vast number of children from going to school and learning.

FIGURE 3 – NUMBER OF OUT-OF-SCHOOL CHILDREN HAS DECLINED OVERALL IN PAST DECADES, BUT COVID-19 CAUSED INCREASES

OUT-OF-SCHOOL CHILDREN, GLOBAL



Source: UIS, EduFinance

Challenge 1 – Access

Millions of children around the world remain out of school

Prior to the COVID-19 pandemic, around 256 million children were already out of school. However, during the pandemic, as many as 1.6 billion learners faced disruptions in their schooling. Following the crisis, roughly one out of every five school-aged children remained out of the educational system. By 2022, the number had reached 264.4 million. In 2023, the number slightly declined to 263 million, which is approximately equivalent to the 2015 level. That amounts to 71.8 million primary school-age children, and 191.1 million secondary school-age adolescents and youth that are out of school.¹⁴

The pandemic has had a lasting impact on putting more children out of school, setting back the global effort to bring down out-of-school children to zero by 2030. To achieve that goal, it would require more than one child per second to be enrolled. The countries with the highest out-of-school rates also tend to be among the poorest in the world and are largely located in sub-Saharan Africa (Figure 4). The gross enrollment ratio for low- and middle-income countries in primary school has almost reached 100 percent.¹⁵ Despite initial enrollments rising, children in low-income countries are not completing primary school. The survival rate in primary education, which is the percentage of children who complete that level of education, has remained below 50 percent for low-income countries and 80 percent for lower middle-income countries.¹⁶



Out-of-school children

In 2022, the rate of primary-age out-of-school children overall is still 23.8 percent in low-income countries as compared to 1.8 percent in high-income countries.¹⁷ At the lower secondary level, the respective rates are 35.7 percent and 1.5 percent, and at the upper secondary level, the rates are 52 percent and 4.5 percent.

In terms of absolute numbers, sub-Saharan Africa is home to the majority of out-of-school children in the world with 109.7 million. In South Asia, India and Pakistan comprise 69.5 million out of the region's 89.8 million out-of-school children. India ranks at the top with the most out-of-school children worldwide.

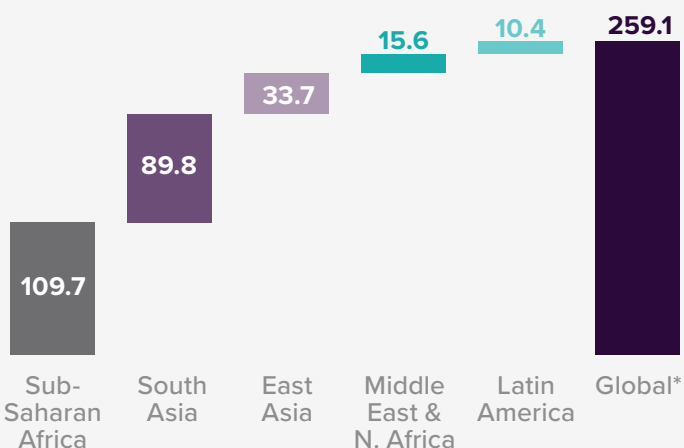
Getting children into school in the first place is critical for the world to make progress towards meeting Sustainable Development Goals (SDGs). SDG 4.1.2 tracks the rate of completion of Primary and Secondary school and has a target of 100

percent completion by 2030.¹⁸

The chart (Figure 5) demonstrates the challenge at hand, with only 34 percent of children from low-income countries completing lower-secondary school, highlighting a wide disparity compared to high-income countries, where 97 percent of children successfully complete lower-secondary education, according to a UNESCO report.¹⁹

FIGURE 4(A) AFRICA HAS OVERTAKEN SOUTH ASIA AS THE REGION WITH THE MOST OUT-OF-SCHOOL CHILDREN

OUT-OF-SCHOOL PRIMARY AND SECONDARY CHILDREN (MILLIONS)



*Low and Middle Income Countries



(Above) Students studying at a school in India.

FIGURE 4(B) AFRICA HAS OVERTAKEN SOUTH ASIA AS THE REGION WITH THE MOST OUT-OF-SCHOOL CHILDREN

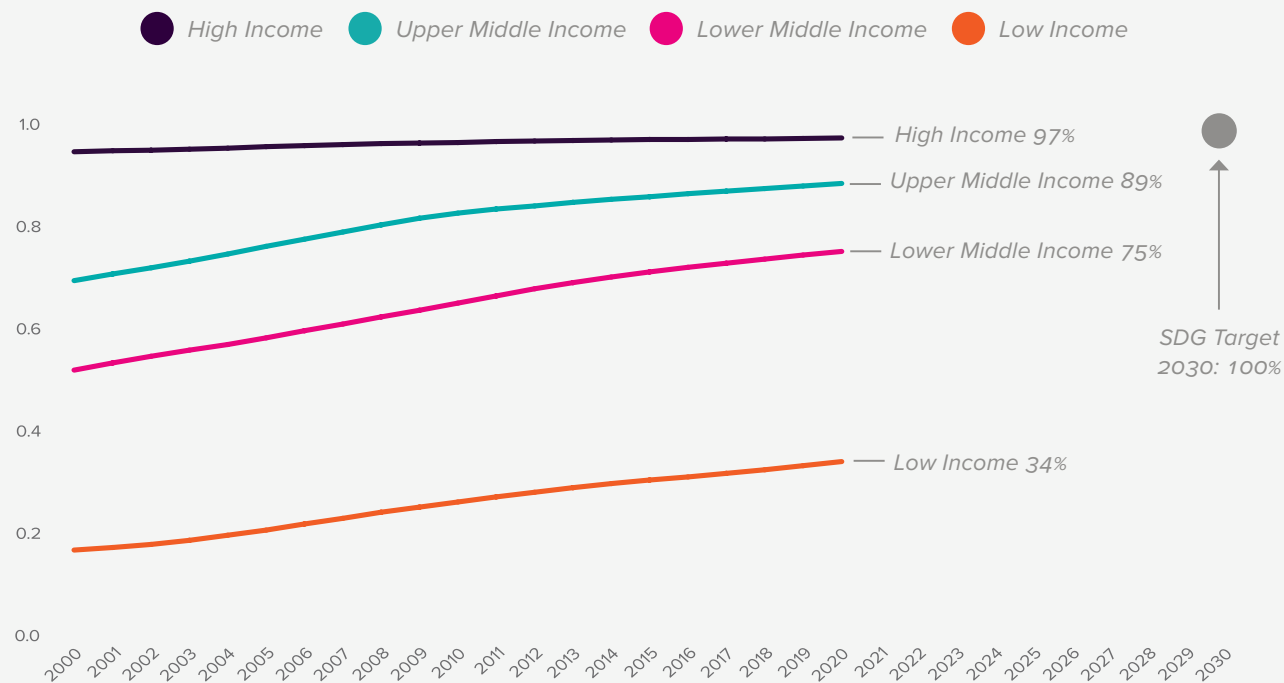
COUNTRIES WITH MOST OUT-OF SCHOOL CHILDREN

	Out-of-School Children Millions	Compulsory School-Aged Children Percentage
India	54.4	28.7%
Nigeria	15.3	29.0%
Pakistan	15.1	22.5%
Ethiopia	12.3	50.5%
Democratic Republic of the Congo	7.5	42.5%
United Republic of Tanzania	6.8	55.5%
Niger	5.3	—
Bangladesh	4.2	28.6%
Sudan	3.9	40.6%
Mali	3.8	67.2%

Source: UIS, EduFinance

FIGURE 5 – COMPLETION RATES FOR LOW INCOME COUNTRIES REMAINS WELL BELOW SDG GOAL OF 100%

COMPLETION RATE, LOWER-SECONDARY SCHOOL



Source: UNESCO, EduFinance

School exclusion is a multilayered issue, with drivers including poverty, disability, location, ethnicity, religion, and gender. Children from the poorest families, those living in rural areas or conflict zones, as well as children from ethnic and religious minorities, are less likely to start school.

Among these groups, children with disabilities face exceptionally pronounced barriers, especially in low- and middle-income countries. Globally, an estimated 240 million children – 1 in 10 of all children – live with disabilities. Children with disabilities encounter significant challenges in accessing inclusive educational facilities, both due to a lack of accessible infrastructure and physical attributes, or for lack of specialized teaching, which contributes to lower learning outcome and higher dropout rate.²⁰ A UNICEF report reveals that children with special



(Above) Millicent, a teacher engaging with children in her class, Ghana.

needs have a 49 percent higher likelihood of not attending school and are 47 percent more likely to leave primary education prematurely.²¹

Challenge 2 – Quality

Despite years of schooling, poor quality education means children are facing a learning crisis

Even when children do attend school, hundreds of millions of students are learning very little and lack basic literacy and numeracy skills.²²

The World Bank’s ‘The State of Global Poverty: 2022 Update’ report suggests that the learning poverty rate stood at 57 percent prior to the pandemic. However, the situation has deteriorated leading to an estimation that about 70 percent of children in low- and middle-income countries who are completing their primary school education cannot read well enough to understand a simple story. In South Asia, forecasts estimate that 78 percent of children fall short of achieving basic literacy skills. Meanwhile, in Latin America and the Caribbean, it is predicted that as many as 80 percent of children still struggle with basic reading at the end of primary school. Similarly, in sub-Saharan Africa, the anticipated rate of children lacking these fundamental literacy skills reaches 89 percent.²³ A 2014 international assessment (PASEC) administered in 10 countries in Francophone West Africa²⁴ showed that among grade 6 students, less than 45 percent reached “sufficient” competency levels in reading or mathematics.²⁵

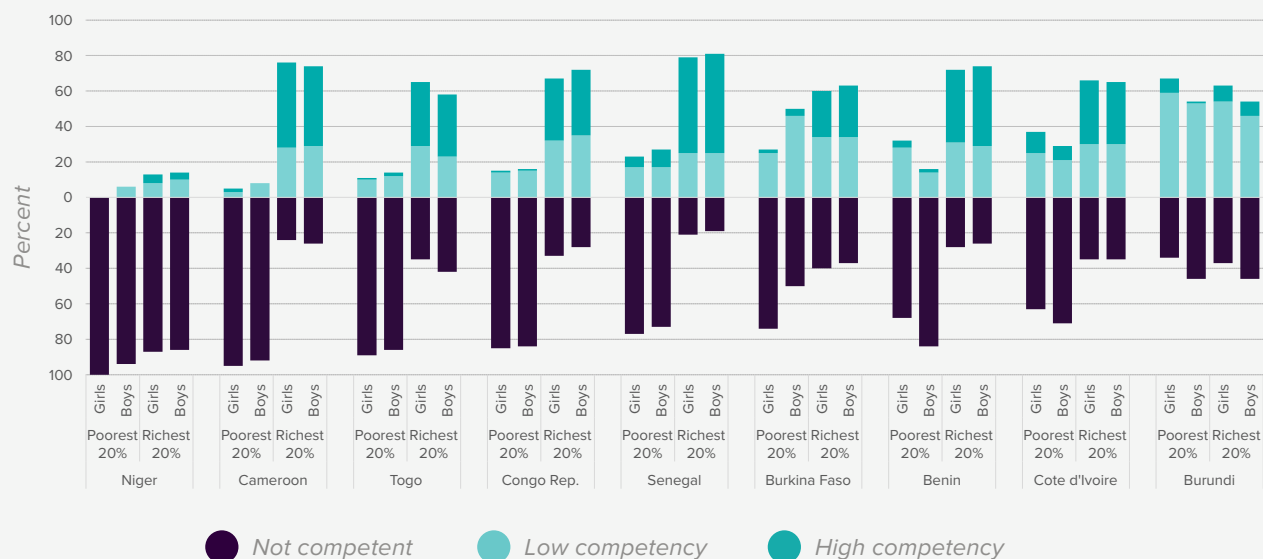
The learning deficit is also exacerbating inequality. As shown in Figure 6, children from the poorest African households are greatly overrepresented among low scorers (“not competent”), while most children from the

richest quintiles are performing at either “low competency” or “high competency” levels.

Over time, early learning deficits become more magnified. A study in New Delhi (Figure 7) showed that the average grade 6 student was still performing at a grade 3 level in mathematics and a grade 5 level in language. By grade 9, the average student was performing at a grade 4 level in mathematics and grade 6 level in language. Moreover, the gap between the 25th and 75th percentile performers grew significantly. Thus, children who are already disadvantaged by poverty, gender, disability, and other factors are expected to reach young adulthood without basic skills. These gaps highlight how many countries are unable to provide support to learners who display reading and numeracy difficulties early on in their schooling. Filling gaps in education financing, discussed in the next section, represents one way to begin addressing these challenges.

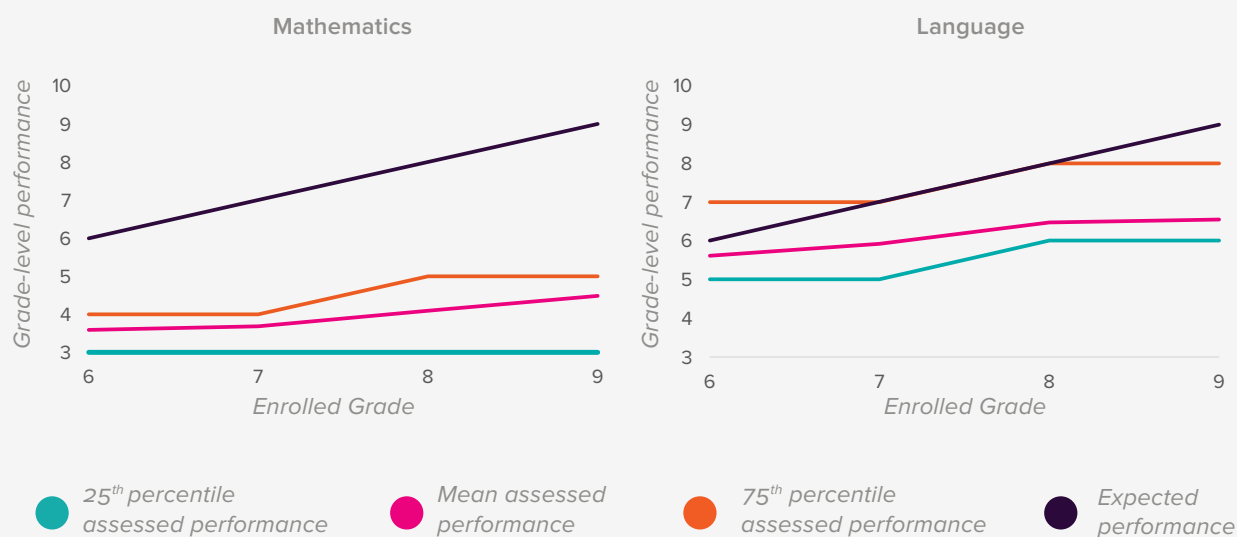


FIGURE 6 – LEARNING OUTCOMES BY GENDER AND POVERTY LEVELS

CHILDREN FROM POOR HOUSEHOLDS IN AFRICA TYPICALLY LEARN MUCH LESS

Source: World Development Report 2018, *Learning to Realize Education's Promise*, World Bank Group, using data from World Bank (2016b). Data at http://bit.do/WDR2018-Fig_O-3.

FIGURE 7 – ASSESSED GRADE LEVEL VS. ENROLLED GRADE LEVEL (INDIA)

CHILDREN NOT LEARNING AT EXPECTED ANNUAL PACE

Source: World Development Report 2018, *Learning to Realize Education's Promise*, World Bank Group, using data from Muralidharan, Singh, and Ganimian (2016). Data at http://bit.do/WDR2018-Fig_O-4.

A non-state school in Ghana.
Opportunity International EduFinance
is working to close supply and
demand gaps in the education
ecosystem through financial solutions.



State Education Financing Gaps and Challenges

STATE EDUCATION FINANCING

In order to advance commitments to education and to achieve the SDGs, two international benchmarks were set by the 2015 Incheon Declaration: governments should spend 15 to 20 percent of their overall budgets on education and 4 to 6 percent of their Gross Domestic Product (GDP).²⁶ In regard to the first benchmark, as shown in Figure 8, aggregation across low- and middle- income countries indicate that government expenditure is within the Incheon Declaration's target range, at approximately 15.2 percent of total expenditure. The Middle East & North Africa and East Asia lead the regional averages, at 19.5 percent and 17.7 percent respectively.

Low- and middle-income countries comprise the top 16 countries in the world that spend the most on education as a proportion of their budget.

Despite the high rates of spending on education as a proportion of total government spending, there remain high out-of-school rates among school aged children in many of these countries. Individual countries with humanitarian crises have the largest rates of out-of-school children as shown in Figure 10. However, when aggregating the data on a regional level, sub-Saharan Africa faces the greatest proportion (33.8 percent) of compulsory school aged children out of school.



Low- and middle-income countries comprise the top 16 countries in the world that spend the most on education as a proportion of their budget."



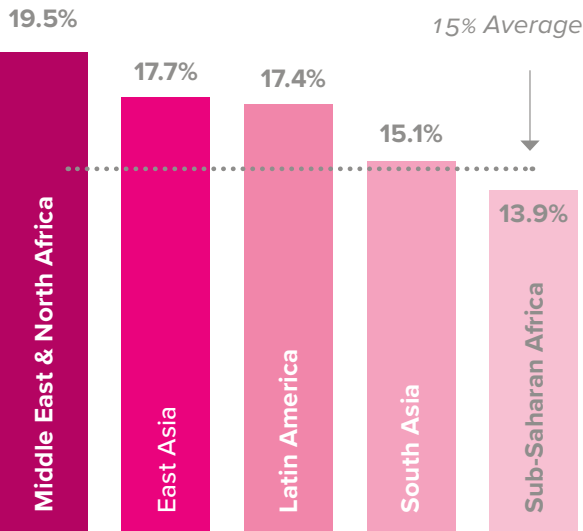
(Above) Educators attending an EduFinance workshop in Guatemala. Guatemala is amongst the top 10 countries with highest proportion of government expenditure on education.

FIGURE 8 – MORE THAN 15 PERCENT OF LOW- AND MIDDLE-INCOME GOVERNMENT EXPENDITURE IS ALREADY GOING TO EDUCATION

COUNTRIES WITH HIGHEST PROPORTION OF GOVT. EXPENDITURE ON EDUCATION

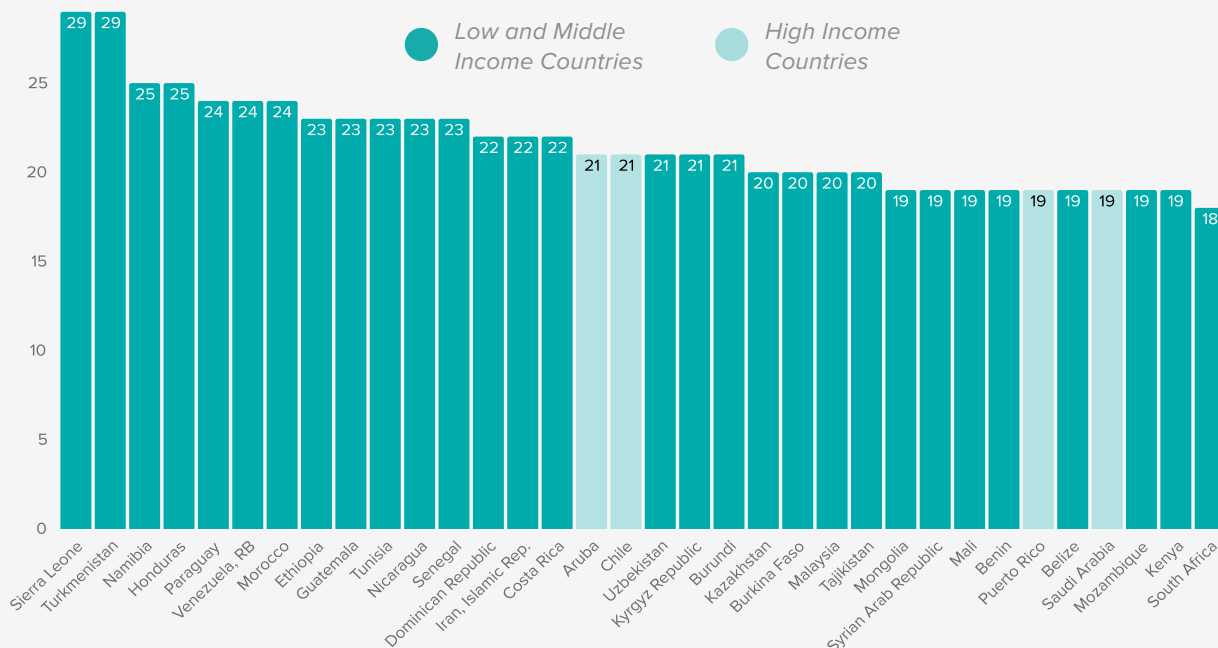
	Total Spend %
Solomon Islands	31.9%
Sierra Leone	29.4%
Turkmenistan	28.6%
Namibia	25.0%
Honduras	24.6%
Paraguay	24.1%
Venezuela	23.9%
Morocco	23.9%
Ethiopia	23.0%
Guatemala	23.0%

GOVERNMENT EXPENDITURE ON EDUCATION (% OF GOVT. EXPENDITURE)



Sub-Saharan Africa faces the greatest proportion of out-of-school children, making non-state schools such as this one in the Democratic Republic of Congo all the more important.

FIGURE 9 – LOW- AND MIDDLE-INCOME COUNTRIES TOP THE TABLE OF 'EDUCATION SPENDING AS A PERCENTAGE OF GOVERNMENT SPENDING

PUBLIC EDUCATION SPEND AS A PERCENT OF TOTAL GOVERNMENT SPENDING

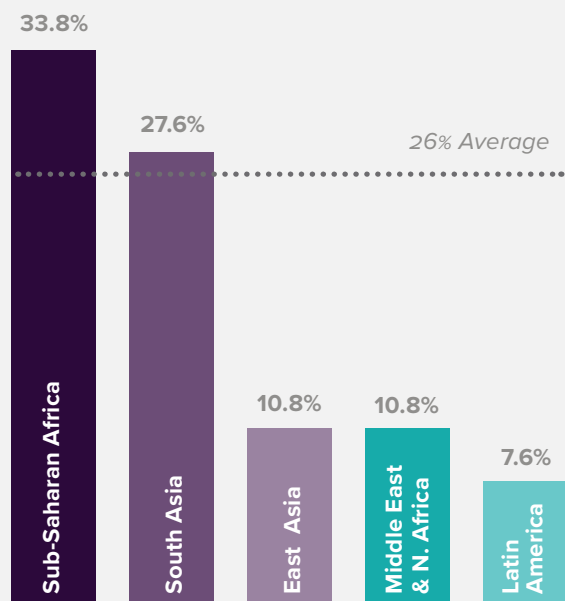
Source: UIS, World Bank, EduFinance

FIGURE 10 – AFRICA FACES THE LARGEST NUMBER OF OUT-OF-SCHOOL CHILDREN

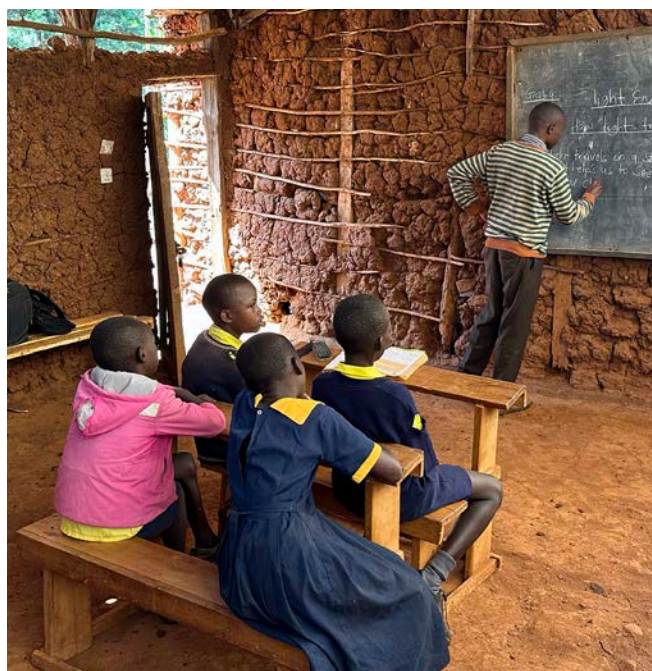
LARGEST PROPORTION OF OUT-OF-SCHOOL CHILDREN

	School-Aged Children Percentage	Out-of School Millions
South Sudan	98.5%	2.7
Guinea	83.1%	1.8
Mali	67.2%	3.8
Madagascar	63.5%	2.4
Syrian Arab Republic	62.8%	2.8
Cameroon	61.8%	2.8
Burkina Faso	60.9%	3.8
Benin	60.4%	1.3
Djibouti	60.3%	0.1
Senegal	57.1%	2.8

FIGURE 10 (B)

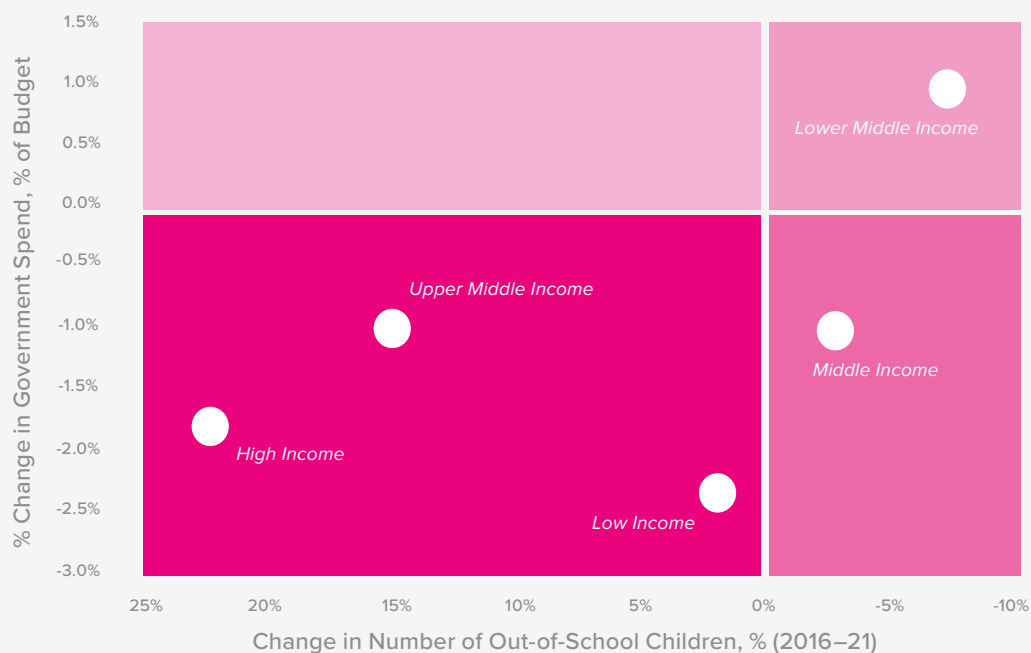
OUT-OF-SCHOOL CHILDREN, PERCENT OF SCHOOL-AGED POPULATION

Source: UIS, EduFinance



(Above) Students in Kenya. Non-state schools play a vital role in providing a high-quality education – World Bank data shows lower-income countries typically spend less on education per pupil in public schools.

FIGURE 11 – LOW-INCOME COUNTRIES INCREASED SPENDING, BUT CONTINUE TO SEE RISING OUT-OF-SCHOOL CHILDREN

CHANGES IN SPENDING COMPARED TO OUT-OF-SCHOOL CHILDREN

Source: UIS, EduFinance

These data pose the question of whether increased spending has an impact on out-of-school rates. Figure 11 shows that both middle and lower middle-income countries have successfully reduced their numbers of out-of-school children. This achievement can be linked to their increased allocation for education in their overall budgets. Further, upper middle and high-income countries are spending less on education, which is associated with a rise in their out-of-school rates. However, it is crucial to highlight that upper middle and high-income countries still have a relatively low percentage of out-of-school children on a global scale. Worryingly, low-income countries, who typically have a greater number of students out of school, are spending a relatively low proportion of their total budget on education and are still experiencing a rise in the number of

children out of school. There are many factors behind this, but they are a function of lower tax collection abilities, lower GDP, and rapid population growth. This means even relatively high levels of education spending still do not meet the absolute amounts needed to get more children into school.

Figure 12 highlights the stark disparity between high-income and low-income countries in spending on education per pupil (adjusted for PPP), based on World Bank data on government expenditure on education and the number of enrollments in public schools. The lowest ranked countries spend less than \$45 on education per pupil – a tiny fraction of the highest ranked countries' spend.

FIGURE 12 – HIGH-INCOME AND LOW-INCOME COUNTRIES DISPLAY STARK DISPARITY IN SPENDING ON EDUCATION PER PUPIL

TOP 10 HIGHEST SPEND PER PUPIL

Adjusted for PPP

USD Spend
Per Pupil

Switzerland	43,155
Qatar	42,378
Luxembourg	37,335
Bermuda	35,199
United States of America	29,963
Iceland	28,893
Belgium	28,194
Australia	27,657
Denmark	22,164
China, Hong Kong Special Administrative Region	17,853

TOP 10 LOWEST SPEND PER PUPIL

Adjusted for PPP

USD Spend
Per Pupil

Burundi	8
Malawi	19
Central African Republic	22
Madagascar	25
Sierra Leone	27
Myanmar	30
Democratic Republic of the Congo	30
Lao People's Democratic Republic	31
Pakistan	40
Chad	42

Source: UIS, EduFinance

Children eating their lunch
at a non-state school in India



Budget Allocation

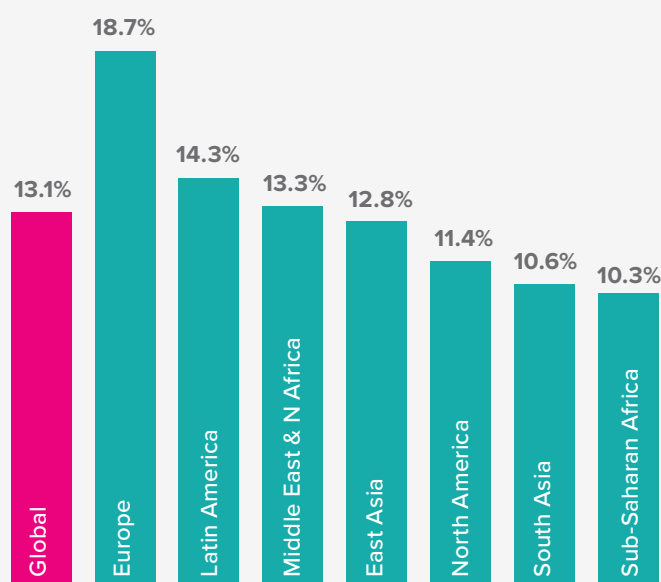
While some countries in sub-Saharan Africa and South Asia are allocating as much as one-third of their budget, others are not allocating enough.

For example:

- ▶ India, Pakistan and Nigeria, despite having the highest numbers of out-of-school children globally, allocate 16.54 percent, 10.24 percent and 5.14 percent of their budgets on education respectively.
- ▶ Furthermore, studies have shown that even when there is more than sufficient spending, allocations are skewed to favor children from the wealthiest households.
- ▶ In low-income countries, on average, 46 percent of public resources are allocated to the 10 percent of students who are the most educated.²⁷
- ▶ While some governments can meet their Incheon Declaration aspirations of spending 15 to 20 percent of their annual budget on education, another matter is whether they are able to meet the aspiration of spending 4 to 6 percent of GDP on education. The ability of some governments to generate the necessary tax revenues is limited.
- ▶ Sub-Saharan African nations, collect just 10.3 percent of GDP in the form of taxes.
- ▶ To spend 5 percent of GDP on education without creating a budget deficit, Sub-Saharan African governments would have to spend 46.7 percent of their tax receipts solely on education.
- ▶ Many African countries have limited ability to leverage their balance sheets further and pour already scarce financial resources into state education.

FIGURE 13 – AFRICAN AND SOUTH ASIAN GOVERNMENTS COLLECT LEAST AMOUNT OF REVENUE IN PROPORTION TO GDP

TAX REVENUE AS A % OF GDP



Source: EduFinance calculations based on World Development Indicators (2018)



(Above) Children learning in at a non-state school in India

A 2017 publication suggests that 19 countries' debt-to-GDP levels meet or exceed the 60 percent threshold set by the African Monetary Co-operation Program.²⁸ Just two countries out of 18 analyzed by Moody's, a credit rating agency, were classified as "Low or Moderate Credit Risk". The rest were "Substantial", "High", or "Very High" Credit Risk.²⁹

The impact of these headwinds is reflected in sub-Saharan Africa comparatively low spending on education at only 3.1 percent of its GDP. Contrastingly, Latin America is close to meeting the higher end of the international benchmark at 5 percent, while South Asia has not successfully reached the lower end of the international benchmark, at 3.6 percent. While a few middle-income countries in southern Africa with a history of focused spend on education stand out at the top, including Botswana and Namibia, their smaller economies are outweighed by larger countries that are not able to spend as much.

FIGURE 14 – LOW- AND MIDDLE-INCOME COUNTRIES IN LATIN AMERICA AND SOUTH ASIA SPEND THE MOST ON EDUCATION AS A PERCENTAGE OF GDP

HIGHEST SPEND ON EDUCATION

Relative to GDP

GDP Spend
%

Kiribati	16.6%
Solomon Islands	12.8%
Cuba	9.4%
Namibia	9.0%
Sierra Leone	8.8%
Botswana	8.7%
Bhutan	8.1%
Bolivia (Plurinational State of)	7.7%
Mozambique	7.0%
Marshall Islands	7.0%

Source: UIS, EduFinance

Education spend as % of GDP



3.1% Sub-Saharan Africa
Sub-Saharan Africa has comparatively low spending on education

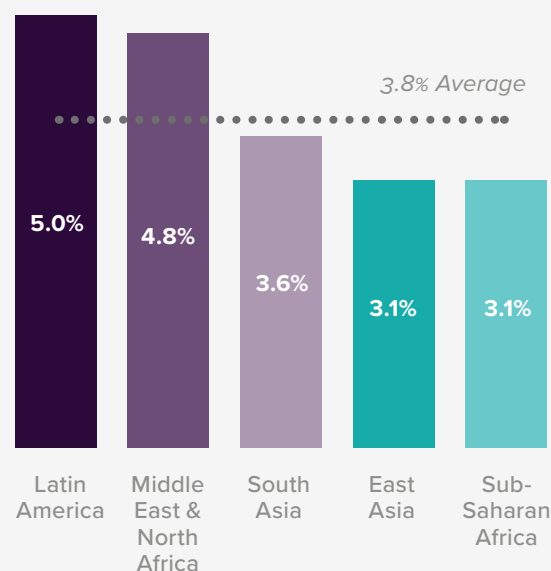


5.0% Latin America
Latin America is closer to meeting the higher end of the international benchmark



3.6% South Asia
South Asia is close but still has not successfully reached the lower end of the international benchmark

GOVERNMENT EXPENDITURE ON EDUCATION (AS A % OF GDP)



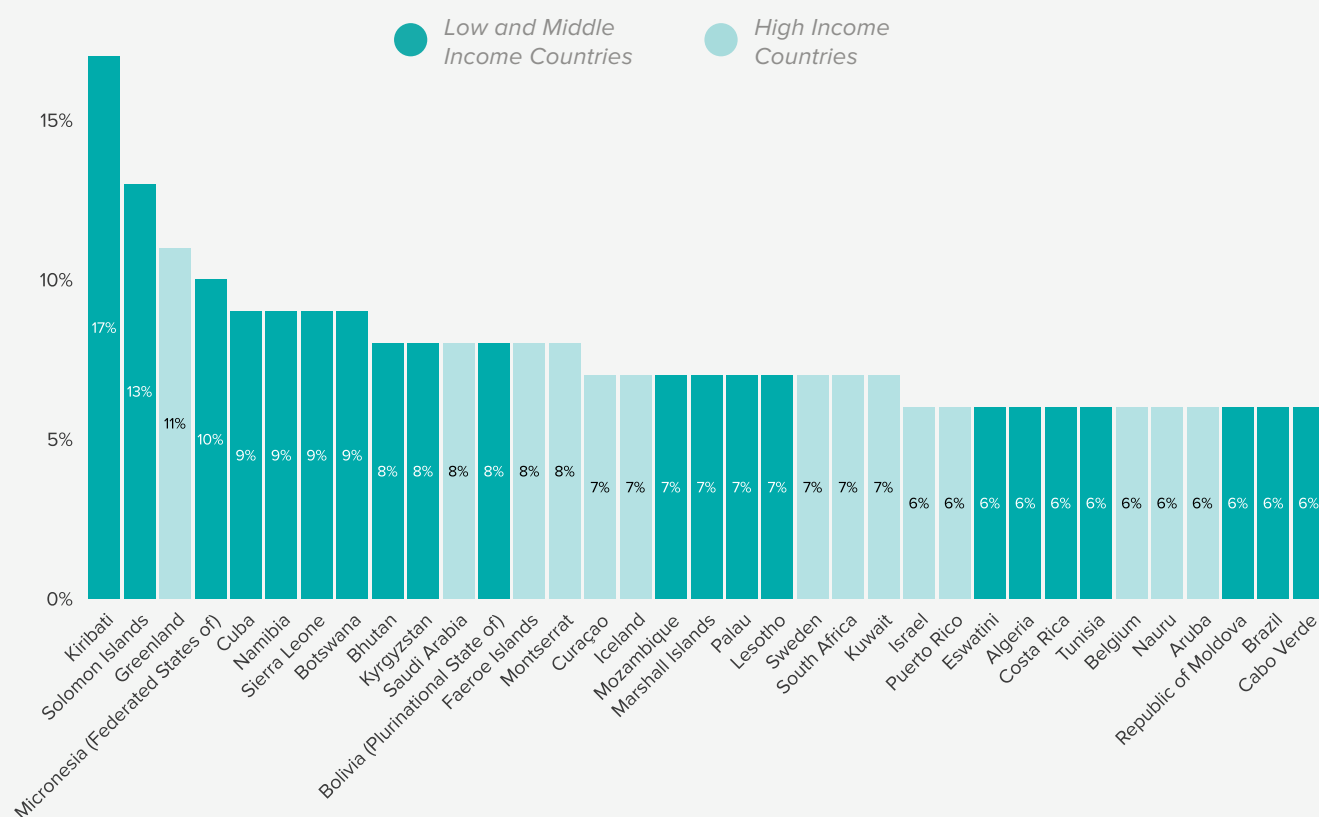
As for the second benchmark of spending 4 to 6 percent of GDP on education, the average across all low- and middle-income countries still fails to meet the target range of the Incheon Declaration, at 3.2 percent of total GDP (Figure 14). While low- and lower- middle income countries make up 28 of the top 35 in terms of education spending as a percentage of their overall budgets, only 21 of them are in the top 35 in terms of GDP spend (Figure 15). Even less encouraging is that cost projections have estimated that such spending, particularly for low-income and lower middle-income countries, will not be enough.



Learners engaging at a non-state school in Uganda.

FIGURE 15 – LOW- AND MIDDLE-INCOME COUNTRIES STRUGGLE TO SPEND MORE ON STATE EDUCATION AS A PERCENTAGE OF GDP

COUNTRIES RANKED BY PUBLIC EDUCATION SPEND AS A % OF GDP



Source: UIS, EduFinance

COVID-19

The COVID-19 pandemic caused real GDP to fall by 2.9 percent in 2020, compared to the 3.6 percent growth that was previously expected. While post-COVID years saw an economic rebound, governments face significant headwinds in their pursuit of these benchmarks. The strain on budgets is being felt in all countries and funding for state education was predicted to fall by the World Bank by as much as 8.4 percent in low- and middle- income countries.³⁰ Worse, the World Bank estimates that students may lose \$21 trillion in lifetime earnings due to lost classroom hours while schools were closed in the early stages of the pandemic, which affected at its peak 1.6 billion children.

While COVID-19 resulted in a swift and significant response from many governments worldwide, children in low- and middle-income countries faced less support. To stabilize their economies, governments in mostly high-income countries have taken discretionary fiscal measures to provide support – including additional spending, foregone revenue, equity investments, loans and guarantees. The International Monetary Fund (IMF) has been tracking these measures throughout the pandemic through October 2021.

The data demonstrates that advanced economies (high income markets such as Belgium, France, Japan, Sweden, the United Kingdom and the United States) have spent or foregone more than double the amount as emerging market economies (including for example Brazil, China, Mexico, Pakistan, South Africa) and nearly four times as much as low-income countries (a list that includes Ethiopia, Ghana, Honduras, Kenya, Nigeria,

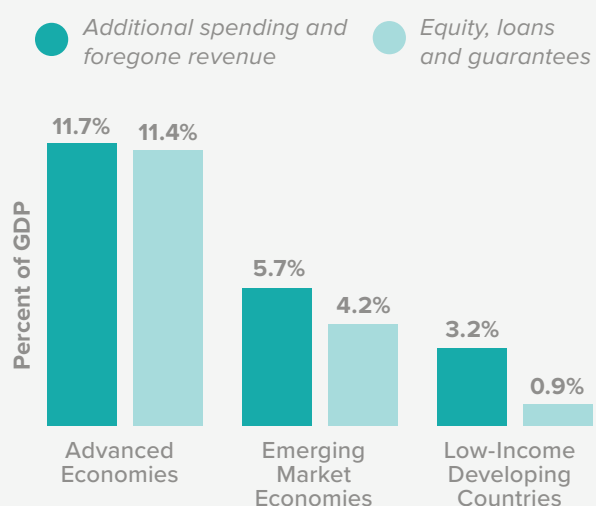
Zambia). The contrast becomes even more stark in terms of equity, loans and guarantees – with advanced economies spending almost three times emerging markets and eleven times that of low-income countries.



Children studying in Ghana.

FIGURE 17 – LOW INCOME COUNTRIES WERE LESS CAPABLE OF MOUNTING A SIGNIFICANT FISCAL RESPONSE

DISCRETIONARY FISCAL RESPONSE TO COVID-19 PANDEMIC



Source: IMF (2021)

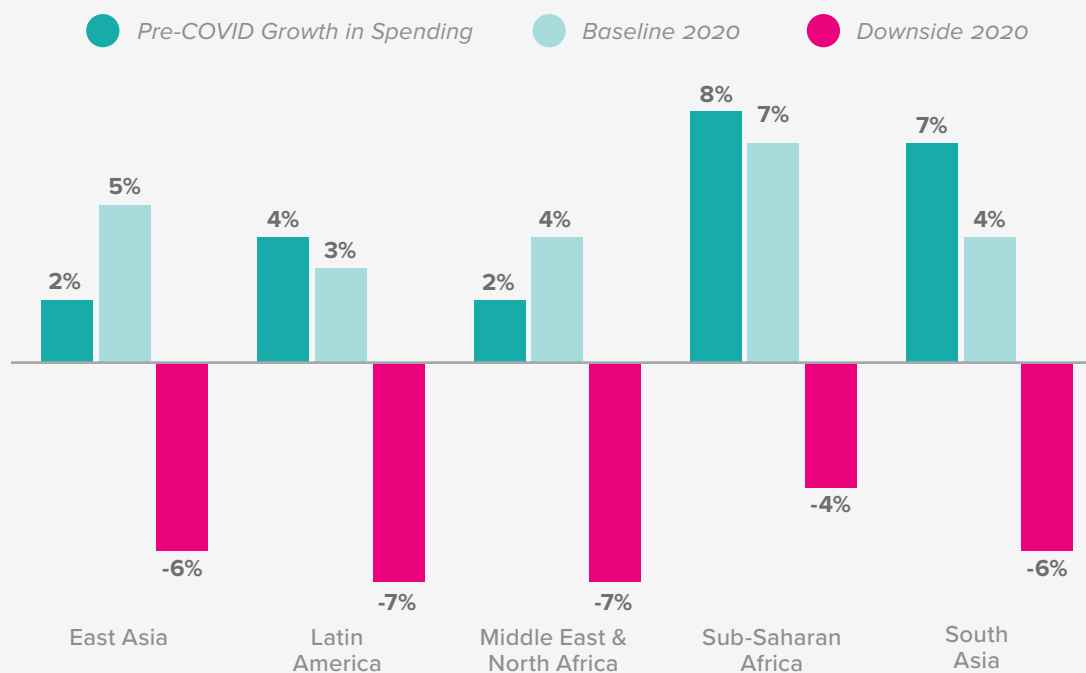
UNESCO's Global Monitoring Report suggests that, excluding post-secondary education, low- and lower middle-income governments will need to increase their spending to 6.3 percent of GDP to meet their SDG education targets.³¹ For low-income countries alone, the suggested rate rises to 8 percent, and exceeds 12 percent in some of the poorest countries, including Burundi, Mali, and Niger.³² In total, the global financing gap in education is estimated to be \$1.8 trillion to achieve the SDG 4 goals. Domestic and international annual expenditure will need to rise from \$1.2 trillion to \$3.0 trillion, translating to a 117 percent increase in education spending for children to complete primary and secondary education with basic levels of learning.³³



(Above) An educator at a non-state school in Colombia.

FIGURE 16 – GROWTH IN STATE FUNDED EDUCATION IS EXPECTED TO DECLINE SIGNIFICANTLY DUE TO COVID-19

ESTIMATED GROWTH IN STATE FUNDED EDUCATION SPENDING



Source: World Bank (2020)

Overall, while countries may have committed to universal education in theory and are making real attempts to fund improvements in enrollment, many are struggling to reach this goal in practice and lack the resources to do so on their own. Greater spending as a percentage of government budget and GDP does not always help reach the populations that need it most—higher spending does not always equate to reduced out-of-school populations in low-income countries. These factors have contributed to growth in non-state education as a means to fill the gap, which is discussed in the next section.



Learners at a non-state school in Kenya



Non-state schools like this one in Uganda are helping to plug the gap in education provision in Sub-Saharan Africa.

The Growth of Non-State Education

FIGURE 18 – NON-STATE SCHOOLS ARE GAINING MARKET SHARE WORLDWIDE

STATE VS. NON-STATE SCHOOL GLOBAL (EXC. HIGH INCOME)	State Education Global	Non-State Education Global
2005	76.9%	23.1%
2010	76.1%	23.9%
2015	74.7%	25.3%
2023	74.2%	25.8%
2028 (estimated)	74.2%	25.8%

In the context of increasing demand for education and limited state financial and institutional capacity, the non-state school sector's role in delivering education services has been growing. According to official UIS figures, the non-state education market share increased from 23.1 percent to 25.8 percent between 2005 and 2023 (Figure 18). Since 2005, non-state enrollment has increased by 48.6 percent, compared to 28.2 percent for state schools. The non-state sector worldwide is expected to hold steady at 25.8 percent of the market by 2028.

Such figures are likely to be an underestimation, especially when accounting for unregistered non-state schools that are prevalent in low- and middle-income country contexts. Several

studies have indicated wide discrepancies between official numbers and realities on the ground. For example, in Tanzania only 6.6 percent of children were enrolled in non-state pre-primary schools according to official figures, but household surveys revealed that number was closer to 25 percent. In one district in Lagos, Nigeria, there were 73 registered non-state schools as compared to 519 unregistered non-state schools as of 2011.³⁴ A household survey of



Without non-state education, some children would not have access to education at all."

several low-income urban areas of India showed that at least 65 percent of enrolled school children were attending unregistered non-state schools.³⁵

Why are poor families in low- and middle- income countries opting out of the state education system?

- ▶ One of the most prominent reasons is that without non-state education, some children would not have access to education at all. In rural areas, state schools are often few and far between, requiring children to travel long distances to attend them.
- ▶ Such distances can pose greater challenges for girls in some circumstances, with parents more reluctant to send girls to school due to safety concerns.

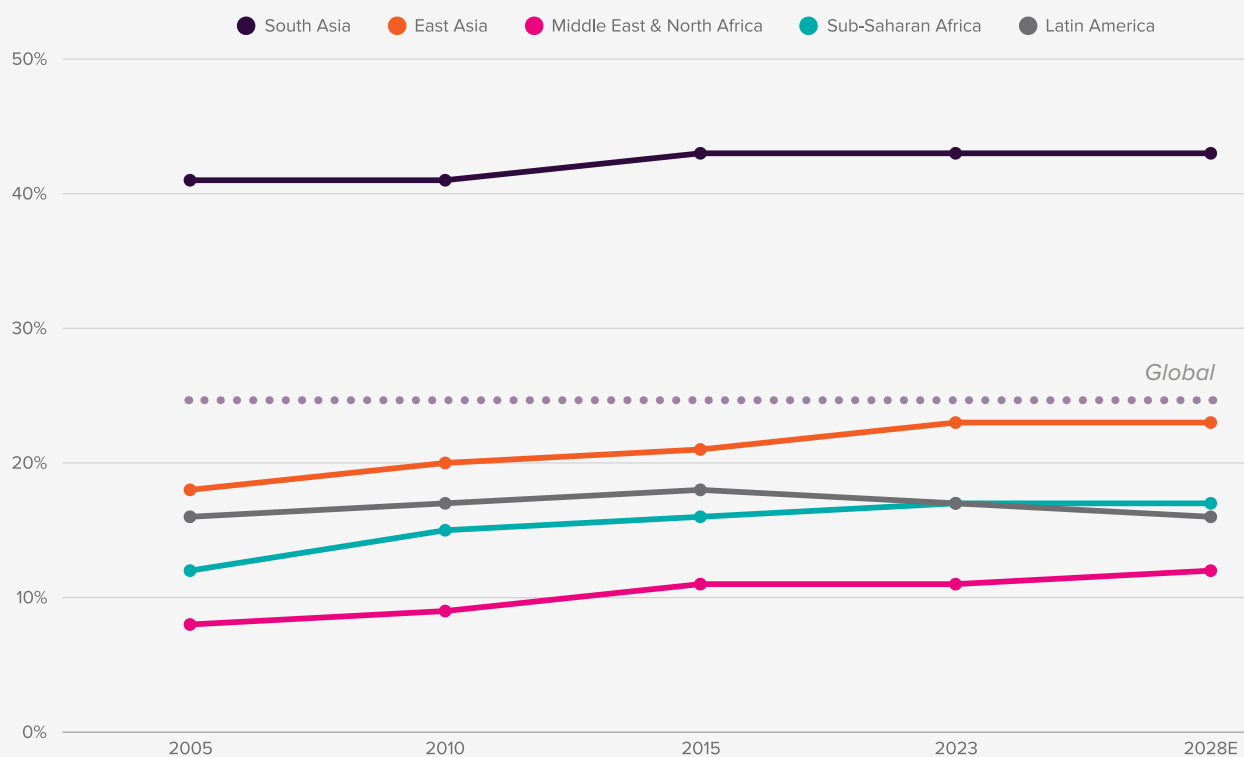
- ▶ In some urban slums, the inadequate supply of state schools has led to the involuntary exclusion of the poor.³⁶

Essentially, state expenditure constraints are limiting governments' abilities to make education accessible to lower income families in more rural and marginalized areas. This has created conditions for affordable non-state schools to expand and fill the supply gap, as these schools often set up and operate in close proximity to the communities they serve.

Families may also choose non-state schools because they perceive them to be academically or otherwise superior to state schools at a comparative price. Indeed, while many countries do have free state education policies, state

FIGURE 18 (B)– NON-STATE SCHOOLS ARE GAINING MARKET SHARE WORLDWIDE

NON-STATE SCHOOL SHARE BY REGION (EXCLUDING HIGH-INCOME)



Source: UIS, EduFinance forecasts

schools are not always truly free. Families are often beholden to a non-formal school fee structure which can include uniforms, examinations, and even desks and chairs. Studies have shown that in Kenya, China, and Ghana, non-state schools were established precisely because of the rising costs associated with state schools. In addition, non-state schools have also shown to offer concessionary and/or scholarship-based spaces to those unable to afford school fees.³⁷

Quality

In terms of quality, many poor families, including in Ghana, India, Jamaica, and Kenya, cited their dissatisfaction with state schools, particularly in regard to teaching practices as a key reason to prefer non-state education.^{38, 39, 40, 41} Parents noted that non-state schools were able to provide more individualized attention and smaller classes than state schools. Individual studies suggest that teacher presence and pupil-teacher ratios (PTR) do tend to be better in non-state schools. This may be due to inherent accountability mechanisms, most notably that parents can choose to unenroll their children if they are not satisfied.⁴² There is also indication that because non-state schoolteachers are often less qualified and have weaker job security than their state school counterparts, they may have greater incentives to perform better.

It is important to note that while families' perceptions of quality are an important factor in their school decision-making, the evidence remains mixed as to whether non-state schools outperform state school counterparts. However,

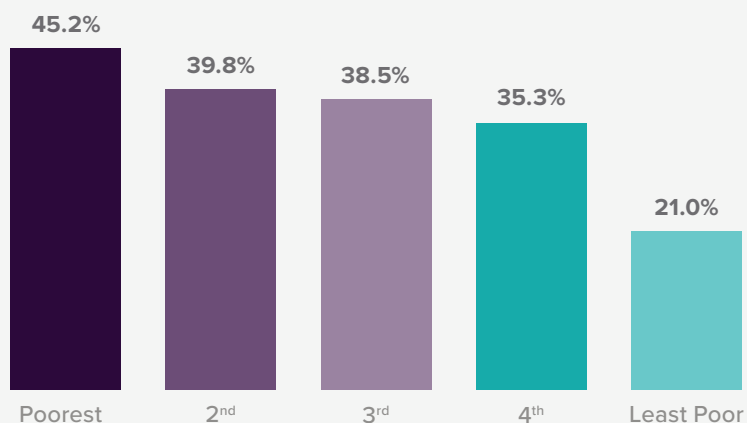
non-state schools provide more services to low-income families that go beyond standardized test scores. In addition to lower PTRs and individualized instruction, families across multiple countries reported having more personal relationships with non-state schools, indicating high levels of mutual support between parents and staff.⁴³ Non-state schools are also able to provide a flexibility that state schools simply are unable to, such as incorporating cultural or religious values and practices, or having class times that fit with parents' schedules.⁴⁴ Thus, when properly regulated, non-state schools can support governments as education partners and play a critical role in extending services to some of the most marginalized groups.



(Above) A teacher in non-state school in Rwanda

FIGURE 19 – CASE OF MORE CHILDREN IN LOWER INCOME HOUSEHOLDS ATTENDING NON-STATE SCHOOL THAN THOSE WITH RELATIVELY HIGHER INCOME, KENYA

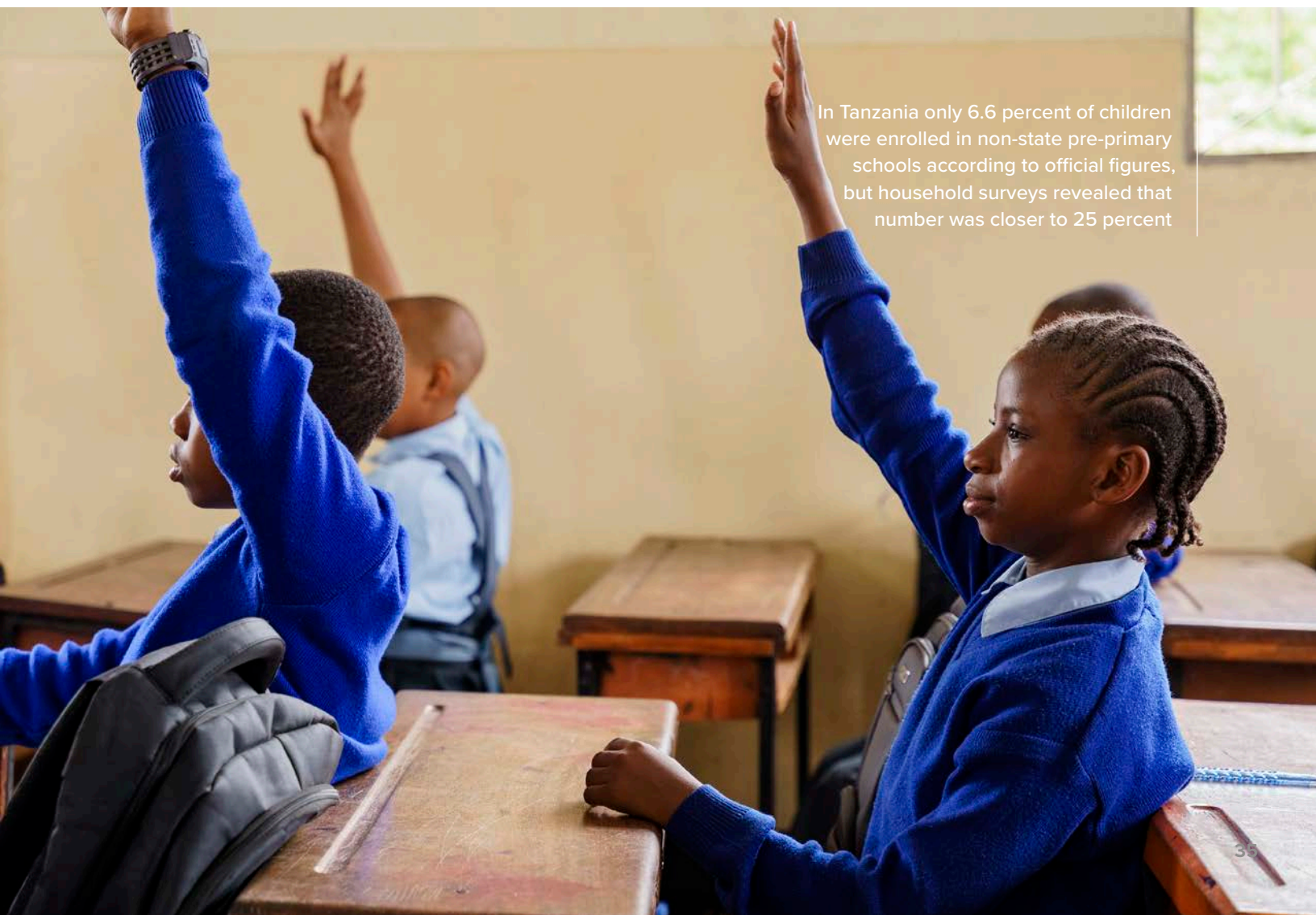
NON-STATE SCHOOL ENROLLMENT STUDY IN KENYA, ACCORDING TO WEALTH INDEX



Source: Oketch, M., Mustiya, M., Ngware, M., and Ezeh, A. (2010)

“

Studies have shown that in Kenya, China, and Ghana, non-state schools were established precisely because of the rising costs associated with state schools.”



In Tanzania only 6.6 percent of children were enrolled in non-state pre-primary schools according to official figures, but household surveys revealed that number was closer to 25 percent

SECTION V

Financing the Non-State School Sector

While affordable non-state schools exist alongside the state education system in both substitutive and complementary roles, their potential has yet to be fully realized. On the school supply side, given that school fees are often the main or only source of revenue, affordable non-state schools operate on limited financial resources, making it difficult to expand enrollment by adding more classrooms and available seats. Other quality improvements such as running water installations, gender-separated washrooms, and hiring of more qualified teachers are also challenging. Banks and other formal lending institutions remain reluctant to engage with affordable non-state schools because of their perceived financial risk. Therefore, non-state school proprietors must often either rely on their own savings or resort to borrowing from loan shark institutions at onerous rates to make infrastructure investments.⁴⁵

On the demand side for schools, many families are still unable to cover educational costs when they are due, despite many non-state schools keeping their fees as low as possible to attract low-income families. This is because they often rely on seasonal or inconsistent income, and do not always have cash readily available to pay for school fees. As a standard practice, schools often send students home for unpaid fees, increasing absenteeism and risking permanent student dropout.⁴⁶

Opportunity International EduFinance is working to close these supply and demand gaps in the education ecosystem through financial solutions. Since 2012, EduFinance has partnered with 203 financial institutions across the globe and has built comprehensive education lending portfolios comprised of School Improvement Loans (SILs) targeting proprietors of affordable non-state schools, and School Fee Loans (SFLs) targeting low-income families with school-aged children. The following sections offer a description of these two key loan products, which provide the basis for this market sizing exercise.

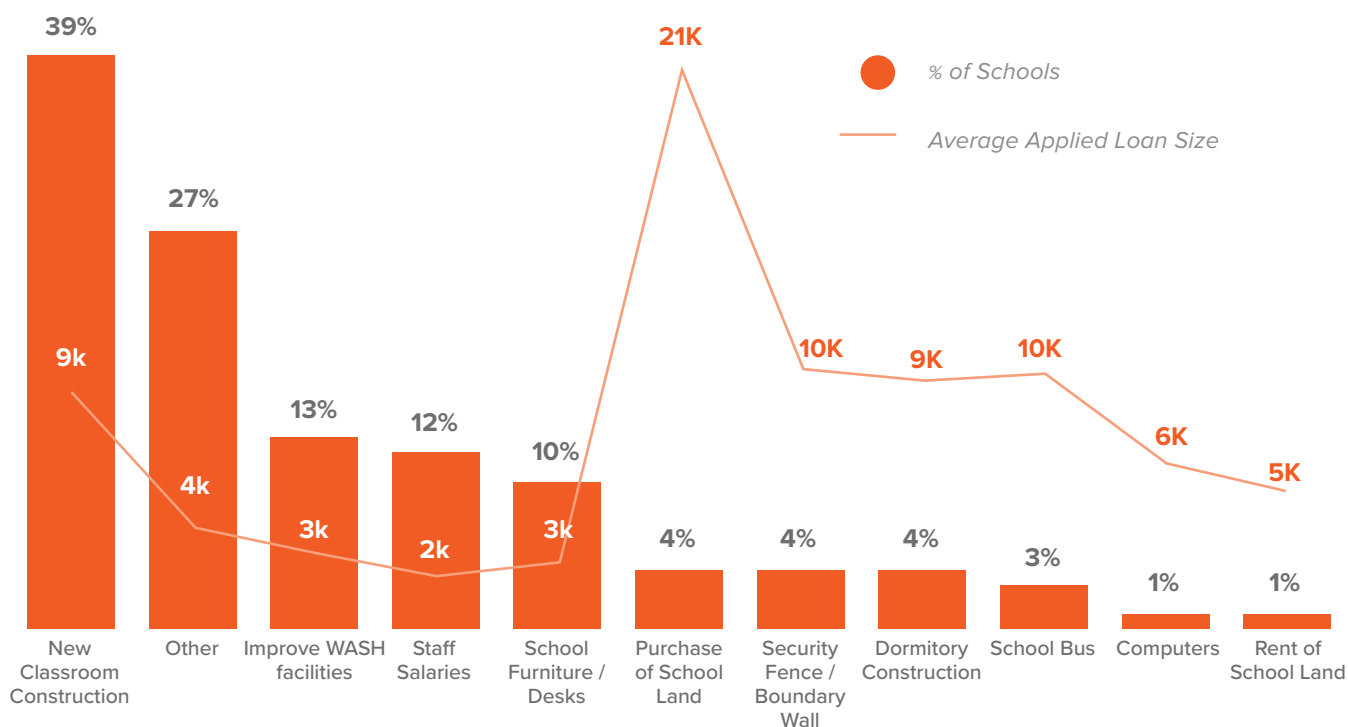


Opportunity International EduFinance is working to close supply and demand gaps in the education ecosystem through financial solutions."



(Above) A non-state school in Ghana.

FIGURE 20 – USES OF SCHOOL IMPROVEMENT LOANS

MOST FREQUENTLY CITED SCHOOL IMPROVEMENT LOAN USE

Source: Opportunity EduFinance School Leadership Academy Survey Data

School Improvement Loans

School Improvement Loans (SILs) set the stage for sustainable improvements to schools in low-resource environments, helping to ensure more students gain access to better education, much faster. SIL clients are often local entrepreneurial parents or educators who have started affordable non-state schools in under-served communities and have sustained good enrollment rates for at least two years, which demonstrates schools have earned the support of their local community.

While the loan amount varies depending on country and community, the average size of SILs hovers around \$9,639 on average. SIL tenures range from 6–36 months with the average around 24–30 months. Loan repayments are best structured around schools' seasonal revenue,

which is mostly generated from school fees, and individual school capacity for managing a suitable repayment schedule.

Investment in school infrastructure has long been linked to child learning outcomes in academic studies. For example, students at schools perform significantly better if the school has at least one functioning toilet.⁴⁷ The availability of gender-separated toilets is particularly important for enrollment and educational attainment of girls.⁴⁸ Other studies have highlighted investment in libraries, sports facilities, and other infrastructure in connection with positive quality improvements. Extracurricular activities have also been linked to better attendance, behavior, and academic performance.⁴⁹

School Improvement Loan Uses

Analysis from Opportunity EduFinance research suggests that the most common uses for School Improvement Loans include:



Building extra classrooms allows for school expansion.



Staff Salaries – regular payment of teacher salaries improves teacher retention and is a strong motivating factor for teacher performance.



Building washroom facilities, especially washrooms for separate genders, play a part in increasing female attendance.



Transportation amenities provide the opportunity for students residing further away from school to be able to attend school.

(Below) Extra classrooms create space for additional enrollment to meet the growing demand for non-state education. Furthermore, school expansion via purchase of school land, and additional furniture and desks means bigger and more conducive spaces for students in which to learn.



(Top right) Strong retention of teachers has been linked to improved student learning outcomes, allowing schools to invest in teacher professional development and training.

(Middle) In addition to promoting sanitary health, separate washrooms also play a part in increasing female enrollment, attendance, and school completion.

(Bottom right) transportation amenities reduce the time and cost of traveling to school regularly while increasing the safety of journeys.

School Fee Loans

Rural and low-income families often rely on seasonal or irregular income, and cash may not be readily available to cover educational costs at the start of school terms. This lack of cash at the right time can result in a child not enrolling or being sent home until the fees are paid. EduFinance works with financial institutions to offer School Fee Loans (SFLs) to ease the pressure of up-front educational costs, effectively spreading out the costs of their children's education and helping prevent school absenteeism and dropout. Research conducted

has shown that SFLs can reduce absenteeism, as demonstrated in Figure 21.

Loan tenures vary according to the two main types of income earners (seasonal or irregular), and range between 3–12 months. The average SFL is approximately \$100–\$250, which can support school fees for three children on average. Amounts vary from market to market and for different loan tenures. The following section shows the typical socio-economic profile of a school fee loan client from market research conducted in Kenya.



EduFinance works with financial institutions to offer School Fee Loans (SFLs) to ease the pressure of up-front educational costs. Research conducted has shown that SFLs can reduce absenteeism.

SCHOOL FEE LOANS – KENYA STUDY

Opportunity EduFinance and Kantar Market Research conducted a study in Kenya to understand the key characteristics of Musoni Microfinance’s school fee loan clients. Musoni Microfinance is a financial institution partner of Opportunity EduFinance. The research team conducted 176 interviews around Nairobi, Kenya in late 2019 with Musoni clients as well as non-clients, aiming to capture an in-depth and holistic picture of the impact of school fee loans, which included looking at the socio-economic profile of clients. The subsequent sections explore their characteristics in more detail.

Absenteeism in schools

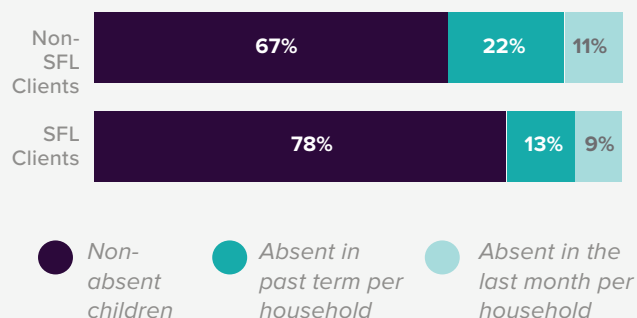
The report found a comparatively lower rate of absenteeism among SFL clients’ children—13 percent versus 22 percent—an indication that the loan product is registering some impact on children and households by mitigating the ‘lack of cash for school fees’ issue. The key contributing factor for school absenteeism among non-SFL clients was lack of cash for school fees (70 percent) in comparison to SFL clients (33 percent). Among SFL clients, sickness and death of a family member (60 percent) was seen as the major cause of absenteeism.

Age of School Fee Loan Borrowers

As shown in Figure 22, school fee loan clients included in the study tended to be older than the non-client population, with 82 percent over the age of 35, compared to 39 percent of non-clients. This highlights a challenge for younger parents to obtain financing, but it is also driven by the fact that older parents will have had more time to demonstrate creditworthiness.

FIGURE 21 – CHILDREN WITH SCHOOL FEE LOANS ARE LESS LIKELY TO BE ABSENT AND HAVE LOWER DROPOUT RATES

PERCENTAGE OF CHILDREN ABSENT IN SCHOOL



PERCENTAGE OF DROPOUTS PER HOUSEHOLD

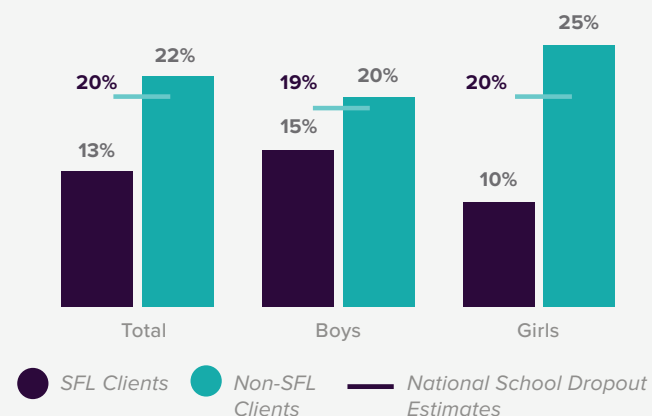
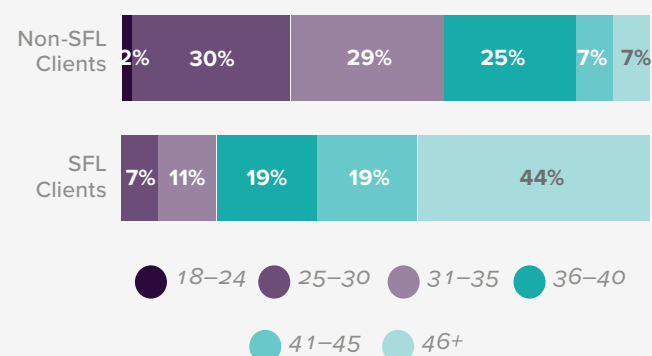


FIGURE 22 – MAJORITY OF SFL CLIENTS ARE ABOVE 35 YEARS OF AGE

BORROWER AGE



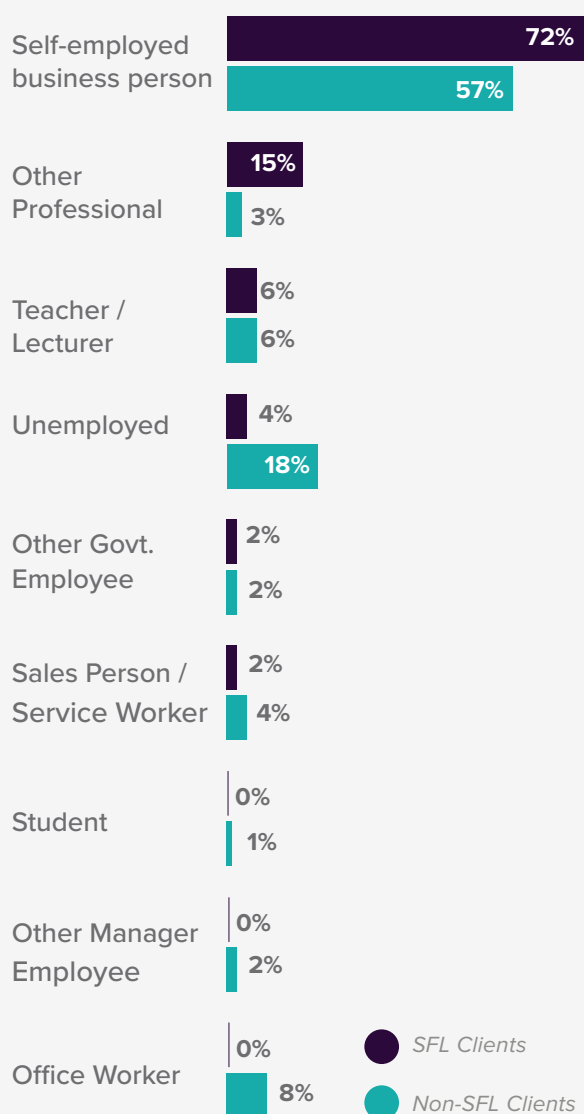
Source: EduFinance

Occupation of School Fee Loan Borrowers

Nearly three-quarters of loan clients interviewed in the study were self-employed businesspersons (72 percent) and less likely to be unemployed (4 percent) when compared to non-loan clients (18 percent). Self-employed persons were more likely to benefit from these loans, given the often-irregular pay that comes with working for oneself or informally. Figure 23 shows the distribution of SFL and non-SFL clients by occupation.

FIGURE 23 – SFL CLIENTS ARE MORE LIKELY TO HAVE SOME LEVEL OF EMPLOYMENT

BORROWER OCCUPATION



Source: EduFinance

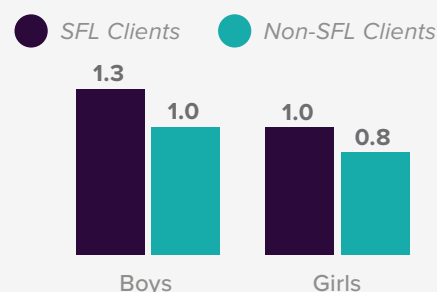
Number of Household Members and Children Attending School

The report found that in comparison to non-SFL households, SFL households are likely to have a larger family size. On average, SFL households have 5.2 members, in comparison to 4.3 members per non-SFL households. They also have more children attending school than non-SFL households. SFL clients on average had 2.3 children attending school, while non-SFL households had 1.8.

FIGURE 24 – SCHOOL FEE LOAN BORROWERS HAVE LARGER HOUSEHOLDS AND MORE CHILDREN ATTENDING SCHOOL

NUMBER OF MEMBERS IN HOUSEHOLD	SFL Client	Non-SFL Client
Two	2%	3%
Three	6%	20%
Four	21%	39%
Five	44%	25%
Six	10%	9%
Seven	8%	3%
Eight and above	10%	2%
Average members per household	5.2	4.3

NUMBER OF CHILDREN ATTENDING SCHOOL



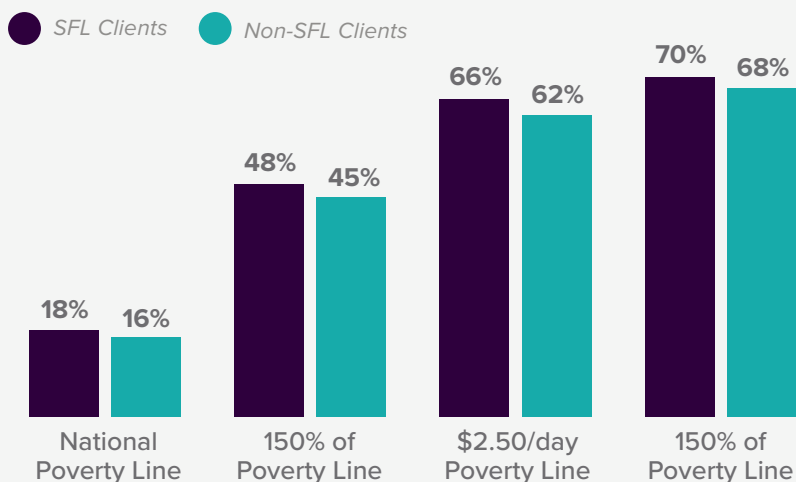
Source: EduFinance

Poverty Probability Index

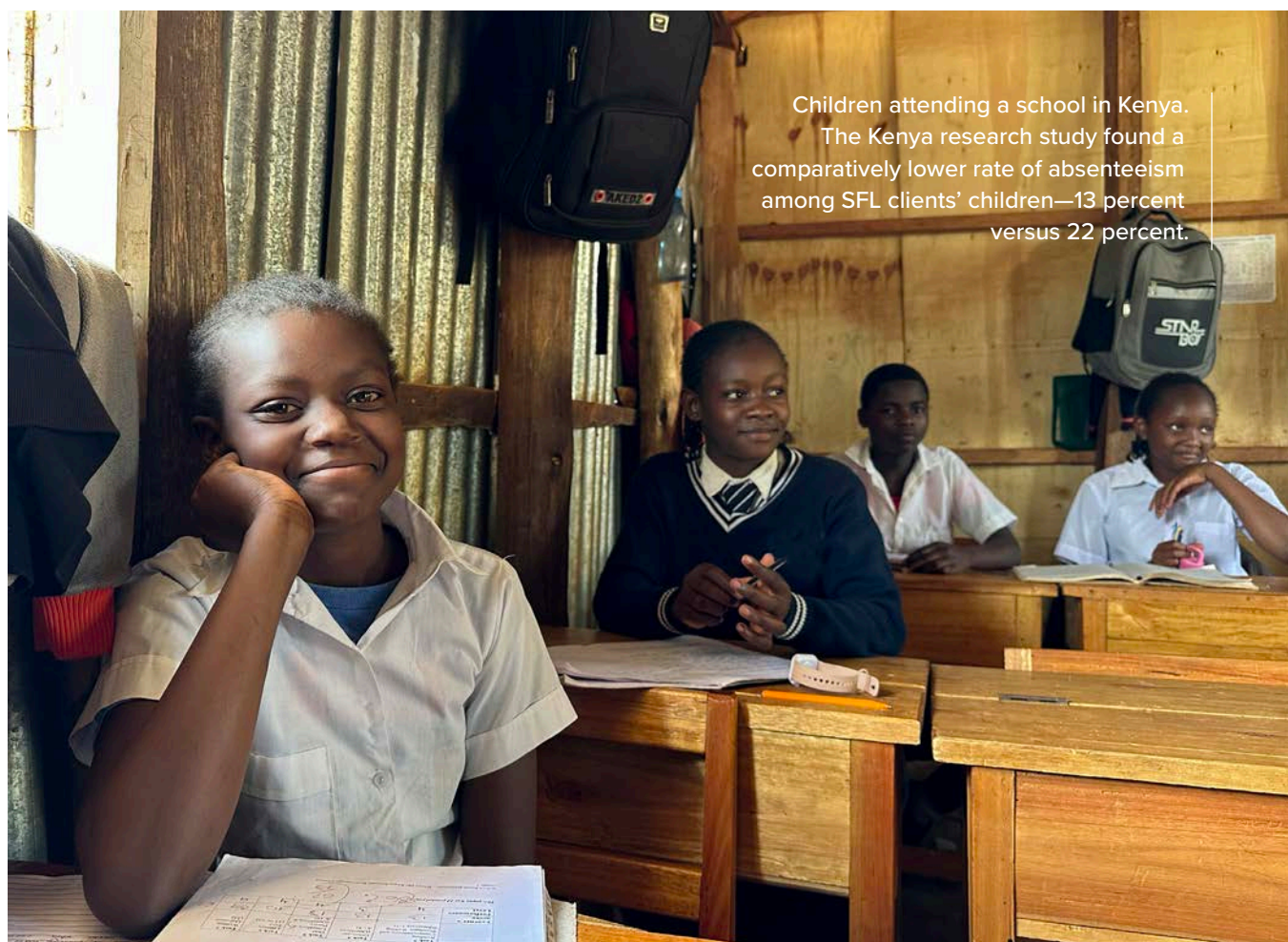
The Poverty Probability Index (PPI)⁵⁰ is a tool used to quantify households living below the poverty line. The report calculated PPI scores for SFL households. The average PPI score registered for SFL households indicated that SFL households were more likely to fall below the poverty line than non-SFL households.

FIGURE 25 – FAMILIES WITH SCHOOL FEE LOANS MORE LIKELY TO LIVE BELOW POVERTY LINES

PERCENTAGE LIKELIHOOD THAT SURVEYED HOUSEHOLD IS LIVING IN POVERTY



Source: EduFinance



SCHOOL FEE LOANS AND ABSENTEEISM – UGANDA STUDY

Absenteeism in School: Uganda

In 2024, Opportunity EduFinance carried out a study to understand the impact of school fee loans on student absenteeism from the perspective of parents and school leaders. The survey – carried out in January 2024 – sampled 96 parents with 270 school-aged children, and 57 school leaders educating 17,611 pupils.

Overall, the study found that school fee loans are important in helping return children to school who have been absent for extended periods. Out of the 41% of parents who had taken a loan, 85% reported being able to send their children back to school as a direct result of the school fee loan.

Many parents find paying school fees challenging: 66% of parents stated it was either very difficult, difficult, or not easy to pay school fees for their children. In addition to taking out loans to afford children's education, many households reported selling property, cutting down on basic needs such as food, clothing, and housing, and taking on multiple jobs to fund education expenses.

Parents finding it difficult to pay school fees resulted in 27% of children being absent for over two weeks in the past year. The inability to pay school fees was a major reason behind children missing school. Despite a higher percentage of girls being absent, most parents prioritize sending girls to school, illustrating how SFLs could help increase school attendance for girls by removing financial constraints.

PARENTS SAMPLED IN UGANDA STUDY REPORTED THE FOLLOWING:



66%

face difficulty in paying for school fees



41%

had taken a loan to help pay school fees



85%

sent children back to school after receiving loan



(Above) Students attending a non-state school in Uganda.

According to school owners surveyed, households' inability to pay school fees is the primary reason for absenteeism for 80% of absent children. On average, less than half of parents make school fee payments on time. Schools in low- and middle-income countries often rely on loans to cover operational expenses, improve their infrastructure, and invest in other school quality improvements. However, schools with **higher rates of absenteeism and uncollected school fees struggle to access capital**, as financial institutions are less likely to lend to schools with unreliable cash flow.

Opportunity EduFinance works together with financial institutions to address this challenge on both sides: by designing school loan products that are tailored to schools' fee collection schedules, while also promoting school fee loans to support parents in making on-time fee payments – ultimately **giving schools more reliable, sustainable revenue streams**.



| (Above) Students attending a non-state school in Uganda.

ACCORDING TO PARENTS:



27%

of pupils
were absent for more
than two weeks



57%

of absentees were girls

ACCORDING TO SCHOOL OWNERS:



80%

of absenteeism
is due to unpaid
school fees



23%

of children
are sent home due
to unpaid school fees



49%

are paying on time



A young learner at a non-state school in Ghana. School Improvement loans are enabling schools to expand their offerings by building new classrooms and facilities, ultimately helping to get more children into better schools.

A Model for Sizing and Forecasting

EDUFINANCE MARKETS Total Demand (\$m, Low-Middle Income Countries)	Demand Current	New Demand Through 2028	Out-of-school Children Potential	Total
South Asia	13,006	1,206	2,292	16,505
East Asia & Pacific	6,163	222	407	6,792
Sub-Saharan Africa	3,429	784	1,173	5,387
Latin America and Caribbean	4,622	—	4,759	4,759
Middle East & North Africa	1,688	334	176	2,197
Europe & Central Asia	182	502	—	726
Total	29,411	2,521	4,434	36,366



Extrapolating the historical data, state school enrollment is forecast to grow by an additional 11.4 percent through 2028, whereas non-state school enrollment is anticipated to grow by 11 percent."

APPROACH, METHODS & LIMITATIONS

EduFinance used its partnership network in multiple markets to undertake this analysis to size and forecast the affordable non-state education sector. EduFinance implemented a bottom-up localized approach to modeling by conducting primary data collection in select countries and triangulated the information with publicly available sources, including the United Nations Institute of Statistics (UIS), the World Bank Open Data Initiative, and the Education Policy Data Center.

This analysis is not without limitations. First, while as much detailed information was gleaned from as many reliable databases as possible, the difficulty of obtaining complete or recent country-specific data makes calculations challenging. For the sake of practicality, EduFinance has not pursued the latest data for every low- and middle-income country. However, the team was able to utilize the data and knowledge that have been gathered from partnerships with more than 60 financial institutions worldwide and the in-depth market research studies that have already been conducted internally. Additionally, to compensate for missing or inaccurate values, regional estimates were utilized as proxies.

Additionally, education systems around the world are not uniformly designed, thus schooling levels between countries are not always compatible. Drawing on past experiences and knowledge, the team made its best effort to maintain as much consistency as possible. These results are most informative when considered from a high-level view, looking for areas of greatest potential need and impact; not for precise numbers, which can often be

found and tailored to the individual market on the websites of the Ministry or Department of Education. Findings from this analysis are as follows:

Total Enrollment in Non-State Schools

Data from UNESCO's Institute of Statistics (UIS) were used to disaggregate enrollment figures by level of education and type of institution. Not every country had currently available data and thus figures were adjusted according to national population growth by country.

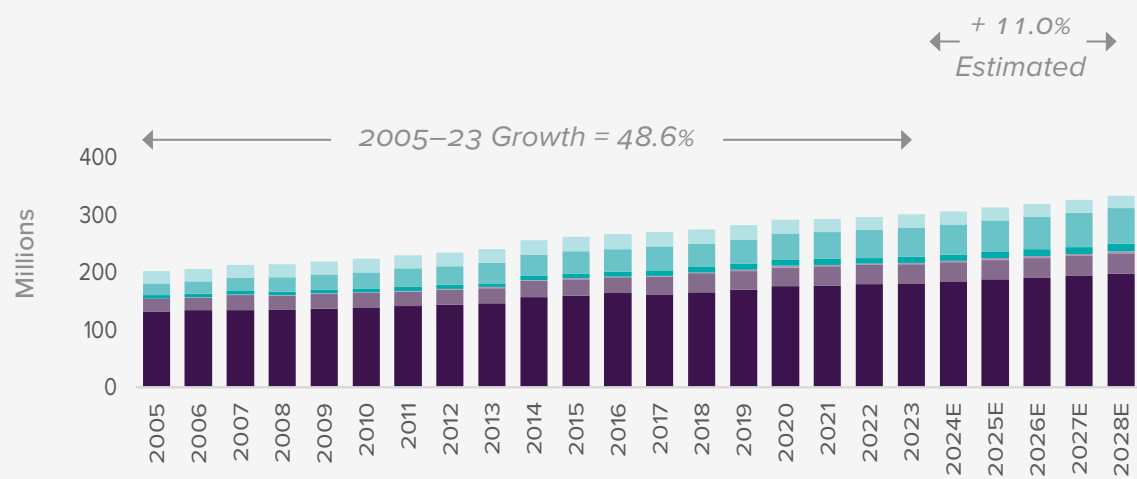
State school enrollment in low- and middle-income countries rose by 28.2 percent (189.7 million) from 2005 to 2023 (Figure 26). Over the same period, non-state enrollment in low- and middle-income countries rose by 48.6 percent (98.2 million). Extrapolating the historical data, state school enrollment is forecast to grow by an additional 11.4 percent through 2028, whereas non-state school enrollment is anticipated to grow at a similar rate of 11 percent. The differential may be even higher since non-state school enrollment is often underreported in official data.

Breaking down the recent growth trends into annualized rates facilitates forecasts by region. The resulting forecast is that new non-state education demand through 2028 will be highest in sub-Saharan Africa and South Asia, requiring 29 million new seats in the two regions alone. If out-of-school children were to be incorporated, these figures would be significantly higher.



(Left) Young learners in Ghana. The forecast is that new non-state education demand will be highest in sub-Saharan Africa and South Asia, requiring 26 million new seats in the two regions alone.

FIGURE 26 – NON-STATE EDUCATION GROWING MUCH FASTER THAN STATE EDUCATION IN LOW- AND MIDDLE-INCOME MARKETS

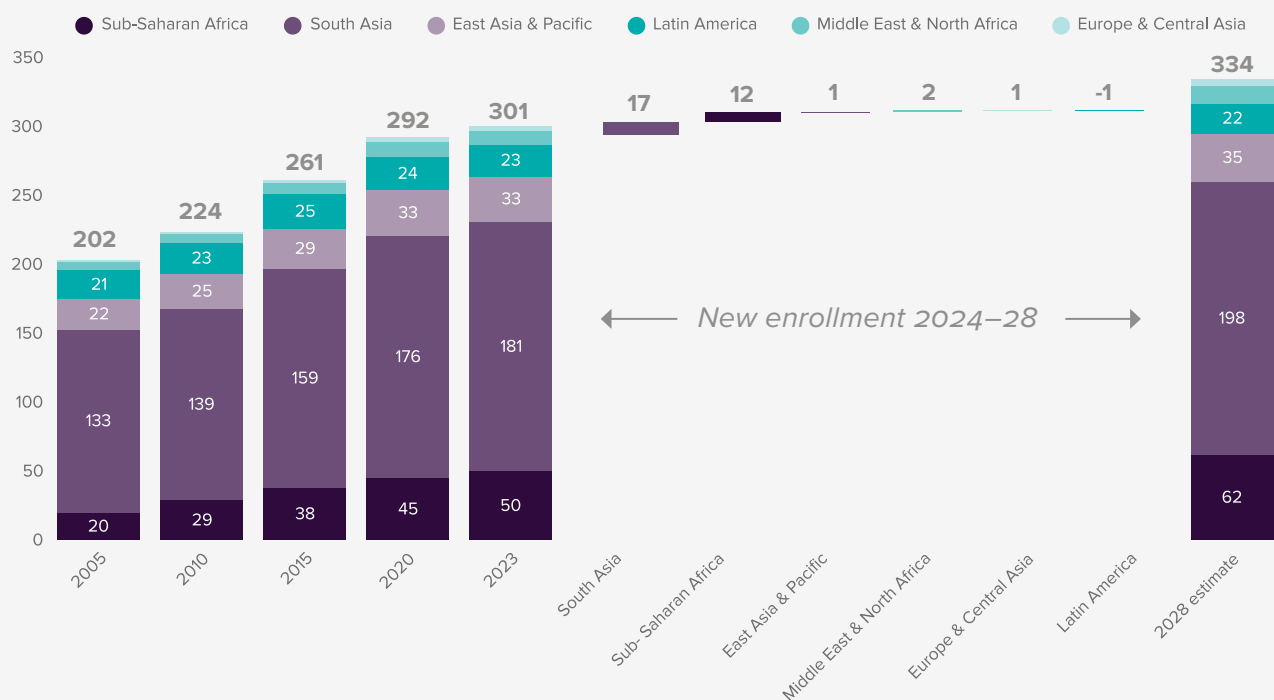
CHILDREN IN PUBLIC EDUCATION (LOW, MIDDLE-INCOME MARKETS)**CHILDREN IN NON-STATE SCHOOLS (LOW, MIDDLE-INCOME MARKETS)**

Source: UIS, EduFinance

FIGURE 27 – ENROLLMENT GROWTH REQUIRES BUILDUP OF NEW SCHOOL CAPACITY – 56 MILLION NEW SEATS, EXCLUDING OUT-OF-SCHOOL CHILDREN

5 YEAR ANNUALIZED ENROLLMENT GROWTH	Non-State	State
Sub-Saharan Africa	4.3%	2.8%
South Asia	1.7%	2.4%
Latin America	-1.5%	-0.2%
East Asia	0.7%	0.7%
Middle East & North Africa	2.8%	1.8%
Europe & Central Asia	3.3%	1.1%

ACTUAL AND FORECAST NUMBER OF CHILDREN ENROLLED IN NON-STATE SCHOOLS (MILLIONS)



Source: UIS, EduFinance

Pupil-Teacher Ratios (PTR) in Non-State Schools

Teachers' workload and their availability to their students is conventionally measured using Pupil-Teacher Ratios (PTR). It is well documented in academic literature that the lower the PTR (to an extent), the greater the availability of teachers' services to their students, and the more academically and socially engaged students become. This has large implications for education quality and student performance. One study in Port Harcourt, Nigeria demonstrated a significant relationship between a student's perception of PTR and academic achievement in mathematics, showing that when students perceive that they are in a smaller class size and are able to get more attention, their academic achievement also increases.⁵¹ Similarly, other studies have highlighted that maintaining a low PTR leads to long-term benefits on student achievement, including strong improvement rates for low performing students, individualized student attention, and increasing students' focus.⁵² While there is no global consensus on the ideal PTR, the analysis in this report utilizes UNESCO's maximum suggestion of 40:1 for primary students and 30:1 for secondary students as proxies for quality.⁵³



Learners at a non-state school in DRC. Studies show that maintaining a low PTR leads to long-term benefits for students.



The greater the availability of teachers, the more academically and socially engaged students become



A significant relationship exists between a student's perception of PTRs, and academic achievement in mathematics



Student perceptions of smaller class sizes and more attention, contributes to academic achievement increasing



Studies show that maintaining a low PTR leads to long-term benefits on student achievement, including strong improvement rates for low performing students, individualized student attention, and increasing students' focus

- To determine existing PTR figures, EduFinance combined available data from EPDC and EduFinance's market research data to determine weighted averages. As shown in Figure 28, sub-Saharan Africa has the highest average PTR among all regions, with an average of 42.8 students per teacher.
- As shown in Figure 29 below, PTRs are consistently highest in low- and middle-income countries. Bolivia and Belize reported PTRs of primary school as high as 265:1 and 154:1, respectively.
- Of the top 35 countries with the highest PTRs worldwide, all of them but Nauru are classified as low- and middle-income nations. Significantly, 25 of these are located in sub-Saharan Africa. This stark disparity in PTR in sub-Saharan Africa underscores the severe educational inequality and challenges faced by the region.

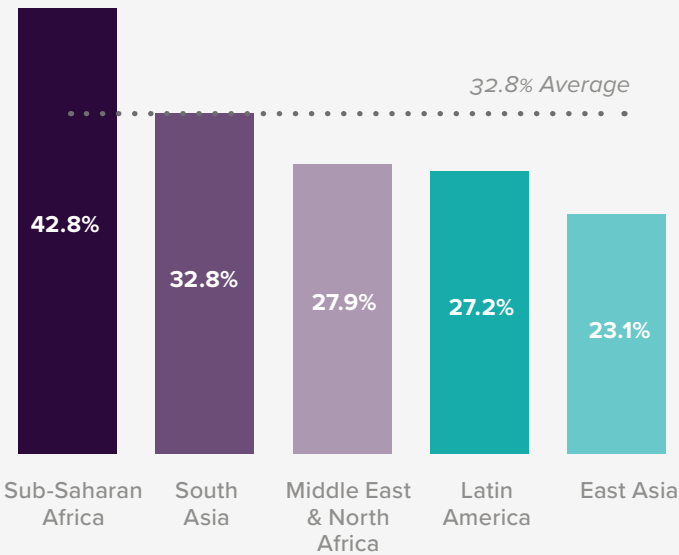
FIGURE 28 – PUPIL TEACHER RATIOS ARE HIGHEST THROUGHOUT SUB-SAHARAN AFRICA

**PUPIL TEACHER RATIO PTR
(PRIMARY SCHOOL)**

	Region	PTR
Bolivia	Latin America & Caribbean	265
Belize	Latin America & Caribbean	154
Nauru	East Asia & Pacific	86
Togo	Sub-Saharan Africa	85
Central African Republic	Sub-Saharan Africa	83
Saint Lucia	Latin America & Caribbean	68
Afghanistan	South Asia	60
Sierra Leone	Sub-Saharan Africa	59
Burundi	Sub-Saharan Africa	58
United Republic of Tanzania	Sub-Saharan Africa	57

FIGURE 28

PUPIL TEACHER RATIO (PRIMARY SCHOOL)

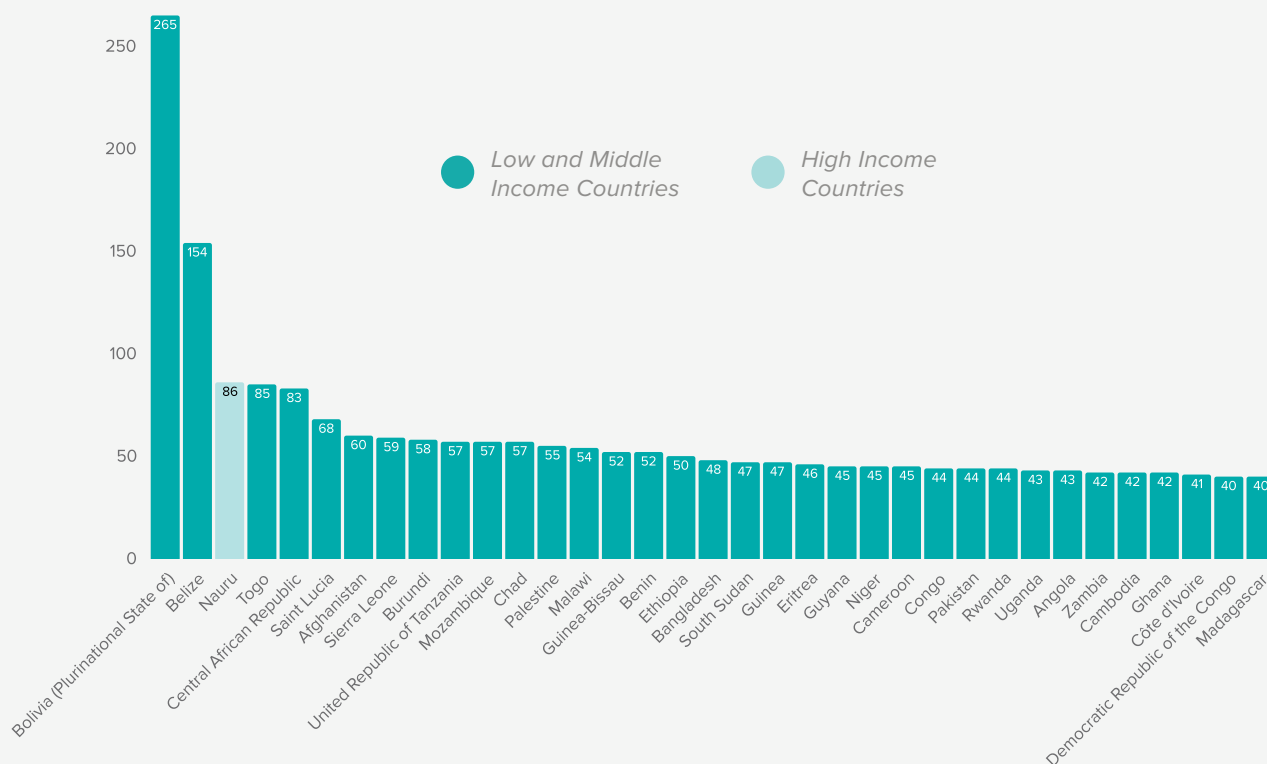


Source: UIS, EduFinance



(Above) A non-state school in Colombia with a good PTR. Academic literature notes that lower PTRs allow students to become more academically and socially engaged.

FIGURE 29 – THE HIGHEST PUPIL-TEACHER RATIOS ARE CONSISTENTLY IN LOWER INCOME COUNTRIES

COUNTRIES RANKED BY PUPIL TEACHER RATIOS (PRIMARY SCHOOL)

Source: UIS, EduFinance

Number of Children per Non-State School

Another necessary variable for any estimate of the market is the average number of children in each school. Given the scope of this work, it is not practical to collect data from all individual Departments or Ministries of Education. Such estimates would also be incomplete in any case. For the purposes of this report, EduFinance has utilized data gathered from EPDC (covering state schools only) alongside proprietary market research to arrive at estimates for the number of children per school. The EPDC data are scattered and only available for a minority of markets (79), so EduFinance extrapolated the numbers and normalized them by region to compensate for

FIGURE 30 – THE WORLD'S LARGEST SCHOOLS, ON AVERAGE, ARE IN AFRICA

AVERAGE NUMBER OF CHILDREN PER NON-STATE SCHOOL

Region	Average Number of Children per school
Sub-Saharan Africa	335
Middle East & North Africa	267
Latin America	205
South Asia	199
East Asia	181

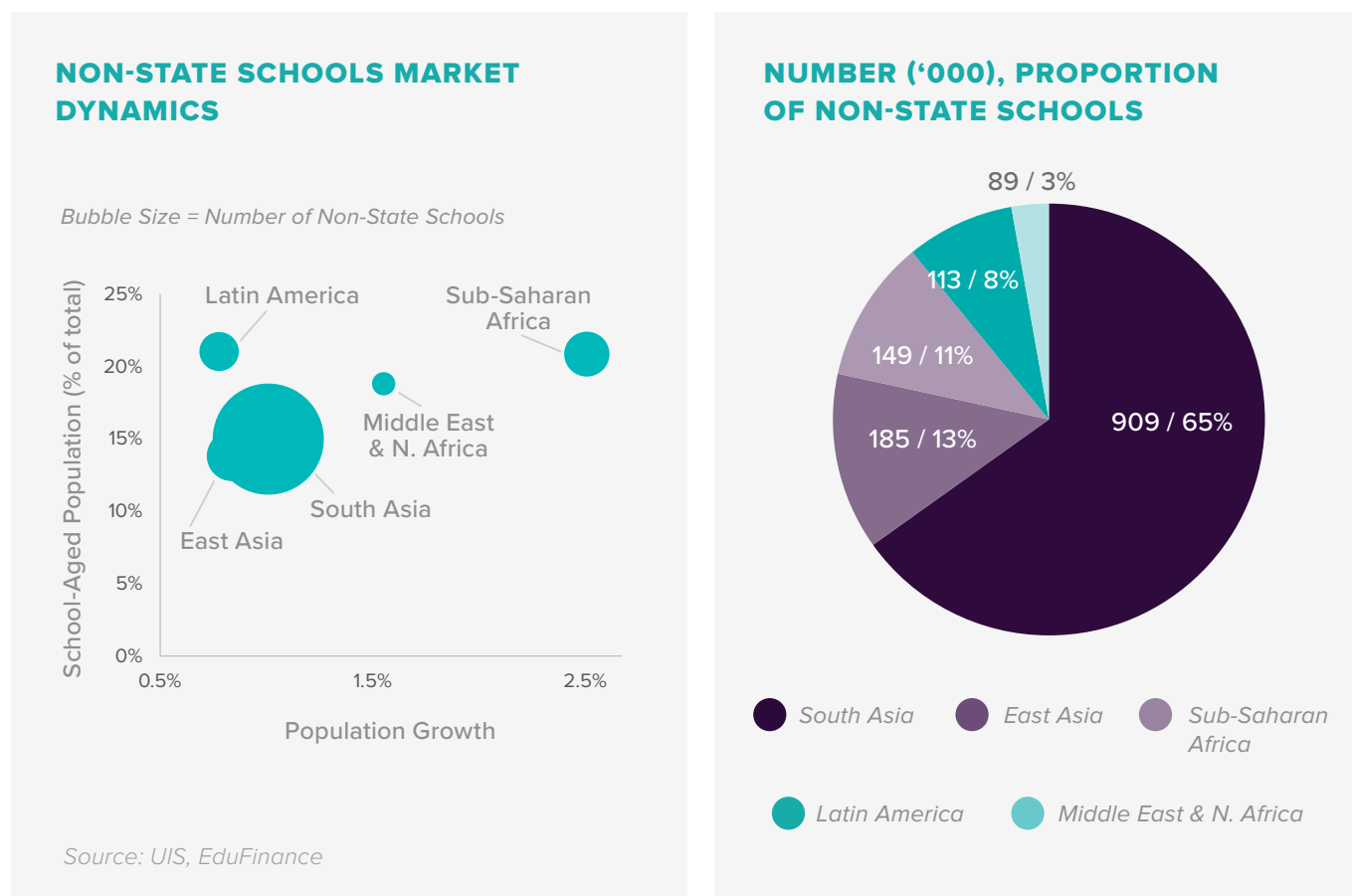
the limited number of reporting countries on this indicator. The result is a regional weighted average for non-state schools, shown in Figure 30. The largest schools are located in sub-Saharan Africa, with an overall average of 335 students per school. These figures vary by primary and secondary school, with secondary schools smaller due in large part to fewer classes and greater levels of student dropout.

Number of Non-State Schools

With the three aforementioned variables— total non-state school enrollment figures, average pupil-teacher ratios (PTR), and the average number of children per school—EduFinance is able to estimate the total size of the non-state education

sector in low- and middle-income markets. As shown in Figure 31, South Asia is home to the largest number of non-state schools, with 909,000 schools, comprising more than half of the total non-state school market. While sub-Saharan Africa has 149,000 schools (11 percent of the market), it is outpacing the rest of the world in growth by nearly two percentage points. Nearly 60 percent of anticipated growth in the global population between 2020 and 2050 is expected to occur in Africa, bringing its share of the global population from 17 percent to 26 percent.⁵⁴ Sub-Saharan Africa also has the second highest rate of school-aged children at 20.9 percent. Latin America leads the world in school-aged rates, but the population is growing at a much slower pace.

FIGURE 31 – SUB-SAHARAN AFRICA IS GROWING FASTEST AND IN LINE WITH LATIN AMERICA AS THE YOUNGEST MARKETS



Potential Demand for Financing

Combining the data that have been collected for this analysis with EduFinance’s experience working with 203 financial institutions and more than 40 market research reports across 29 countries, EduFinance has created a framework that provides a high-level understanding of which countries and regions will have the greatest demand for education financing. EduFinance’s experience with financial institutions has been either as a provider of EduFinance Technical Assistance, or in another funding capacity. The market research studies performed to date include surveys of between 50–150 schools and more than 50 parents in each market to gain deeper insights into the levels of interest in obtaining a School Improvement Loan (SIL) or School Fee Loan (SFL), as well as identification of the key features required by borrowers. These relationships and surveys give EduFinance a good understanding of average loan sizes and client take-up rates to estimate the potential market size.

The expected value of both School Improvement Loans and School Fee Loans varies significantly not just from market to market, but also within markets. For example, a financial institution partner in Uganda has many schools borrowing as little as \$2,000, but often lends up to and more than \$30,000. Differences are driven in part by urban versus peri-urban/rural school locations, loan purposes, and sizes of the schools. Globally, the School Improvement Loan average varies widely between \$6,000 to \$15,000 but is approximately \$9,639 (as discussed previously in Section V).

Similarly, parents spend a range of amounts on education, depending on the selected school and number of school-aged children that they are supporting. For the purposes of this analysis, EduFinance has utilized the data from market research and relationships with financial institutions

to develop regional proxies. School Fee Loan amounts vary widely but typically is between \$50 and \$1,000, with the average being approximately \$100–\$250, which supports school fees for an average of three children (as discussed previously in Section V).

Market Demand

Combining all metrics and data available, EduFinance estimates a worldwide \$36,365 million market through 2028 (Figure 32) for EduFinance flagship loan products: \$9,902 million for School Improvement Loans and \$26,464 million for School Fee Loans. Globally, the largest regional market is South Asia (\$16.5 billion), which is more than twice as large as the next largest region, East Asia (\$6.8 billion). This difference is largely influenced by the respective population sizes of these regions. Sub-Saharan Africa ranks third, with a market size of \$5.4 billion. Latin America is not too far behind with a \$4.8 billion market size.



(Above) Ms. Tabu (right), a non-state school leader in Tanzania, has used loans to grow her school – by building an extra classroom, buying books and constructing a toilet and office.

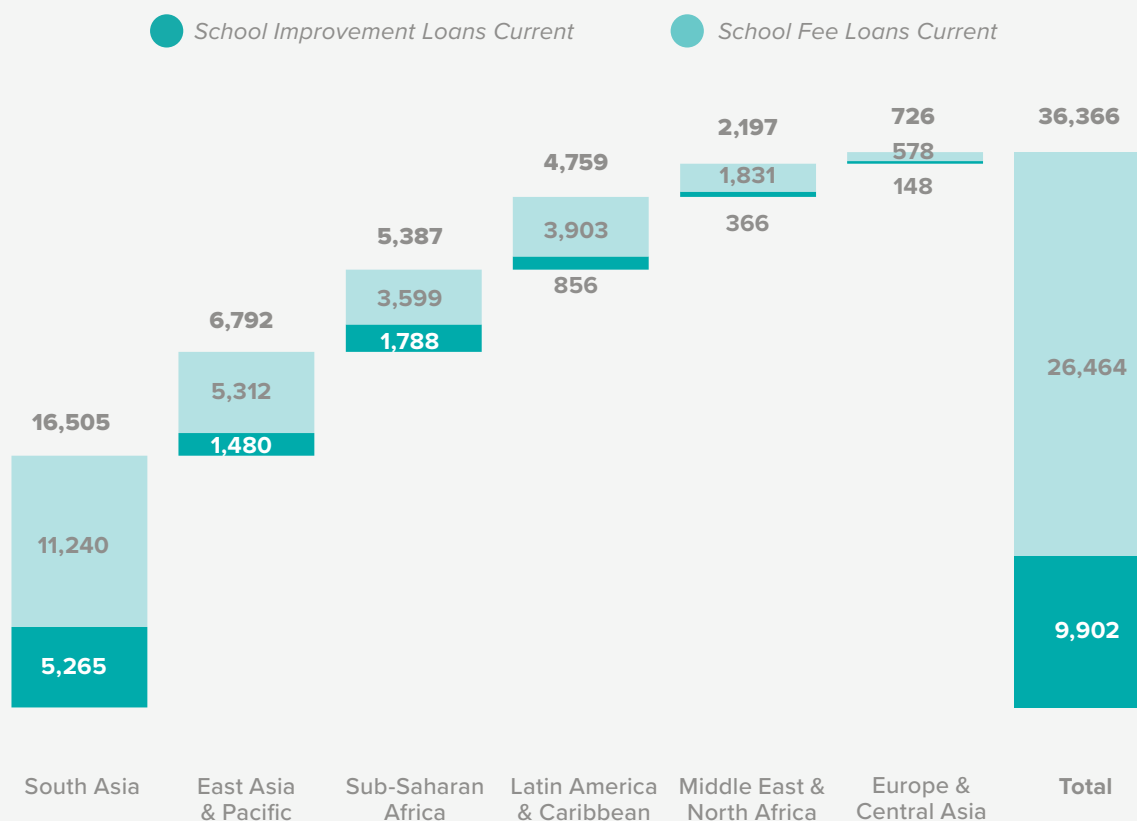
EduFinance breaks down the estimates by loan type, but also in terms of market potential through 2028 and incorporating expected numbers of out-of-school children. Given the current number of children who are attending non-state schools, the existing addressable global market is estimated at \$29.4 billion. Accounting for new enrollments that can be expected for non-state schools through 2028, an additional \$2.5 billion in demand can be expected. The two largest regional markets for this growth are South Asia (\$1.2 billion) and sub-Saharan Africa (\$784 million). If out-of-school children were able to enter the non-state sector

at the same rate of non-state provision, an additional \$4.4 billion would be required.

The largest country markets are India, Indonesia, and Bangladesh, given large population sizes and high rates of non-state school enrollment. These three countries make up more than half of the demand for EduFinance loan products globally and include more than 183.4 million children who are already enrolled in non-state schools. Sub-Saharan Africa's largest country market is Nigeria, which accounts for approximately 20.6 percent of the regional market – meaning a staggering 1 in 5 non-state schoolchildren are in Nigeria.

FIGURE 32 – A \$36 BILLION MARKET FOR EDUFINANCE PRODUCTS

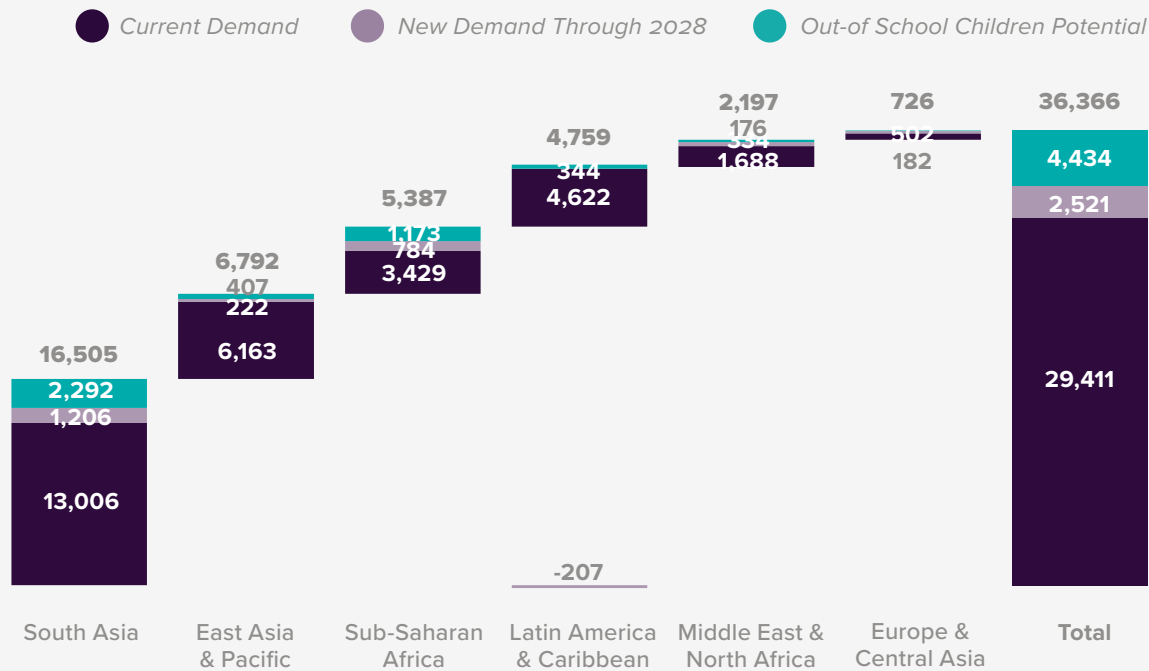
EDUFINANCE MARKETS – TOTAL DEMAND (\$M, LOW-MIDDLE INCOME COUNTRIES)



Source: UIS, World Bank, EduFinance

FIGURE 33 – ADDITIONAL \$7 BILLION OF DEMAND TO COME FROM GROWTH THROUGH 2028 AND INCORPORATING OUT-OF-SCHOOL CHILDREN

EDUFINANCE MARKETS – TOTAL DEMAND (\$M, LOW-MIDDLE INCOME COUNTRIES)



Source: UIS, World Bank, EduFinance



Happy learners at a non-state school in India, which is one of the largest country markets for EduFinance products.

FIGURE 34 – TOP 25 EDUFINANCE MARKETS ACCOUNT FOR 86 PERCENT OF TOTAL DEMAND

WORLD'S LARGEST EDUFINANCE MARKETS (LOW AND MIDDLE INCOME COUNTRIES)

EduFinance Loan Demand (\$M)

		Current Demand	New Demand Next 5 years	Out-of-School children Potential	Total Demand
<i>South Asia</i>	India	10,294	857	1,834	12,985
<i>East Asia</i>	Indonesia	4,289	160	241	4,690
<i>South Asia</i>	Bangladesh	1,592	105	171	1,868
<i>Latin America</i>	Brazil	1,509	-119	68	1,457
<i>South Asia</i>	Pakistan	862	105	258	1,225
<i>Sub-Saharan Africa</i>	Nigeria	656	240	213	1,109
<i>Middle East & N. Africa</i>	Iran, Islamic Rep.	641	199	25	865
<i>East Asia</i>	Philippines	681	78	88	846
<i>East Asia</i>	Thailand	628	3	11	642
<i>Latin America</i>	Mexico	651	-115	58	593
<i>Latin America</i>	Argentina	575	-15	12	572
<i>Latin America</i>	Colombia	465	-11	26	480
<i>Middle East & N. Africa</i>	Egypt, Arab Rep.	328	43	15	385
<i>Latin America</i>	Venezuela, RB	309	30	42	381
<i>Sub-Saharan Africa</i>	Congo, Dem. Rep.	230	84	57	372
<i>Latin America</i>	Peru	370	-13	11	368
<i>Sub-Saharan Africa</i>	Kenya	283	29	25	336
<i>South Asia</i>	Nepal	181	130	18	328
<i>Sub-Saharan Africa</i>	Cote d'Ivoire	168	72	67	307
<i>Europe & Central Asia</i>	Turkey	266	5	26	297
<i>Middle East & N. Africa</i>	Morocco	246	-15	13	245
<i>Sub-Saharan Africa</i>	Cameroon	158	26	58	242
<i>Sub-Saharan Africa</i>	Ghana	192	23	13	228
<i>Sub-Saharan Africa</i>	Ethiopia	141	23	60	225
<i>Sub-Saharan Africa</i>	Madagascar	157	17	48	222

Source: UIS, World Bank, EduFinance

FIGURE 34 – TOP 25 EDUFINANCE MARKETS ACCOUNT FOR 86 PERCENT OF TOTAL DEMAND

WORLD'S LARGEST EDUFINANCE MARKETS (LOW AND MIDDLE INCOME COUNTRIES)

		Million Total Enrollment Non-State Schools	Million Out-of-School children	Percent Population school age	Percent Population growth	Rate of Non- State Enrollment 2023 (%)
South Asia	India	137.9	54.4	15.19%	0.81%	45.16%
East Asia	Indonesia	23.7	3.5	16.08%	0.74%	37.87%
South Asia	Bangladesh	21.9	4.2	9.53%	1.03%	56.73%
Latin America	Brazil	6.7	1.9	20.87%	0.51%	15.58%
South Asia	Pakistan	17.5	15.1	25.06%	1.96%	34.89%
Sub-Saharan Africa	Nigeria	10.4	15.3	22.63%	2.38%	22.13%
Middle East & N. Africa	Iran, Islamic Rep.	3.1	0.6	11.63%	0.70%	19.11%
East Asia	Philippines	4.5	3.6	26.37%	1.53%	15.96%
East Asia	Thailand	2.3	0.2	11.15%	0.15%	19.06%
Latin America	Mexico	3.2	2.8	25.00%	0.74%	10.39%
Latin America	Argentina	3.0	0.2	22.76%	0.90%	25.61%
Latin America	Colombia	2.2	0.6	16.12%	0.41%	19.75%
Middle East & N. Africa	Egypt, Arab Rep.	2.5	1.1	22.05%	1.54%	9.72%
Latin America	Venezuela, RB	1.8	1.0	25.39%	1.88%	23.44%
Sub-Saharan Africa	Congo, Dem. Rep.	4.1	7.5	16.22%	3.23%	13.75%
Latin America	Peru	2.1	0.2	25.08%	0.89%	24.39%
Sub-Saharan Africa	Kenya	3.3	1.5	29.55%	1.97%	18.73%
South Asia	Nepal	2.4	0.8	15.99%	1.14%	27.69%
Sub-Saharan Africa	Cote d'Ivoire	2.4	2.9	24.52%	2.50%	32.71%
Europe & Central Asia	Turkey	1.3	1.8	19.87%	0.41%	7.25%
Middle East & N. Africa	Morocco	1.5	0.5	15.45%	1.01%	17.33%
Sub-Saharan Africa	Cameroon	2.4	2.8	15.64%	2.59%	30.54%
Sub-Saharan Africa	Ghana	2.4	0.7	25.82%	1.91%	23.95%
Sub-Saharan Africa	Ethiopia	2.0	12.3	20.10%	2.52%	7.06%
Sub-Saharan Africa	Madagascar	2.1	2.4	12.87%	2.38%	26.65%

Source: UIS, World Bank, EduFinance

African Markets

Africa has enormous growth potential, with \$5.4 billion in demand (Figure 34). While Nigeria is the largest country market in sub-Saharan Africa, there are also several other large and fast-growing country markets, including Kenya (6 percent of total" and the Democratic Republic of Congo (7 percent of total).

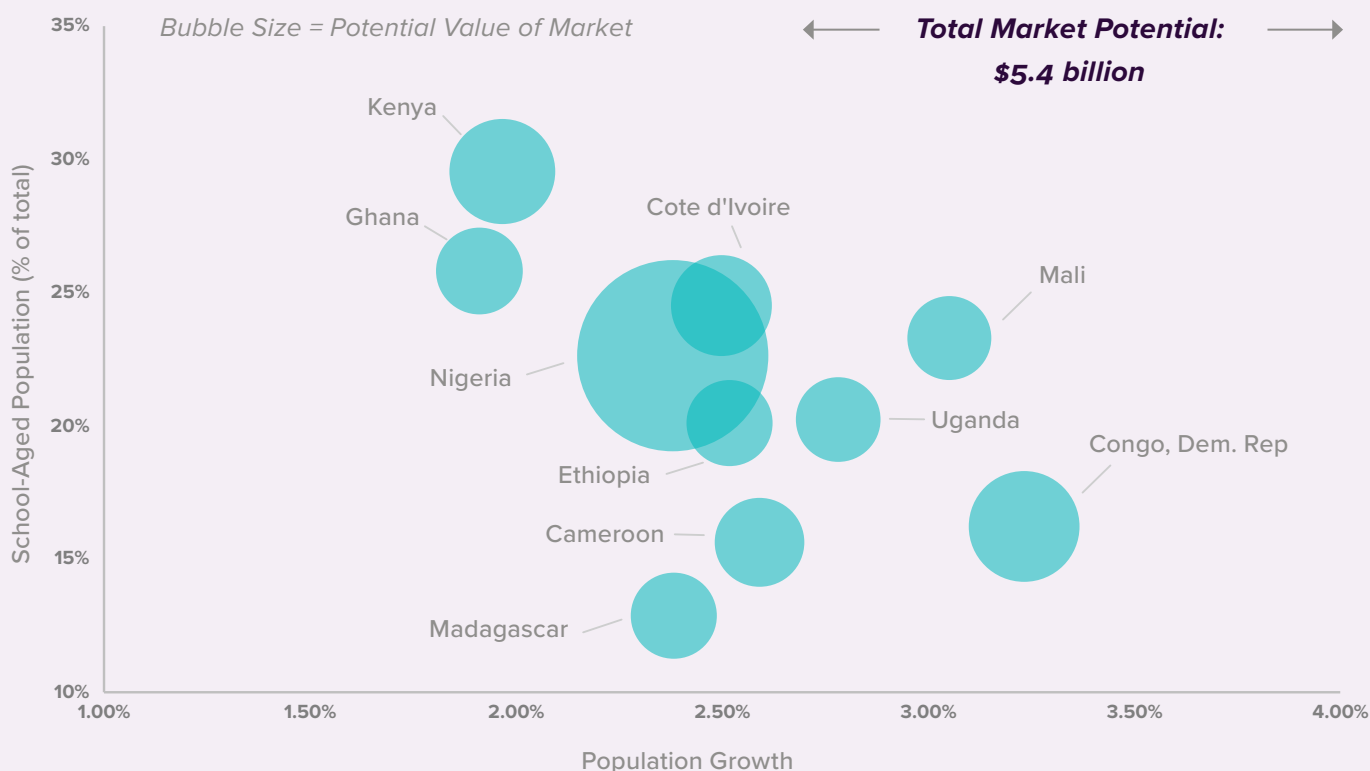
Figure 35 contains the regional rankings for EduFinance product demand. The growth through 2025 is significant for sub-Saharan Africa. Fast growing populations and an already increasing penetration of the non-state school sector mean that a lot of additional demand can be expected in the



(Above) School leaders and teachers in DRC collaborating. DRC is fast-growing, currently with 7 percent of the total Sub-Saharan EduFinance market.

FIGURE 35 – AFRICA IS A FAST-GROWING MARKET WITH POTENTIAL IN MANY COUNTRIES

AFRICA POPULATION AND EDUFINANCE DEMAND



Source: UIS, World Bank, EduFinance

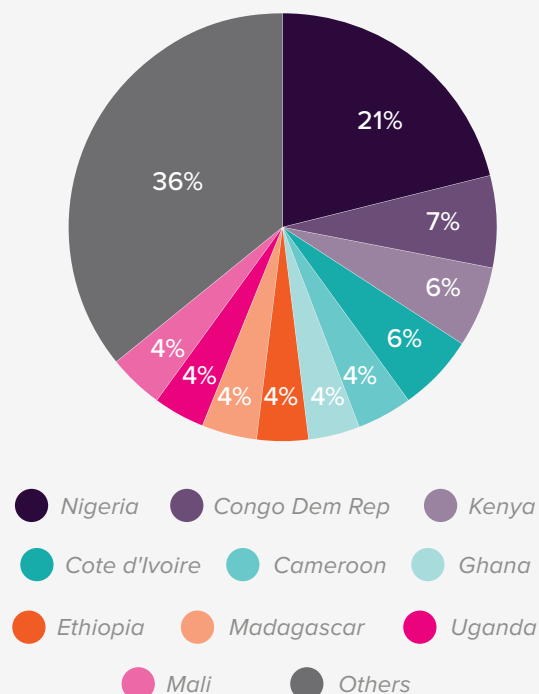
coming years. Nigeria's \$1109 million market demand consists of \$240 million in expected growth in the next five years. Out-of-school children also represent an area for significant future growth in the continent. Recent estimates of the number of Nigerian children who are, or will be, out of school suggest that there is a \$213 million potential market, even if just 22.1 percent of those children are incorporated into the non-state sector.



Opportunity hosts School Leadership Academies—this one in Nigeria—that connect school proprietors with potential financial institution partners.

FIGURE 35(B) – AFRICA IS A FAST-GROWING MARKET WITH POTENTIAL IN MANY COUNTRIES

AFRICA EDUFINANCE DEMAND BREAKDOWN



Source: UIS, World Bank, EduFinance

Children at a non-state school in Uganda. Uganda counts for 4% of the total EduFinance Market in Sub-Saharan Africa.

FIGURE 36 – GROWTH IN AFRICA MARKETS WILL RESULT IN MUCH GREATER EDUFINANCE DEMAND OVER THE COMING FIVE YEARS

AFRICA'S LARGEST EDUFINANCE MARKETS

EduFinance Loan Demand (\$M)

	Current Demand (\$M)	New Demand next 5 years (\$M)	Out-of-School children potential (\$M)	Total Demand (\$M)
Nigeria	656	240	213	1,109
Congo, Dem. Rep.	230	84	57	372
Kenya	283	29	25	336
Cote d'Ivoire	168	72	67	307
Cameroon	158	26	58	242
Ghana	192	23	13	228
Ethiopia	141	23	60	225
Madagascar	157	17	48	222
Uganda	179	26	11	217
Mali	103	17	94	214

	Total Enrollment Non-State Schools (mn)	Out-of-School children (mn)	Population school age (%)	Population growth (%)	Rate of Non-State Enrollment 2023 (%)
Nigeria	10.4	15.3	22.63%	2.38%	22.13%
Congo, Dem. Rep.	4.1	7.5	16.22%	3.23%	13.75%
Kenya	3.3	1.5	29.55%	1.97%	18.73%
Cote d'Ivoire	2.4	2.9	24.52%	2.50%	32.71%
Cameroon	2.4	2.8	15.64%	2.59%	30.54%
Ghana	2.4	0.7	25.82%	1.91%	23.95%
Ethiopia	2.0	12.3	20.10%	2.52%	7.06%
Madagascar	2.1	2.4	12.87%	2.38%	26.65%
Uganda	2.8	0.7	20.25%	2.78%	24.79%
Mali	1.8	3.8	23.30%	3.05%	42.50%

Source: UIS, World Bank, EduFinance

Asian Markets: South Asia and East Asia (Excluding China)

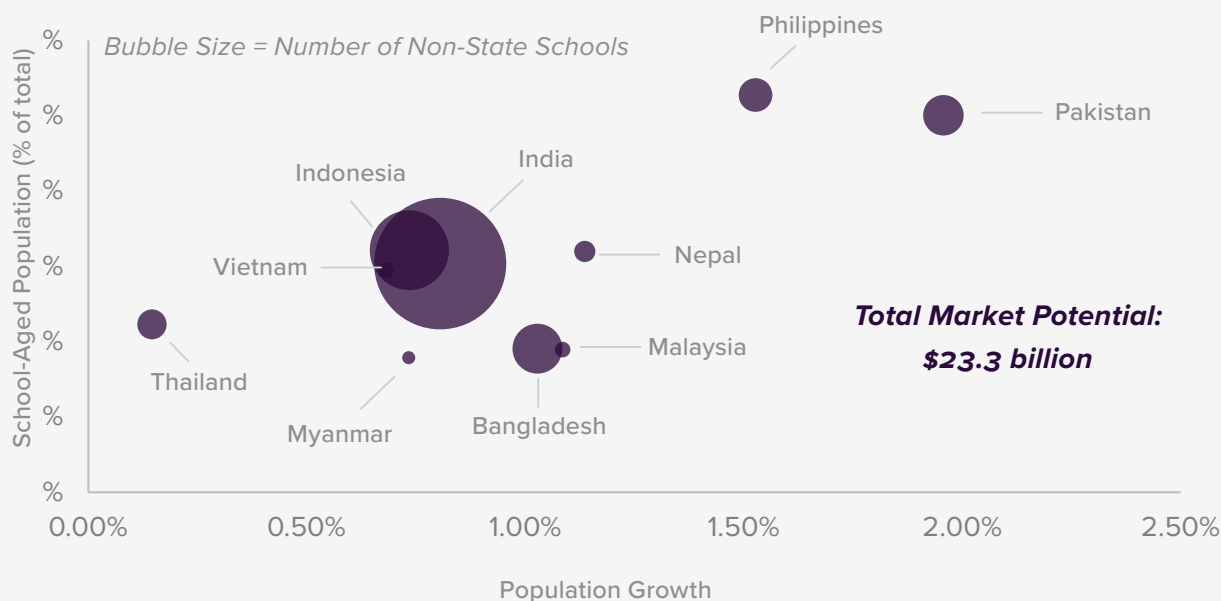
South Asia and East Asia (excluding China) represent the regional markets with the largest demand for EduFinance loan products. India is the largest, making up 55.7 percent (\$13 billion) of the total Asian market (Figure 37). The top four countries in Asia (India, Indonesia, Bangladesh, and Pakistan) account for 89 percent (\$20.7 billion) of the region. Overall, demand for EduFinance loans in Asia is highly concentrated in ten country markets, with only 1 percent of the demand coming from outside of the top ten.



(Above) School leaders and teachers in Pakistan discussing education at an EduFinance-led workshop. Pakistan is in the top 4 largest markets in the region.

FIGURE 37 – ASIA EDUFINANCE MARKET POTENTIAL STRONGEST IN INDIA, INDONESIA, BANGLADESH, AND PAKISTAN

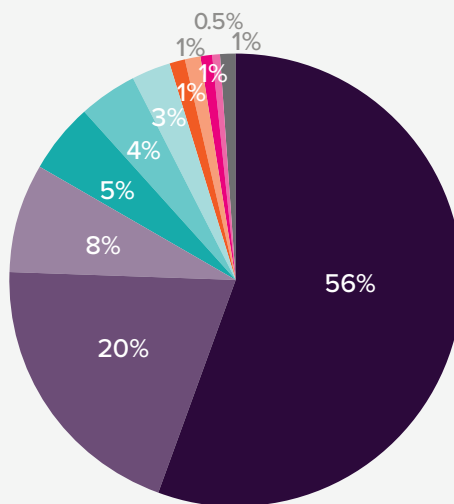
ASIA POPULATION AND EDUFINANCE DEMAND



Source: UIS, World Bank, EduFinance

Figure 38 breaks down the regional market by current demand, growth through 2025, and potential demand from out-of-school children. While the overall demand for Pakistan is well below the top three markets, it has the fastest growing population (1.96 percent) and the second-largest proportion of school-age children (25.1 percent). The rate of non-state school enrollment is greater than 30 percent in each of the top four markets, illustrating the importance of the sector to each country's education system.

FIGURE 37(B) – ASIA EDUFINANCE MARKET POTENTIAL STRONGEST IN INDIA, INDONESIA, BANGLADESH, AND PAKISTAN



- India 56%
- Indonesia 20%
- Bangladesh 8%
- Pakistan 5%
- Philippines 4%
- Thailand 3%
- Nepal 1%
- Malaysia 1%
- Vietnam 1%
- Myanmar 0.5%
- Others 1%

School leaders and educators at a non-state school in India. India is the largest market in the South and East Asia EduFinance market, making up 55.7% of the total.



FIGURE 38 – ASIA EDUFINANCE DEMAND DOMINATED BY INDIA

ASIA'S LARGEST EDUFINANCE MARKETS

EduFinance Loan Demand (\$M)

	Current Demand (\$M)	New Demand next 5 years (\$M)	Out-of-School children potential (\$M)	Total Demand (\$M)
India	10,294	857	1,834	12,985
Indonesia	4,289	160	241	4,690
Bangladesh	1,592	105	171	1,868
Pakistan	862	105	258	1,225
Philippines	681	78	88	846
Thailand	628	3	11	642
Nepal	181	130	18	328
Malaysia	197	-39	27	185
Vietnam	172	5	5	183
Myanmar	101	4	18	123

	Total Enrollment Non-State Schools (mn)	Out-of-School children (mn)	Population school age (%)	Population growth (%)	Rate of Non-State Enrollment 2023 (%)
India	137.9	54.4	15.19%	0.81%	45.16%
Indonesia	23.7	3.5	16.08%	0.74%	37.87%
Bangladesh	21.9	4.2	9.53%	1.03%	56.73%
Pakistan	17.5	15.1	25.06%	1.96%	34.89%
Philippines	4.5	3.6	26.37%	1.53%	15.96%
Thailand	2.3	0.2	11.15%	0.15%	19.06%
Nepal	2.4	0.8	15.99%	1.14%	27.69%
Malaysia	0.9	0.9	9.47%	1.09%	13.22%
Vietnam	0.9	0.4	14.79%	0.68%	6.95%
Myanmar	0.6	1.8	8.93%	0.73%	5.65%

Source: UIS, World Bank, EduFinance

| Latin American Markets

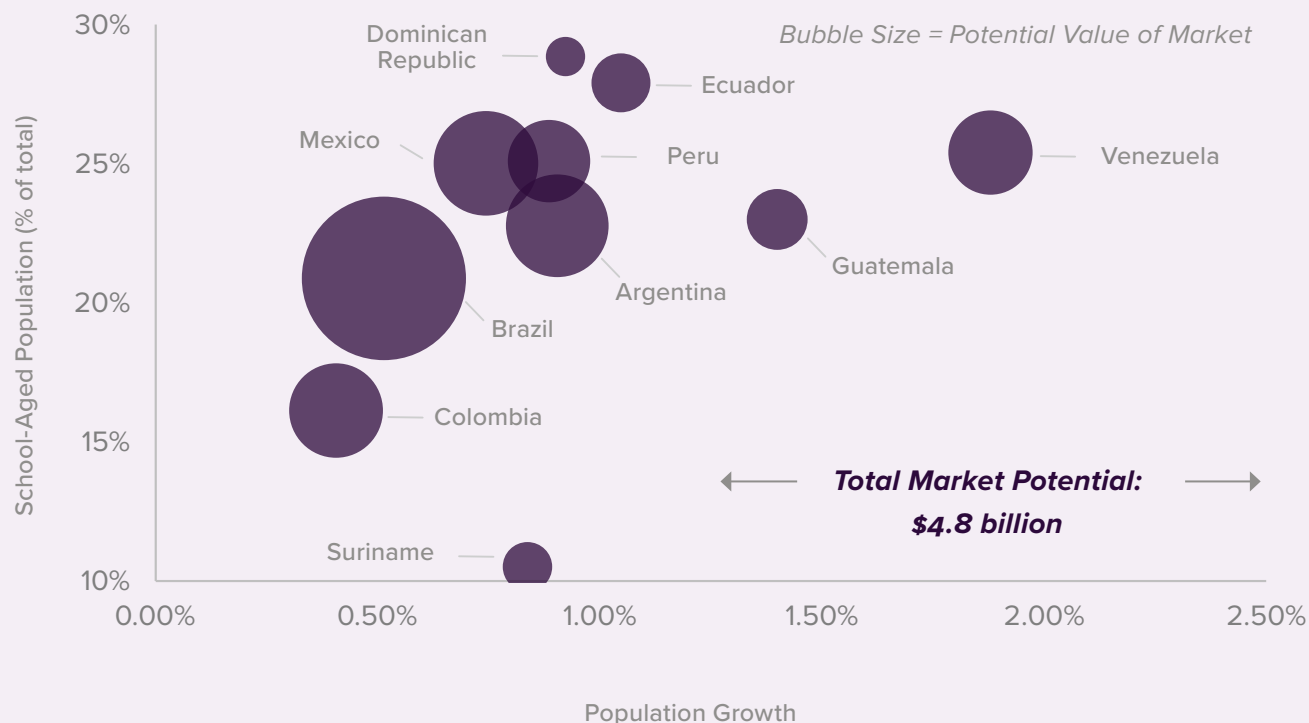
Similar to Asia, Latin America is a highly concentrated market, with the top six markets accounting for 81 percent of total demand. Brazil makes up 30.6 percent (\$1.5 billion) of total Latin American demand. In the region, lower population growth and lower non-state school enrollment rates limit the future growth of markets such as Brazil and Mexico. Venezuela (\$381 million) and Guatemala (\$202 million) have the fastest population growth in the region (1.9 percent and 1.4 percent respectively).



(Above) School leaders and teachers at an EduFinance-run workshop in Guatemala. Guatemala has one of the fastest-growing populations in the region.

FIGURE 39 – LATIN AMERICA EDUFINANCE MARKET DEMAND CONCENTRATED IN TOP 5 MARKETS

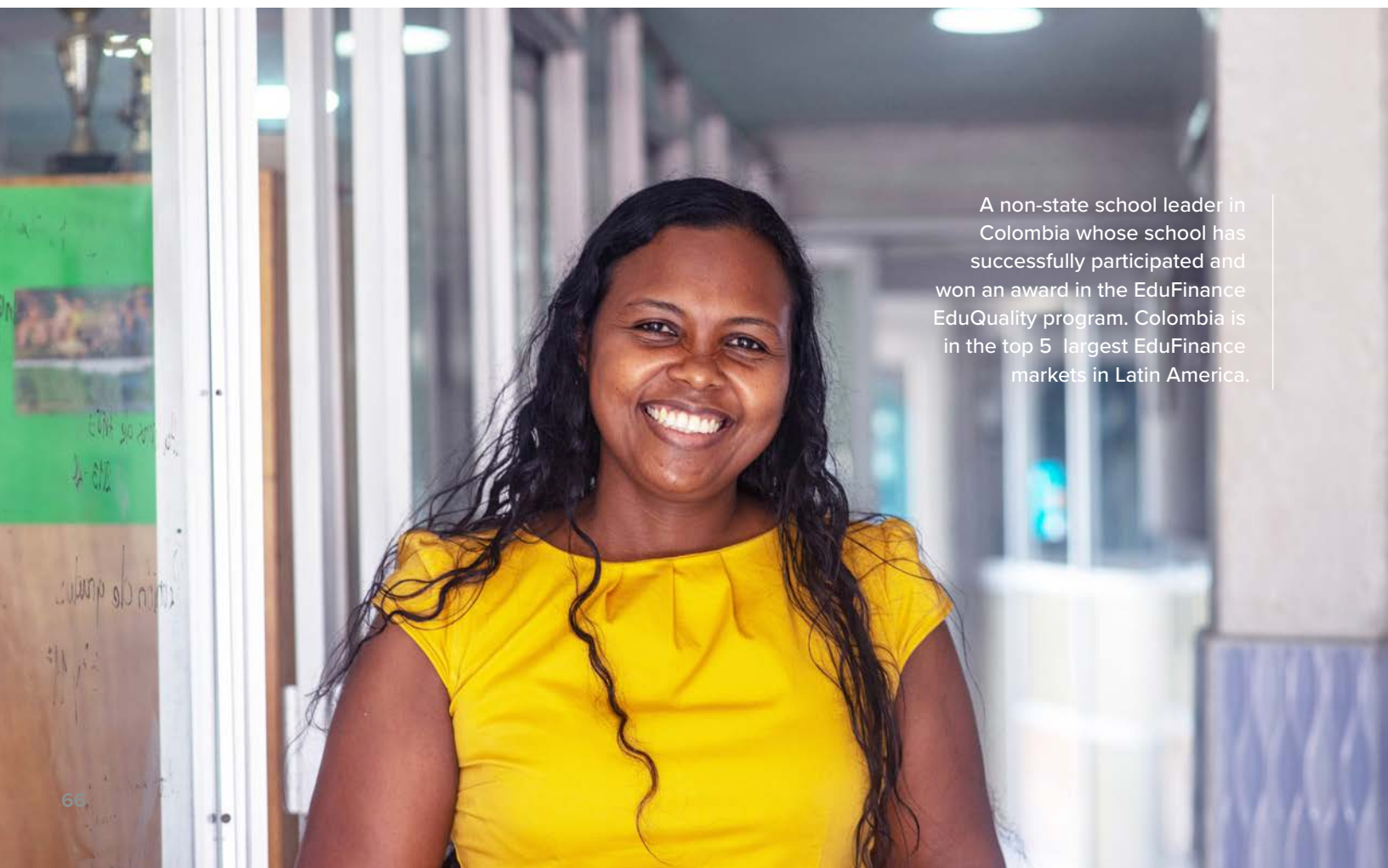
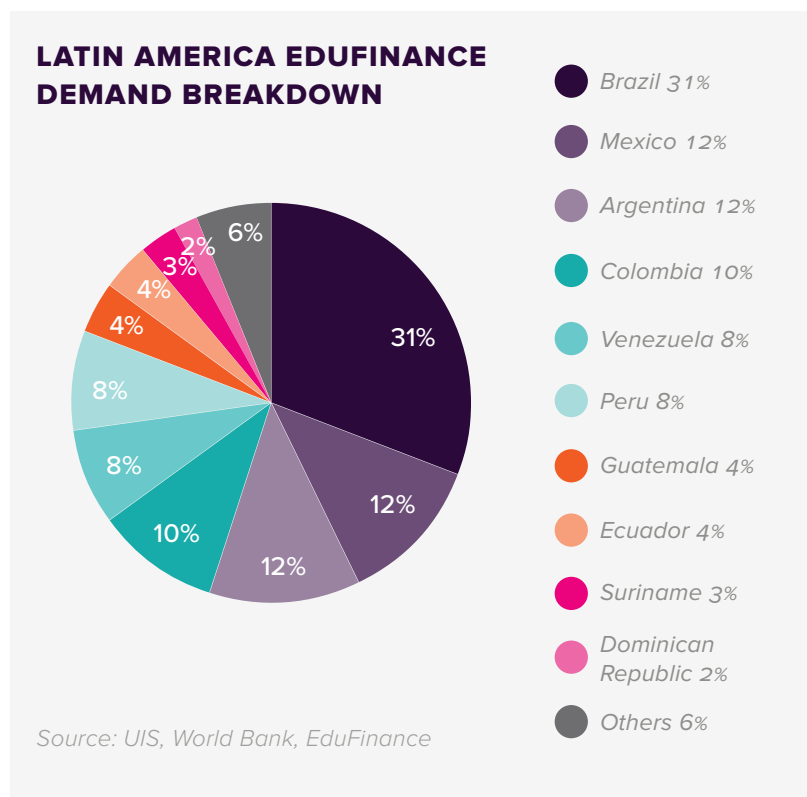
LATIN AMERICA POPULATION AND EDUFINANCE DEMAND



Source: UIS, World Bank, EduFinance

Non-state school enrollment growth has been lower in Latin American markets (-1.5 percent) than the global average of 1.8 percent. The rate of non-state school enrollment is especially low in two of the largest markets, Brazil and Mexico (15.6 percent and 10.4 percent respectively). Some countries in Latin America have even seen non-state enrollment decline in recent years. Combined with slowing population growth, Figure 40 shows that this can result in reduced demand in numerous Latin American markets over the coming 5 years (for example, Brazil's demand could reduce by \$119 million through 2028). This is offset in most countries by the fact that there are still many children who are out of school in these markets (albeit at a lower rate than in some other regions).

FIGURE 39(B) – LATIN AMERICA EDUFINANCE MARKET DEMAND CONCENTRATED IN TOP 5 MARKETS



A non-state school leader in Colombia whose school has successfully participated and won an award in the EduFinance EduQuality program. Colombia is in the top 5 largest EduFinance markets in Latin America.

FIGURE 40 – LATIN AMERICA IS MARKED BY LOW POPULATION GROWTH AND LOW NON-STATE ENROLLMENT RATE

LATIN AMERICA LARGEST EDUFINANCE MARKETS

EduFinance Loan Demand (\$M)

	Current Demand (\$M)	New Demand next 5 years (\$M)	Out-of-School children potential (\$M)	Total Demand (\$M)
Brazil	1,509	-119	68	1,457
Mexico	651	-115	58	593
Argentina	575	-15	12	572
Colombia	465	-11	26	480
Venezuela, RB	309	30	42	381
Peru	370	-13	11	368
Guatemala	170	-23	54	202
Ecuador	193	-18	11	187
Suriname	7	125	0	132
Dominican Republic	87	-15	12	84

	Total Enrollment Non-State Schools (mn)	Out-of-School children (mn)	Population school age (%)	Population growth (%)	Rate of Non-State Enrollment 2023 (%)
Brazil	6.7	1.9	20.87%	0.51%	15.58%
Mexico	3.2	2.8	25.00%	0.74%	10.39%
Argentina	3.0	0.2	22.76%	0.90%	25.61%
Colombia	2.2	0.6	16.12%	0.41%	19.75%
Venezuela, RB	1.8	1.0	25.39%	1.88%	23.44%
Peru	2.1	0.2	25.08%	0.89%	24.39%
Guatemala	1.0	1.3	22.98%	1.40%	23.84%
Ecuador	1.0	0.3	27.90%	1.05%	23.83%
Suriname	0.0	0.0	10.51%	0.84%	30.87%
Dominican Republic	0.5	0.3	28.85%	0.92%	21.47%

Source: UIS, World Bank, EduFinance

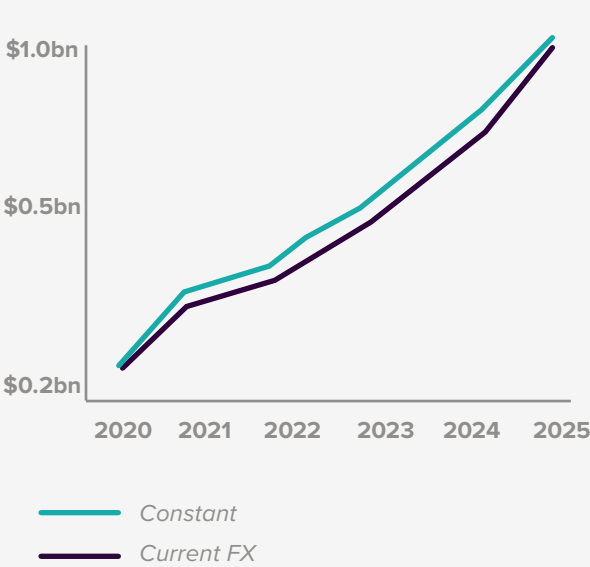
**Financial Institutions are
Recognizing the Opportunity**

Financial institutions are recognizing the opportunity to lend to school proprietors and parents in low- and middle-income markets. On a monthly basis, partner financial institutions report to EduFinance the value and volume of School Improvement and School Fee loans that they have issued as well as several key risk metrics. Through December 2024, EduFinance partners have cumulatively disbursed over 790,950 loans worth \$1.1 billion to school proprietors and parents via partnerships with 203 financial institutions.

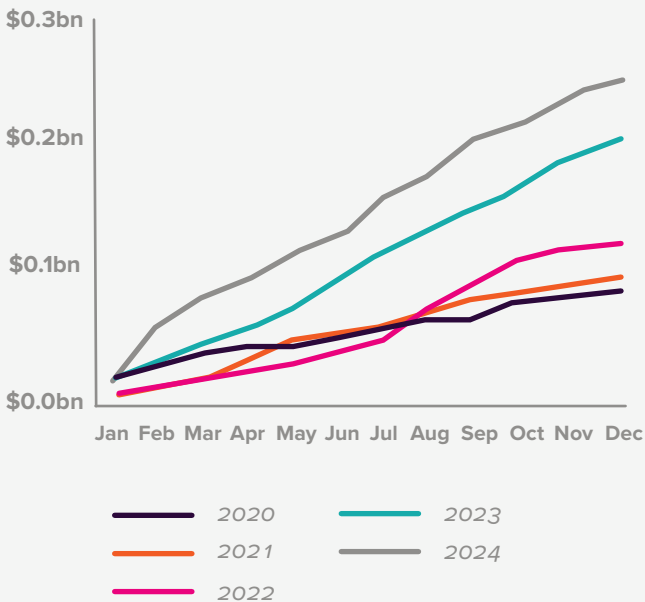


FIGURE 41 – FINANCIAL INSTITUTIONS ARE RECOGNIZING THE OPPORTUNITY

**TOTAL CUMULATIVE LOAN
PORTFOLIO VALUE (USD)**



TOTAL YTD SALES (USD)



Source: EduFinance

Ms. Tabu, a school leader in Tanzania, engaging in games with her learners in the school's outside space.



EdTech as a Solution?

EdTech plays a critical role in the affordable non-state school sector in low- and middle-income countries by expanding access to quality learning opportunities and supporting efforts to reduce out-of-school rates. During the COVID-19 pandemic, the use of EdTech for distance learning expanded at an unprecedented pace and scale, while also revealing its potential to serve out-of-school children. Through cost-effective digital platforms, mobile learning applications, and offline-enabled content, EdTech enables affordable non-state schools to overcome barriers such as teacher shortages, inadequate infrastructure, and geographic isolation. These tools not only enhance classroom instruction but also offer flexible, personalized learning experiences that cater to students who may otherwise be excluded from formal education due to poverty, displacement, or disability. By complementing traditional teaching methods and extending educational reach beyond school walls, EdTech strengthens the capacity of affordable non-state schools to serve more learners and contribute meaningfully to national education goals. However, there is still a lack of robust evidence and awareness around the advantages and limitations of EdTech in this context. Many affordable non-state schools lack the data, resources, or guidance to make informed decisions about adopting and integrating technology effectively. Addressing this gap is essential

to ensure EdTech delivers equitable and sustainable impact across diverse learning environments.

EdTech is a broad term that refers to the application of any electrically powered technology in education, with the goal of improving teacher pedagogy and student learning.⁵⁶ This includes, but is not limited to, the distribution of hardware (such as laptops or tablets) to students and teachers for educational purposes, the use of specialized educational software or content on existing devices, or the adaptation of existing technology such as TV, radio, or SMS messaging for education.⁵⁷ More recently, artificial intelligence (AI) has demonstrated the prospect to be used for personalized tutoring and adaptive learning.⁵⁸



No screen can ever replace the humanity of a teacher... the relationship between teachers and technology must be one of complementarity – never of substitutability.”

AUDREY AZOULAY
DIRECTOR-GENERAL, UNESCO⁵⁵

In many cases in low- or middle-income countries, EdTech solutions are implemented alongside traditional learning materials and are used as a complementary tool – either by teachers in classrooms, or by students at home to supplement in-school material. A growing number of recent studies have highlighted the potential impact of EdTech on learning outcomes across numerous low- and middle-income country contexts. For example:

- ▶ A study of pre-primary learners in Kenya examined the use of an AI-powered digital personalized learning tool and found learners achieved higher early literacy and numeracy outcomes, particularly when they were given a set of structured choices to adapt the digital tool. Learners who were provided with a set of choices while using the tool scored significantly higher – highlighting the potential for digital tools to allow for individual agency and opportunities for learners to direct their own learning, even for pre-primary age groups.⁵⁹
- ▶ A study in Bangladesh during COVID-19 school closures found that delivering audio lessons to learners via mobile phones resulted in improved learning outcomes of between 0.59 and 0.64 Learning-Adjusted Years of Schooling (LAYS). The lessons were delivered using the Interactive Radio Instruction (IRI) method to learners at home, which allows learners to stop and react to questions and exercises through verbal responses with any member of their household.⁶⁰
- ▶ A third study in Lebanon found that using a digital game-based learning program with out-of-school populations not only saw significant improvements in literacy and numeracy outcomes, but also improvements to children’s psychological wellbeing and self-esteem, and increased motivation among children.⁶¹

Overall, despite promising examples, the body of evidence surrounding EdTech is mixed. Studies reach different conclusions about what must

accompany EdTech to have an impact.⁶² Despite the growing attention around the impact of EdTech, the latest GEM (Global Education Monitoring) report revealed the lack of rigorous research on technology’s impact on education.⁶³ For example, in the UK, only 7 percent of EdTech companies conducted randomized controlled trials, and only 12 percent had third-party certification. Furthermore, despite strong general research on education technology, the amount of research into specific applications and contexts is insufficient.⁶⁴

More importantly, simple quantitative impact evaluation, no matter how rigorous they are, faced the problem of external validity. Statistical significance does not automatically translate into social or economic significance without the alignment of empirical evidence and logical mechanisms. **Instead of answering the big question “does EdTech work?”, researchers have increasingly focused on questions like “can technology help solve the challenges in education?”** and “what technology enhances learning, in what context and in what timeframe?”. To that end, we identify three conditions to consider for EdTech interventions to help resolve the most important challenges in education – equity, cost-effectiveness, and quality.⁶⁵



A School Proprietor in Ghana using a tablet provided for capacity-building.

Equity

What are the existing barriers to technology access?

In many cases, EdTech can lower the cost of education and can benefit traditionally marginalized groups, including those living in remote areas or students with disabilities. In Mexico, around 20 percent of enrolled students in secondary education use the telesecundarias distance education program, which increased secondary school enrollment by 18 percent between 1970 and 2020.⁶⁶ In India's National Open University which uses multi-instructional system to serve students from disadvantaged backgrounds, 45 percent of the students are from rural areas, 45 percent are women, and 18 percent are from scheduled castes.⁶⁷ In the United Kingdom, around 18 percent of the Open University's enrollment are students with disabilities.⁶⁸

On the other hand, EdTech can exacerbate existing inequalities of education because of the unequal access to EdTech across regions. The COVID-19 pandemic exposed no fewer shortcomings than advantages of EdTech. Online learning reached over 1 billion students during school closures, but at the same time, 31 percent of students worldwide did not have access to online learning.⁶⁹ School-aged pupils from low-income families in low- and middle-income countries also lack internet connection at home, as is illustrated by Figure 42. UNESCO estimates that it costs \$1 billion per day to maintain connectivity for education in poor countries.⁷⁰

The access to technology is tilted towards higher levels of education. According to UNESCO data, by 2023, only about 56 percent of lower secondary schools and 44 percent of primary schools worldwide (including high-income countries) were connected to the internet for pedagogical purposes; while the rate for upper



Online learning reached over 1 billion students during school closures, but 31 percent of students worldwide did not have access to online learning



Families in low- and middle-income countries lack internet connection at home



UNESCO estimates that it costs \$1 billion per day to maintain connectivity for education in poor countries.

secondary schools was 69.4 percent. Around 22.6 percent of primary schools worldwide had no access to electricity, while the rates for lower secondary schools and upper secondary schools were 12.2 percent and 9.4 percent respectively.⁷¹ Access to technology both at home and within the classroom – alongside the cost of facilitating greater access – are important factors to consider at the design phase of any EdTech intervention.⁷²



A School Proprietor in Uganda using a tablet provided for delivery of EduQuality course materials.

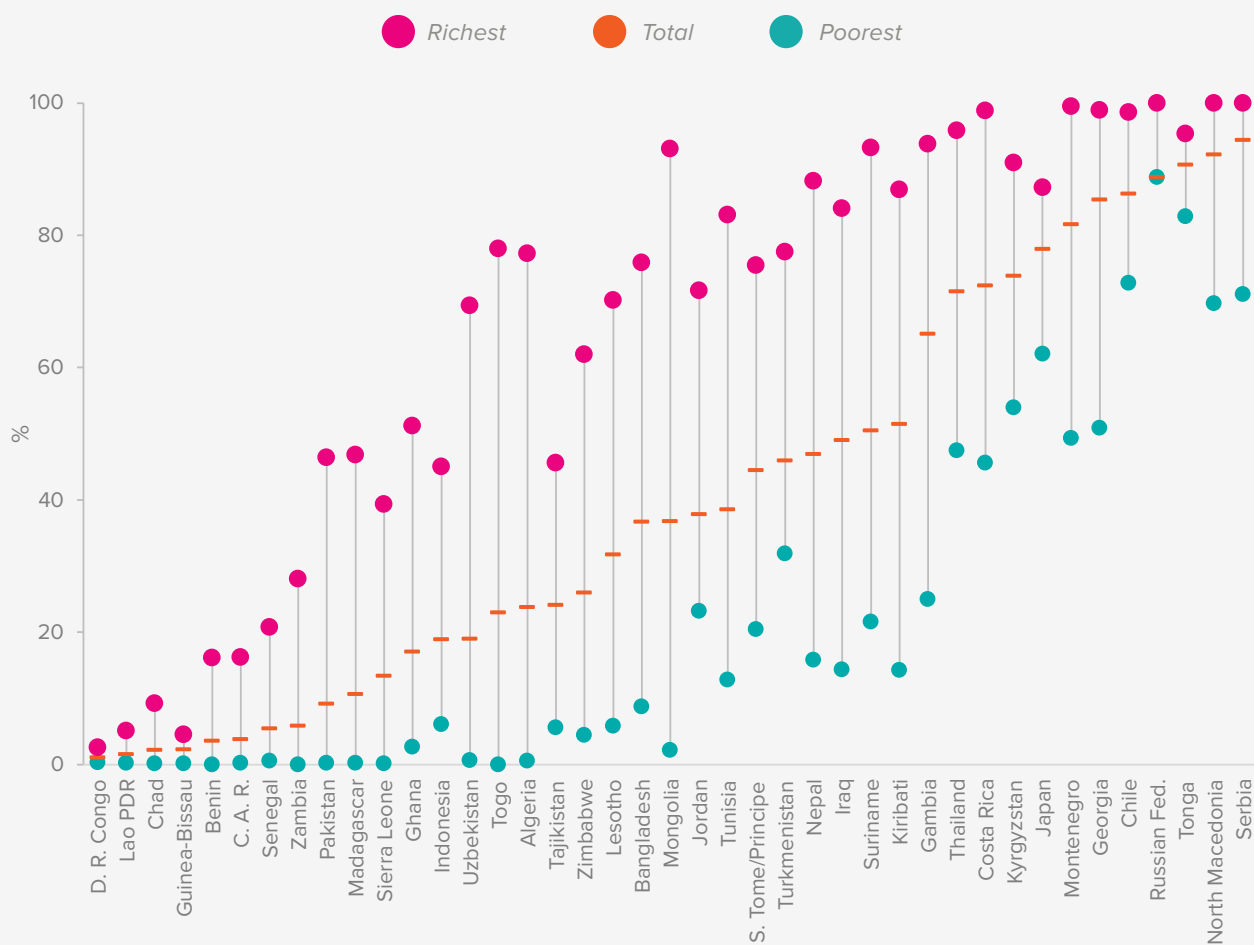
Besides geographical gaps in access to EdTech, EdTech may also risk heightening existing gaps rather than closing them – including gender gaps. Due to pervasive gender biases in the household, female students often have more limited access to technology outside the classroom, which can impede their confidence in engaging with technology within the classroom.⁷³ Teachers may also exhibit biases about female students' technological capacities or exacerbate stereotypes

that female students do not enjoy working with technology as much as their male counterparts.⁷⁴

EdTech is a double-edge sword which can benefit socially disadvantaged groups but may exacerbate existing inequalities simultaneously. With these existing gaps in access to technology between regions and upon grounds of discrimination, it is important that policymakers and practitioners take them into account and address the challenge of equity when investing in EdTech.

FIGURE 42 – THE LACK OF INTERNET CONNECTION AT HOME IS CONCENTRATED IN POOR FAMILIES IN LOW- AND MIDDLE-INCOME COUNTRIES

PERCENTAGE OF 3- TO 17-YEARS-OLDS WITH INTERNET CONNECTION AT HOME, BY WEALTH QUINTILE, IN SELECTED LOW- AND MIDDLE-INCOME COUNTRIES, 2017–19



Source: UNESCO, EduFinance

Cost-effectiveness

What is the real cost of impact?

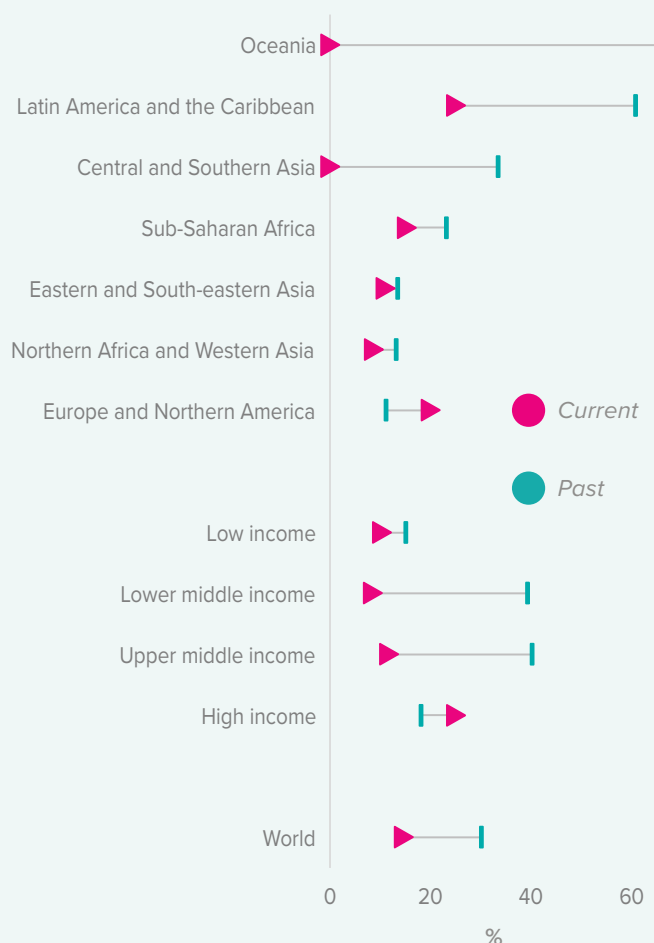
Because of the unequal access to EdTech, the cost-effectiveness of EdTech depends on the specific contexts of its application. It is worth considering whether EdTech is the most cost-effective solution when compared to more traditional learning approaches.

Globally, 85 percent of countries have legislation or policies in place to improve school or learner connectivity. Governments of many low- and middle-income countries have invested in school electrification. For example, 83 percent of sub-Saharan countries have policies to improve school electrification, compared to the global rate of 52 percent.⁷⁵ Despite this policy, only 32.1 percent of primary schools and 43.7 percent of lower secondary schools in sub-Saharan Africa have access to electricity by 2023.⁷⁶

Moreover, low- and middle-income countries have moved away from the incredibly costly one-to-one technology programs that provide hardware for each student, such as one-laptop-per-child. Only 15 percent of countries still deliver programs focused on distribution of technology, compared to 30 percent at the peak. In particular, Latin America has witnessed about a 35 percentage point drop in countries pursuing these programs (Figure 43). This trend is most apparent in middle-income countries, while high-income countries have seen a moderate increase in the number of countries pursuing these programs. This shift away is partly driven by the COVID-19 pandemic and its side effects such as smaller fiscal budgets, according to the GEM report analysis (see Figure 16 for COVID-19's impact on state-funded education).⁷⁷ Further, many studies have shown that these programs have very high costs while delivering relatively limited impact.⁷⁸

FIGURE 43 – COUNTRIES HAVE MOVED AWAY FROM ONE-TO-ONE HARDWARE PROVISION PROGRAMS

COUNTRIES WITH A POLICY OF PROVIDING A DEVICE FOR EVERY STUDENT/FAMILY, BY REGION AND COUNTRY INCOME GROUP, PAST AND CURRENT



Source: UNESCO

In countries such as India, Kenya, and South Africa, national policies have called for significant investments in digital infrastructure in public classrooms.⁷⁹ In these contexts, many classrooms already have access to devices with sufficient connectivity, so software-based programs that utilize existing hardware are highly cost effective.⁸⁰ In other contexts, even the most basic ICT

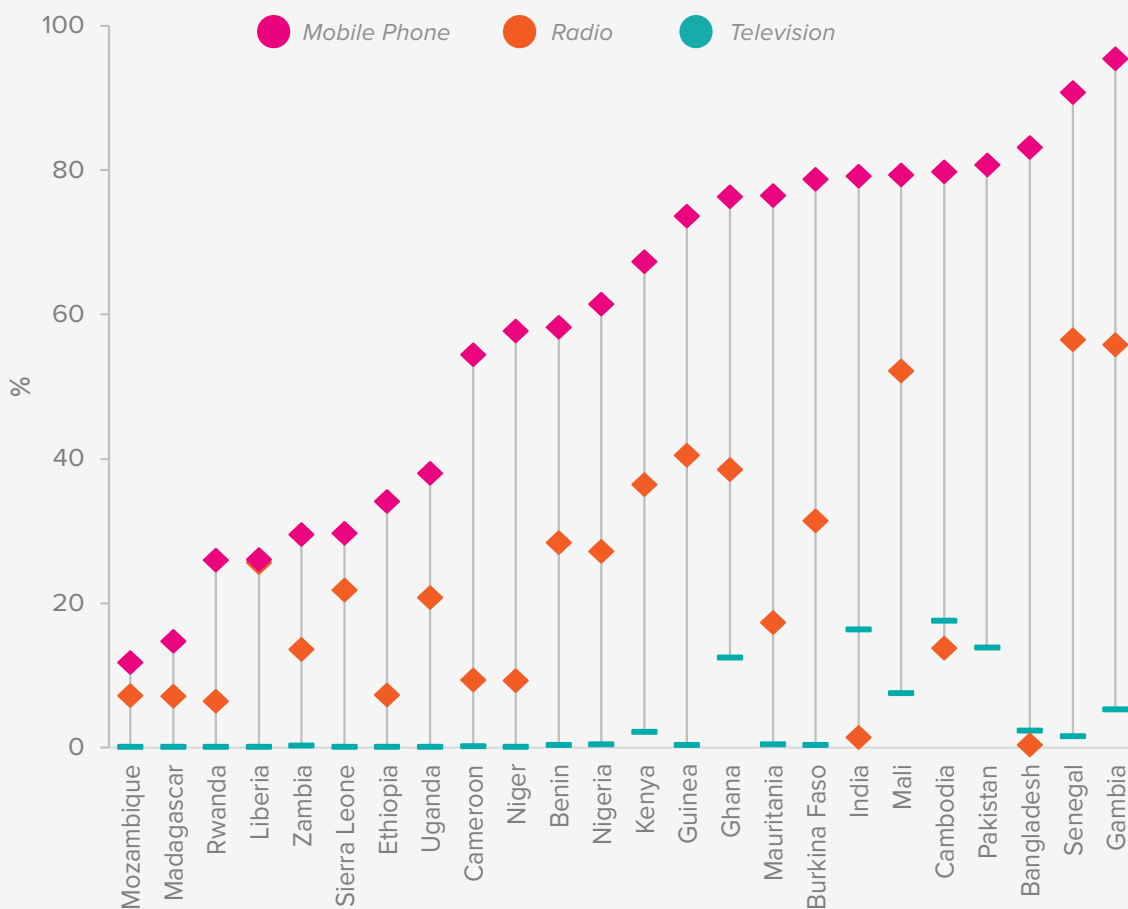
penetration is limited. For example, in Cambodia, Nepal, and Myanmar, less than 10 percent of all primary schools have access to electricity; and in Sri Lanka, Kyrgyzstan, and Bangladesh, less than 10 percent of all schools have access to the internet.⁸¹

The most effective form of EdTech also differs from country to country. Many countries in sub-Saharan Africa rely on radio to reach large numbers of out-of-school children.⁸² In contrast, televised education has been more widely used in Latin America, with notable success stories in Mexico.⁸³ The use of mobile phones also has

a promising prospect as a distance-learning medium, as more households own mobile phones in low- and lower-middle-income countries. In 2018–2021, among the lowest-income quintile of households in 24 low- and lower-middle-income countries, few owned a television, one quarter owned a radio, and two thirds owned a mobile phone (Figure 44).⁸⁴ The proliferation of mobile phones offers a potential opportunity of more accessible and cost-effective EdTech in low- and lower-middle-income countries, if its use is informed by sufficient local knowledge.

FIGURE 44 – FAR MORE HOUSEHOLDS IN LOW- AND LOWER-MIDDLE-INCOME COUNTRIES OWN A MOBILE PHONE THAN THEY OWN A RADIO OR A TELEVISION

PERCENTAGE OF LOWEST QUINTILE OWNING RADIOS, TELEVISIONS AND MOBILE PHONES, 2018–21



Source: UNESCO, EduFinance

Quality

Not all EdTech interventions are created equal

Contrary to the hope of tech salvation, most studies have agreed that EdTech should supplement rather than substitute personal teaching and face-to-face interactions.⁸⁵ EdTech is the means to improve learning outcomes rather than an end in itself. Development agencies should always promote *technology-assisted* rather than *technology-centered* education and focus more on learning outcomes rather than EdTech inputs when setting their goals and evaluation indicators. With this notion in mind, based on a rapid evidence review,⁸⁶ EduFinance suggests the following two recommendations to facilitate technology-assisted education:

1. Employ personalized-adaptive learning (PAL) software to deliver individualized instruction.

Multiple studies have found that adaptive learning and teaching at the right level (with or without technology) can have a significant impact on improving learning outcomes, particularly for students falling behind their grade level.⁸⁷ However, in traditional classroom settings, offering personalized and adaptive instruction places a heavy burden on the teacher, who is required to individually assess the level of each student and quickly adapt their teaching to each need.⁸⁸

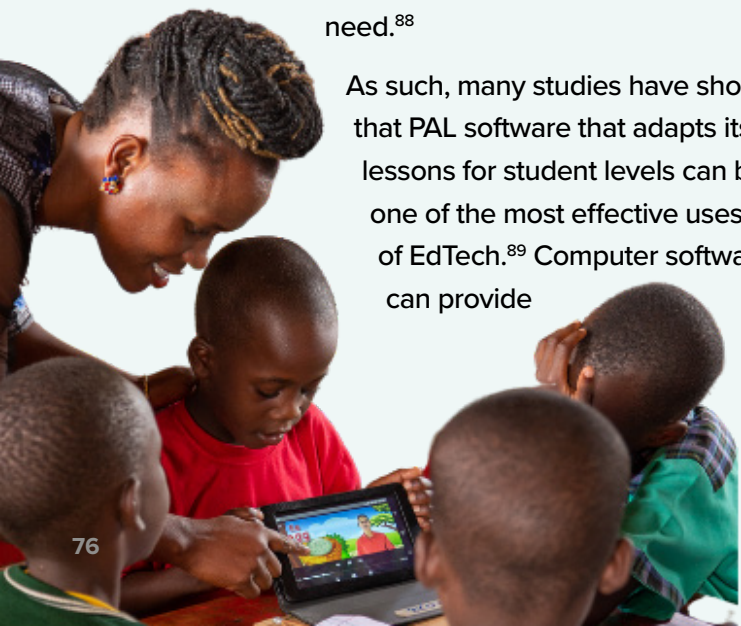
As such, many studies have shown that PAL software that adapts its lessons for student levels can be one of the most effective uses of EdTech.⁸⁹ Computer software can provide

individualized instruction through AI that “learns” the level of the user and seamlessly tailors the content it offers.⁹⁰ For example, a randomized control trial on an adaptive learning software in Cambodia and found it significantly increased math test scores compared to the control group.⁹¹ The study argues this was in large part due to the adaptive nature of the software – not only because it alleviates the burden on the teacher to individually adapt lessons, but also because content that is appropriately tailored to learning levels keeps the student engaged for longer periods of time.

2. Accompany EdTech with ongoing teacher training to integrate technology in the classroom.

Another widely cited factor affecting the success of EdTech interventions is the teacher’s ability to appropriately integrate the use of technology with the rest of the curriculum. Numerous studies have shown that there is no impact on student learning outcomes when technology replaces rather than complements the teacher.⁹² Further, studies have shown that learning gains are greater when the technological interventions are delivered by an experienced teacher rather than by a supervisor who administers the technology but does not offer pedagogical support.⁹³

However, the mere presence of a teacher will not improve outcomes if the teacher is not equipped with the necessary skills and attitudes to successfully integrate technology into their classroom. Therefore, teacher professional development is a critical investment that must accompany any successful EdTech intervention. One comparative study on the One Laptop Per Child program in three different contexts found that the level of training and support provided to teachers greatly influenced the program’s impact on learning outcomes.⁹⁴



EduFinance's Blended Learning Model

Based on the experience from research, EduFinance has been accompanying any use of EdTech in its program with ongoing school leader and teacher training to improve learning outcomes. This blended learning approach relies on school leaders and teacher mentors being able to access and use a learning management system app on distributed tablets. As such, it is critical that school leaders and teachers not only understand how to use the technology, but also understand the value of the technology in their individual contexts.

The EduQuality program strives to support school leaders and teachers with these concepts through:

- ▶ Introductory seminars
- ▶ Ongoing training sessions
- ▶ Annual visits carried out by Education Specialists

During these sessions, leaders are presented with an overview of the blended learning model components and how it can benefit their school as a sustainable, quality educational institution.

Looking ahead, EduQuality also continues to ensure its EdTech approach considers contextual gaps and capacities. EduQuality is actively encouraging more female participation in the program. In many contexts, school leadership is a male-dominated profession, and as a result, there are fewer female school leaders who participate in leadership training programs. As EduQuality encourages more female participation in the future, it is critical the blended learning model also considers how female school leaders may have more limited prior access or experience with technology, and may require additional support to ensure equity and inclusion within the program. Further, it is essential that M&E tools, such as the Classroom Observation tool discussed above, also consider gender in data collection by disaggregating male

and female responses, and integrating gender-specific questions within surveys. Ensuring a gender-sensitive approach to training in technology, alongside a gender analysis of data and feedback, is critical to ensuring equitable access to technology.

Lastly, as the EduQuality blended learning professional development program continues to expand, it must be tailored to local contexts. This must consider areas that have limited connectivity, and the existing infrastructure within a context. As a first step, the current learning management system app contains an offline function, which ensures the content is accessible and data can be saved even without an internet connection. However, one key ongoing challenge is access to reliable connectivity and electricity in remote areas to charge devices and periodically transmit data. In addition to challenges with internet connectivity, it is also critical to consider the existing capacity of school leaders and teachers to use technology, which may differ significantly depending on context. The program aims to place significant emphasis on enhancing the digital literacy skills of teachers and school leaders to enable them to overcome technical obstacles and gain the confidence to utilize technology. Looking forward, it is important the program consider how challenges might differ depending on context, and design adaptations and improvements accordingly.

Further Information on Blended Learning

For more information on EduQuality's blended learning professional development program, visit: <https://edufinance.org/latest/blog/2021/partnering-for-scale-opportunityedufinance-and-chalkboard-education-launch-a-blended-learning-model-that-supportsschool-resiliency>

The Future of Education Finance

EDUCATION FINANCE OUTREACH	CY24 Actual Jan '24 – Dec '24	CY23 Actual Jan '23 – Dec '23	Cumulative Since 2012
Value of loans provided to schools and learners	\$260M	\$202.8M	\$1.1B
Children reached by EduFinance	3.4M	1.9M	16.3M
Schools financed	19,556	7,056	67,479
Student loans disbursed	90,722	34,916	635,755
Financial institution partners	110	103	203
Schools participating in EduQuality	3,295	2,930	4,428
Countries where EduFinance works	23	23	32
Countries where EduQuality offered	13	13	13

OVERVIEW

Expanding access to quality education remains essential if the world is going to incorporate the approximately 263 million school-aged children who remain out of school. Children in all countries deserve the opportunity to receive a quality education. However, despite even high levels of government spending on state schools in many low- and middle-income countries, it is proving inadequate to keep up with education demand. Though on the decline, population growth exceeds 2.6 percent in aggregate across the African continent. This means that in many countries, the requirements to expand infrastructure to absorb the growing school-aged population are almost impossible for the state sector to meet alone. To compound challenges, budgeted

education funding is often used inefficiently and not allocated to large proportions of the population with the greatest need.

While not a silver bullet, affordable non-state schools make up a significant piece of the short-to-medium term solutions to close the education gap if non-state actors are given the opportunity to access necessary capital.

In line with this identified opportunity to help increase access to quality education, Opportunity International has facilitated the growth of its Education Finance program.

Opportunity EduFinance Results to Date

Opportunity EduFinance exists to increase access to capital for proprietors of affordable non-state schools and their customers.

Since 2012, EduFinance partnerships have spanned 203 financial institutions across 32 countries in Africa, Asia, and Latin America.

EduFinance is expanding access to financial products through more financial institutions in more countries.



(Above) Students in Ghana excited about learning.

IMPACT AS OF DECEMBER 2024,
AT A GLANCE.⁹⁵



19,556

Schools borrowing



110

Financial Institution
Partnerships



90,722

Student loans disbursed



13

Countries in the
EduQuality Program



3,295

Schools in the
EduQuality Program

SPOTLIGHT: GHANA

Schools that received loans from Opportunity experienced, on average:

CY24 Actual

Jan '24 – Dec '24

Human Capital	Enrollment	Enrollment growth	19%
	Teachers	Increase in teachers	20%
	Marks	Increase in marks	23%
Financial Resources	Loans	% repaid	97%

Schools are Growing and Improving

EduFinance collaborated with **Radical Innovation for Social Change (RISC)** at the **University of Chicago** to analyze the effects of the Opportunity EduFinance intervention in schools in both Uganda and Kenya.

The results of these analyses are outlined below and on the following page.



(Above) A school in Uganda that has engaged with the EduFinance program. The research shows that schools served by Opportunity for at least 3 years have grown and improved in many areas.



Schools that took a loan in Uganda have statistically outperformed their peers on national examination results.”⁹⁶

SCHOOLS IN UGANDA SERVED BY OPPORTUNITY FOR AT LEAST THREE YEARS HAVE ACHIEVED, ON AVERAGE:



24%

Enrollment growth



36%

Increase in teaching staff



63%

Increase in income



70%

of schools used a loan to build additional classrooms



9%

invested in WASH facilities — keeping girls in school longer, and students healthier



8%

invested their loans in school vans, dormitory beds



14%

purchased land or ICT equipment, or built playground or sports facilities

Children Attending Schools in the EduQuality Program which are Receiving Loans are Learning More

Study in Kenya

EDUQUALITY IMPACT

Children are learning more

Equivalent Learning Years Gained (EYOS)

+/-

English Literacy	Students from lower socio-economic backgrounds	+0.53
	Girls	+0.47
	All students	+0.26
Mathematics	Girls	+0.26
	All students	+0.24

MATHEMATICS – EQUIVALENT LEARNING YEARS GAINED (EYOS)



+0.24

students attending schools receiving loans gained 0.24 years



+0.26

girls are benefiting marginally more, gaining 0.26 years

ENGLISH LITERACY – EQUIVALENT LEARNING YEARS GAINED (EYOS)



+0.53

Students from lower socio-economic backgrounds gain most



+0.47

girls gain 0.47 years more than peers throughout the study period



+0.26

all students gain 0.26 years from the EduQuality intervention

RISC research – In continuation of the **EduFinance collaboration with Radical Innovation for Social Change (RISC)** at the University of Chicago to analyze the effects of the Opportunity EduFinance intervention in schools, EduFinance conducted a three-year quasi-experimental study in Kenya. **The study finds children gain as much as the equivalent of half a year of additional schooling**, linked to leader and teacher professional development and school improvement loans at their schools.⁹⁷



Students are Learning More, Especially Girls

Opportunity conducted an independent evaluation to measure the impact of its services on schools in Uganda.

17 wpm

Words per Minute Increased

Students at schools that benefited from a School Improvement Loan increased literacy by 17 words per minute over control groups

17%

Increase in Enrollment Rate

Increased enrollment of **girls** in secondary school against control group



Children are Staying in School Longer, Increasing Lifetime Expected Earnings

Impact of loans

Households utilizing School Fees Loans in Kenya reported a lower rate of student absenteeism (22%) over the prior term than non-borrowing households (33%).⁹⁹

ABSENTEEISM

Households with School Fee Loans

**Rate of
Absenteeism**
percent

Households utilising School Fee Loans	22%
Non-borrowing households	33%

SCHOOL FEE AND TERTIARY LOAN IMPACT AS OF DECEMBER 2024:⁹⁸



617,000

Years extra of learning



1.8M

Pupils benefitted



\$56M USD

Additional annual incomes

More Teachers and Jobs are Added in Communities

SCHOOLS RECEIVING SCHOOL IMPROVEMENT LOANS REPORTED THE FOLLOWING BENEFITS:



80%

of schools hired more staff



3.9

New positions created per school (average)



2

New teachers as well as additional support staff



95%

Hired construction workers to complete improvements



7.4

Construction workers hired per school (average)



2.3 months

Average duration of construction project

Through a survey of 94 Opportunity-supported schools in Uganda, new jobs were created by School Improvement Loans in 80% of all schools surveyed, averaging 3.9 new full-time positions per school.

Schools hired more teachers (averaging two new teachers per loan), as well as other support staff, including cleaners, food workers, nurses, and administrative staff.

Additionally, 95% of the schools hired construction workers to complete improvements in their schools.

School owners reported having hired an average of 7.4 construction workers with their most recent loan, with the construction jobs lasting an average of 2.3 months.



(Above) A teacher at St Rosalia School, Tanzania. St Rosalia has previously borrowed from Victoria Finance to fund school improvements and expansion.

Appendix

FIGURE 45

NON-STATE PENETRATION

By region

Percent

%

Global (excluding high income)	2005	Non-State	23.1%
		State	76.9%
	2010	Non-State	23.9%
		State	76.1%
	2015	Non-State	25.3%
		State	74.7%
	2023	Non-State	25.8%
		State	74.2%
	2028 Estimated	Non-State	25.8%
		State	74.2%
South Asia (excluding high income)	2005	Non-State	41.2%
		State	58.8%
	2010	Non-State	40.8%
		State	59.2%
	2015	Non-State	42.6%
		State	57.4%
	2023	Non-State	43.2%
		State	56.8%
	2028 Estimated	Non-State	42.5%
		State	57.5%

NON-STATE PENETRATION

By region

Percent

%

East Asia & Pacific (excluding high income)	2005	Non-State	18.5%
		State	81.5%
	2010	Non-State	20.0%
		State	80.0%
	2015	Non-State	21.2%
		State	78.8%
	2023	Non-State	22.9%
		State	77.1%
	2028 Estimated	Non-State	23.0%
		State	77.0%
Middle East & North Africa (excluding high income)	2005	Non-State	8.0%
		State	92.0%
	2010	Non-State	8.6%
		State	91.4%
	2015	Non-State	10.6%
		State	89.4%
	2023	Non-State	11.3%
		State	88.7%
	2028 Estimated	Non-State	12.2%
		State	87.8%

NON-STATE PENETRATION

By region

Percent

%

Sub-Saharan Africa (excluding high income)	2005	Non-State	12.4%
		State	87.6%
	2010	Non-State	14.7%
		State	85.3%
	2015	Non-State	16.0%
		State	84.0%
	2023	Non-State	16.9%
		State	83.1%
	2028 Estimated	Non-State	17.2%
		State	82.8%
Latin America & Caribbean (excluding high income)	2005	Non-State	15.7%
		State	84.3%
	2010	Non-State	16.8%
		State	83.2%
	2015	Non-State	17.9%
		State	82.1%
	2023	Non-State	16.9%
		State	83.1%
	2028 Estimated	Non-State	16.4%
		State	83.6%

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REGIONS

South Asia

East Asia & Pacific

Middle East and North Africa

Sub-Saharan Africa

Latin America and Caribbean

Europe and Central Asia



ACRONYMS

DFI Development Finance Institution

EPDC Education Policy Data Center

GDP Gross Domestic Product

HIC High-Income Countries

LIC Low-Income Countries

LMIC Low- and Middle-Income Countries

NGO Non-Governmental Organization

PTR Pupil-Teacher Ratio

SDG Sustainable Development Goal

SFL School Fee Loan

SIL School Improvement Loan

SDG Sustainable Development Goal

SFL School Fee Loan

SIL School Improvement Loan

UIS UNESCO Institute of Statistics

UMIC Upper Middle-Income Countries

UNESCO United Nations Educational, Scientific and Cultural Organization

Note: Countries included in the regions (below) referenced in this report are classified according to the UNESCO Institute for Statistics (UIS) groupings for Lower or Middle-Income (LMIC). Countries not classified as LMIC are not included in this analysis. All currency referenced throughout this report are in United States Dollars (\$).



EDUFINANCE.ORG

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@OIEduFinance

HEADQUARTERS

Level 18, 100 Bishopsgate
London EC2M 1GT

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