



# THE STATE OF THE AFFORDABLE NON-STATE SCHOOL SECTOR



**OPPORTUNITY**  
EduFinance

**Closing the 66 million school seat gap in low- and middle-income countries**

**2020**

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# ACRONYMS

<b>DFI</b>	Development Finance Institution
<b>EPDC</b>	Education Policy Data Center
<b>GDP</b>	Gross Domestic Product
<b>LMIC</b>	Low- and middle-income countries
<b>MFI</b>	Microfinance Institution
<b>NGO</b>	Non-Governmental Organization
<b>PTR</b>	Pupil-Teacher Ratio
<b>SDG</b>	Sustainable Development Goal
<b>UIS</b>	UNESCO Institute of Statistics
<b>UNESCO</b>	United Nations Educational, Scientific and Cultural Organization

# LEGEND

**South Asia**

**East Asia & Pacific**

**Middle East & North Africa**

**Sub-Saharan Africa**

**Latin America & Caribbean**

**Europe & Central Asia**

Note: Countries included in the above regions 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 (\$).



# I. EXECUTIVE SUMMARY

**The increase in demand for affordable non-state schools means that there will be an additional 66 million new seats required in the next five years globally.**

## 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 peoples' 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<sup>1</sup>.

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 million<sup>2</sup> children worldwide not learning basic numeracy and literacy skills, which included approximately 258 million out-of-school children<sup>3</sup>. At the peak of the pandemic, 1.6 billion children were not in school, which will cost this generation of children an estimated \$10 trillion in lifetime earnings<sup>4</sup>.

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

<sup>1</sup> World Bank (2018).

<sup>2</sup> UNESCO Institute for Statistics, UIS (2017).  
<http://uis.unesco.org/sites/default/files/documents/fs46-more-than-half-children-not-learning-en-2017.pdf>.

<sup>3</sup> UNESCO Institute for Statistics, UIS (2018).  
<http://uis.unesco.org/en/topic/out-school-children-and-youth>.

<sup>4</sup> World Bank (2020.)

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, a major global initiative engaging world leaders, policymakers, and researchers, 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<sup>5</sup>. 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<sup>6</sup>. Amplifying the issue is the population growth rate in many low- and middle-income countries and the resulting increase in the 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<sup>7</sup>. 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 affordable<sup>8</sup> model, 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 25.4 percent between 2005 and 2019 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 to 27.2 percent by 2025.. 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.

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 families. In addition, EduFinance blends access to capital with trainings 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 billion market for EduFinance flagship products worldwide:** \$10.3 billion for School Improvement Loans and \$25.7 billion for School Fee Loans. The largest market demand globally by country and region is India (\$11.4 billion) and South Asia (\$15.4 billion), which is nearly twice the size as the next largest region, East Asia (\$8.0 billion). Third is Sub-Saharan Africa with a \$4.9 billion market and some of the fastest growing populations in the world. Latin America, just behind sub-Saharan Africa, also has a \$4.9 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 shows how the enrollment growth rate in the non-state sector between 2013 to 2018 has been higher than that of the state education sector. The increase in demand for affordable non-state schools means that there will be an additional 66 million new seats required in the next five years globally, which also indicates the potential for additional funding as explained above.

<sup>5</sup> Education Commission (2016).

<sup>6</sup> World Bank (2018.)

<sup>7</sup> Heyneman, S., Stern, J., Smith, T. (2011).

<sup>8</sup> Affordable: 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 for families to pay school fees.



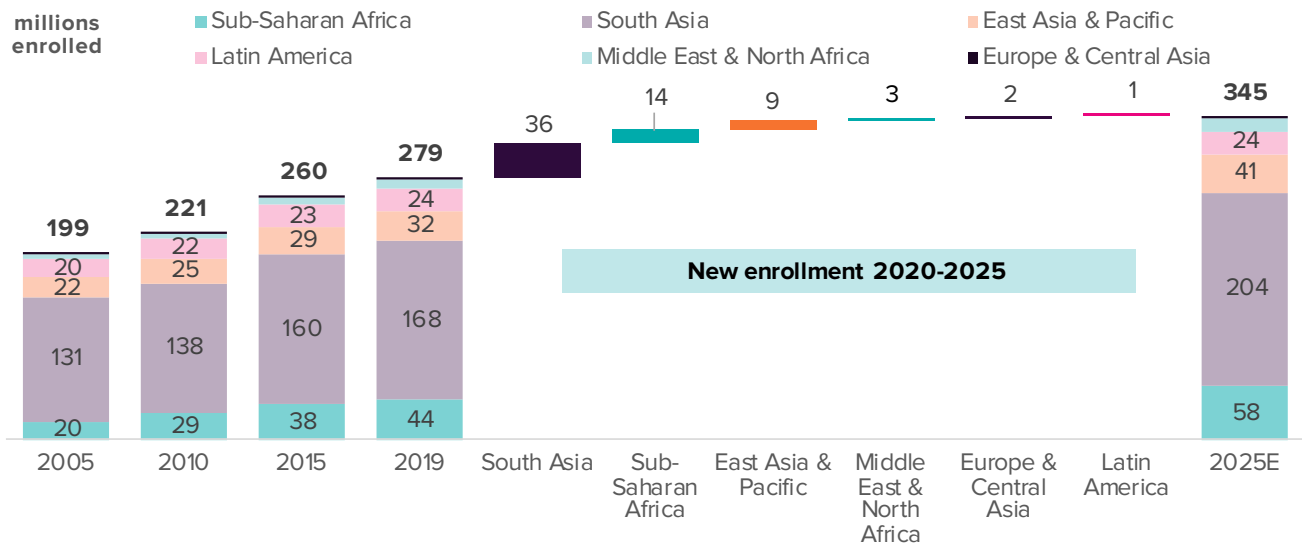
FIGURE 1

## Enrollment Growth Requires Buildup of New School Capacity – 66 Million New Seats, Excluding Out-of-School Children

5 Year Annualized Enrollment Growth

	Non-State	State
Sub-Saharan Africa	4.4%	3.2%
South Asia	2.6%	1.8%
Latin America	0.5%	-0.1%
East Asia	3.5%	1.2%
Middle East & North Africa	5.3%	2.6%
Europe & Central Asia	8.9%	1.1%

Actual and Forecast Number of Children Enrolled in Non-State Schools (millions)



Source: UIS, EduFinance

### Methods & 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 and School Fee Loan 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.

## II. THE STATE OF GLOBAL EDUCATION

**As of 2018, approximately 258 million children were out of school, which translates into one in five school-age children around the world not in school.**

### THE STATE OF GLOBAL EDUCATION

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<sup>9</sup>. 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 right, the returns are highest in sub-Saharan Africa, and far more for women than men.

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.” 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<sup>10</sup>.

While much progress has been made, significant challenges remain that hinder a vast number of children from going to school and learning.

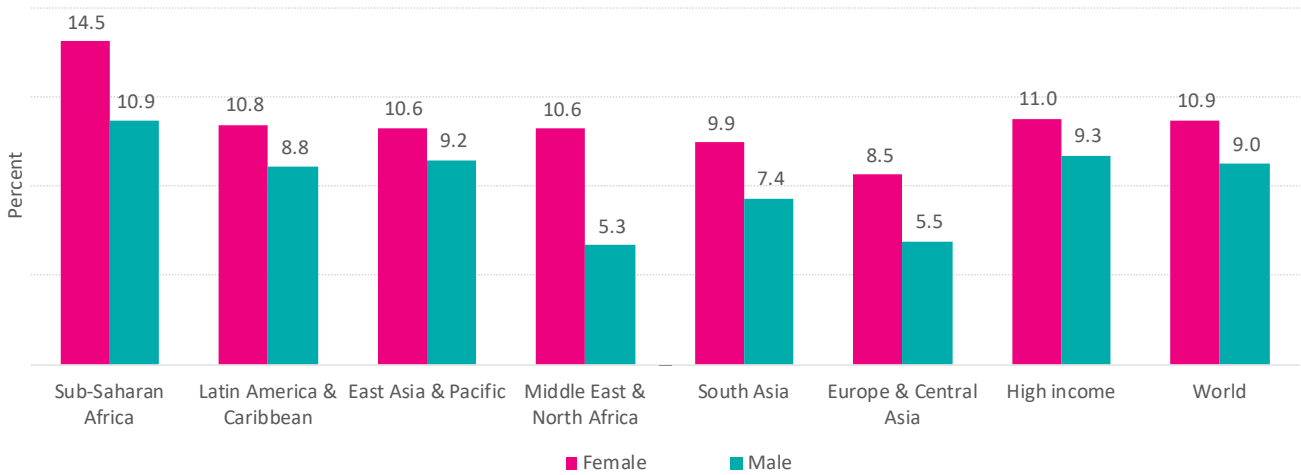
<sup>9</sup> Montenegro, C.E. and Patrinos, H.A. (2014).

<sup>10</sup> World Bank (2018.)

FIGURE 2

## More Schooling Leads to Higher Wages – Especially in Africa and for Girls

Wage Growth Associated with an Additional Year of School

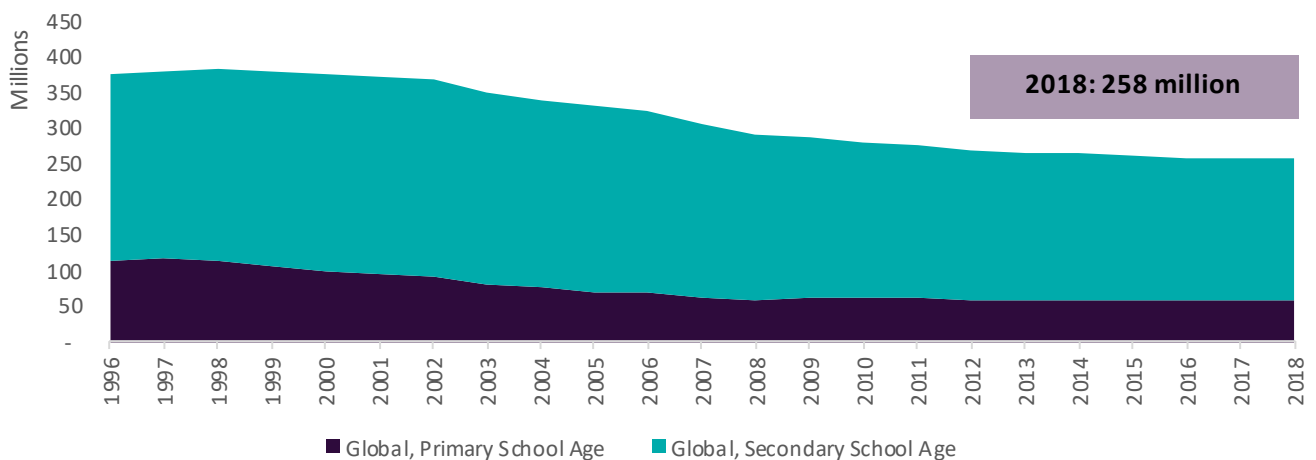


Source: World Development Report (2018)

FIGURE 3

## Number of Out-of-School Children has Declined

Out-Of-School Children, Global



Source: UIS, EduFinance

### CHALLENGE 1: ACCESS

Millions of children around the world remain out of school

As of 2018, approximately 258 million children were out of school, which translates into **one in five school-age children around the world not in school**. That amounts to 58.4 million primary school-age children, and 200 million secondary school-age adolescents

and youth that are out of school<sup>11</sup>. 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<sup>12</sup>. Despite initial enrollments rising, children in low-income countries are not completing primary school. The survival rate in primary education, which is the

<sup>11</sup> UNESCO institute of Statistics (2019). New Methodology Shows that 258 Million Children, Adolescents and Youth Are Out of School.

<sup>12</sup> UNESCO Institute of Statistics (2020).

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<sup>13</sup>. The rate of primary-age out-of-school children overall is still 18.5 percent in low-income countries as compared to 1.7 percent in high-income countries<sup>14</sup>. At the lower secondary level, the respective rates are 38.5 percent and 2.5 percent, and at the upper secondary level, the rates are 60.8 percent and 7.8 percent. In terms of absolute numbers, sub-Saharan Africa is home to the majority of out-of-school children in the world with 98.7 million. In South Asia, India and Pakistan comprise 51.5 million out of the region's 92.8 million out-of-school children. (Figure 4).

Drivers of school exclusion include poverty, disability, location, ethnicity, religion, and gender. Children from the poorest families are less likely to start school, as are children with disabilities, rural children, children in conflict zones, and those from ethnic and religious minorities. Moreover, children impacted by these factors who do start school are more likely to drop out early.

## 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<sup>15</sup>. UNESCO's Institute of Statistics and the World Bank estimate that 53 percent of children in low- and middle-income countries cannot read well enough to understand a simple story by the end of primary school. In low-income countries, the level is as high as 80 percent<sup>16</sup>. A 2014 international assessment (PASEC) administered in 10 countries in Francophone West Africa<sup>17</sup> showed that among grade 6 students, less than 45 percent reached "sufficient" competency levels in reading or mathematics<sup>18</sup>.

The learning deficit is also exacerbating inequality. As shown in Figure 5, 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.

FIGURE 4

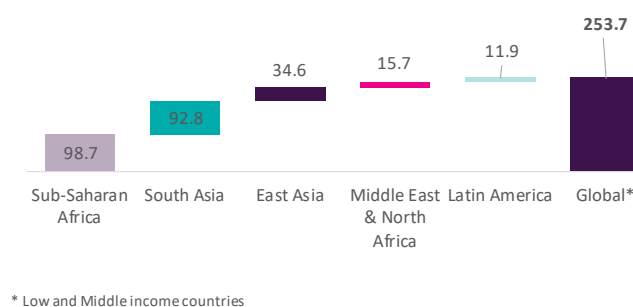
## Africa has Overtaken South Asia as the Region with the Most Out-of-School Children

### Countries With Most Out-Of-School Children

Country	Number of Out-of-School Children (mn)	% of School Aged Children	Region
1 India	32.5	15.9%	South Asia
2 Pakistan	19.0	33.5%	South Asia
3 Nigeria	13.6	29.0%	Sub-Saharan Africa
4 Ethiopia	10.1	45.0%	Sub-Saharan Africa
5 Bangladesh	7.9	52.5%	South Asia
6 Democratic Republic of the Congo	7.2	49.1%	Sub-Saharan Africa
7 Indonesia	6.9	16.5%	East Asia
8 Afghanistan	3.7	39.8%	South Asia
9 Niger	3.7		Sub-Saharan Africa
10 Mali	3.1	64.9%	Sub-Saharan Africa

Source: UIS, EduFinance

### Out-of-School Primary and Secondary Children (million)



<sup>13</sup> UNESCO Institute of Statistics (2020).

<sup>14</sup> UNESCO Institute of Statistics (2020).

<sup>15</sup> Pritchett, L. and Beatty, A. (2012). The Negative Consequences of Overambitious Curricula in Developing Countries. Center for Global Development. Working Paper 293.

<sup>16</sup> World Bank. (2019). <https://www.worldbank.org/en/news/press-release/2019/10/17/new-target-cut-learning-poverty-by-at-least-half-by-2030>.

<sup>17</sup> Benin, Burkina Faso, Burundi, Cameroon, Chad, Cote d'Ivoire, Niger, Republic of Congo, Senegal, Togo

<sup>18</sup> PASEC (Programme d'Analyse des Systèmes Éducatifs de la Confemem). (2015). PASEC 2014: Education System Performance in Francophone Africa, Competencies and Learning Factors in Primary Education. Dakar, Senegal: PASEC. Available at: [http://www.pasec.confemem.org/wp-content/uploads/2015/12/Rapport\\_Pasec2014\\_GB\\_webv2.pdf](http://www.pasec.confemem.org/wp-content/uploads/2015/12/Rapport_Pasec2014_GB_webv2.pdf)



FIGURE 5

## Learning Outcomes by Gender and Poverty Levels

Children from Poor Households in Africa Typically Learn Much Less

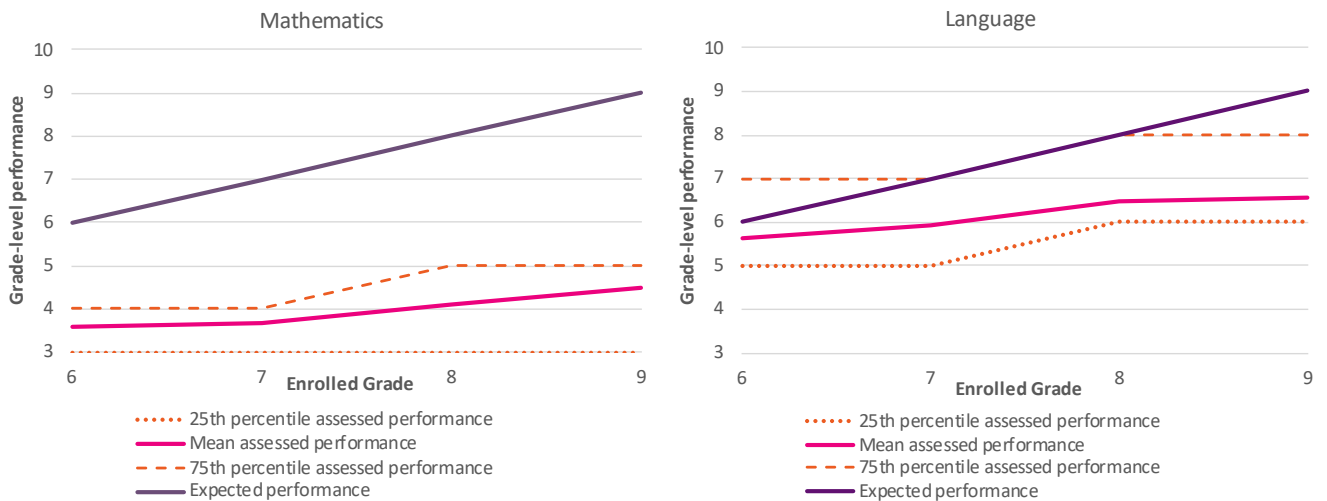


Source: World Development Report 2018, Learning to Realize Education's Promise, World Bank Group, using data from World Bank (2016b). Data at [http://bit.do/WDR2018-Fig\\_O-3](http://bit.do/WDR2018-Fig_O-3).

FIGURE 6

## 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](http://bit.do/WDR2018-Fig_O-4).

Over time, early learning deficits become more magnified. A study in New Delhi (Figure 6) 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.

# III. STATE EDUCATION FINANCING GAPS AND CHALLENGES



**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.**

## 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)<sup>19</sup>. In regard to the first benchmark, as shown in Figure 7, aggregation across low- and middle-income countries indicate that government expenditure is within the Incheon Declaration's target range, at approximately 15.7 percent of total expenditure. East Asia and Latin America lead the regional averages, at 19.6 percent and 18.6 percent respectively.

Low- and middle-income countries comprise the top 15 countries in the world that spend the most on education as a proportion of their budget (Figure 8).

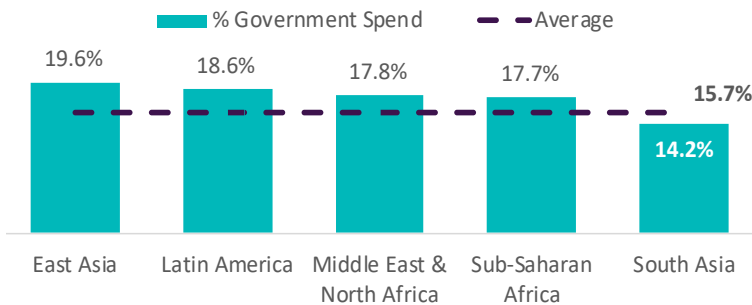
Despite the high rates of spending on education as a proportion of total government spending, there remain high out-of-school rates among school aged children in many countries. Individual countries with humanitarian crises have the largest out-of-school children rates as shown in Figure 9. However, when aggregating the data on a regional level, sub-Saharan Africa faces the greatest proportion (29.1 percent) of school aged children out of school.

<sup>19</sup> World Education Forum (2015).

FIGURE 7

## More than 15 Percent of Low- and Middle-Income Government Expenditure is Already Going to Education

Government Expenditure on Education, Total (% of Government Expenditure)



Countries with Highest Proportion of Government Expenditure on Education

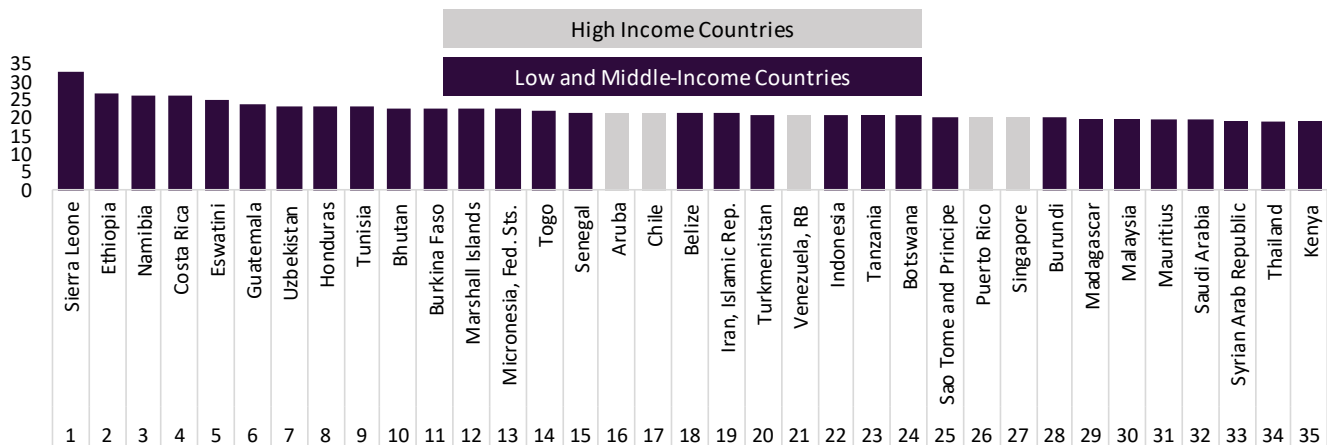
Country	% Total Spend
1 Sierra Leone	32.5
2 Ethiopia	27.0
3 Namibia	26.2
4 Costa Rica	26.1
5 Eswatini	24.9
6 Guatemala	23.7
7 Uzbekistan	23.0
8 Honduras	23.0
9 Tunisia	22.9
10 Bhutan	22.8

Source: UIS, EduFinance

FIGURE 8

## 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 Spend



Source: UIS, World Bank, World Development Indicators

These data pose the question of whether increased spending has an impact on out-of-school rates. Figure 10 shows that middle-, upper middle- and high-income countries have increased spending and successfully reduced the numbers of out-of-school children. Even middle- and lower middle-income countries have reduced the number of out-of-school children in absolute terms, despite lower spending. It is low-income countries that struggle

the most. The data indicate low-income countries spend more as a proportion of total budget while still having more children that are 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.

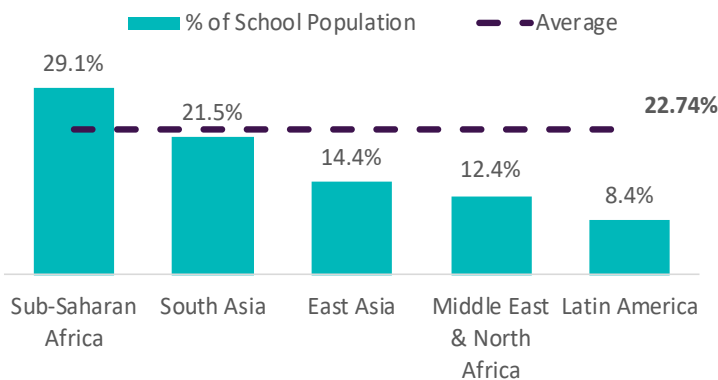
While some countries in sub-Saharan Africa are allocating as much as one-third of their budget, others are not allocating enough. For example, India and Pakistan spend 14.1 percent and 14.5 percent of their budgets on education respectively, despite reporting the highest numbers of out-of-school children

globally. 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<sup>20</sup>.

FIGURE 9

## Africa Faces the Greatest Proportion of Out-of-School Children

Out-of-School Children, Percent of School Aged Population



Largest Proportion of Out-of-School Children

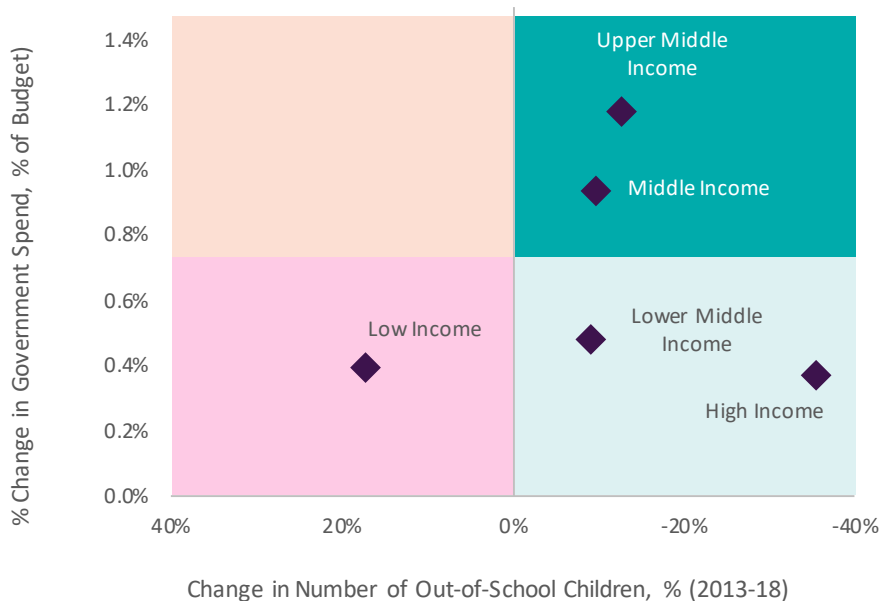
Country	Percentage of School Aged Children	Number of Out-of-School Children (mn)
1 South Sudan	99.0%	2.4
2 Syrian Arab Republic	79.8%	2.6
3 Guinea	66.0%	1.4
4 Mali	64.9%	3.1
5 Djibouti	62.6%	0.1
6 Eritrea	55.2%	0.4
7 Central African Republic	54.0%	0.7
8 Nicaragua	54.0%	0.5
9 Bangladesh	52.5%	7.9
10 Madagascar	52.0%	1.8

Source: UIS, EduFinance

FIGURE 10

## Low-Income Countries Increased Spending Some, but are Seeing Rising Out-of-School Children

Changes in Spending Compared to Out-of-School Children



Source: UIS, EduFinance

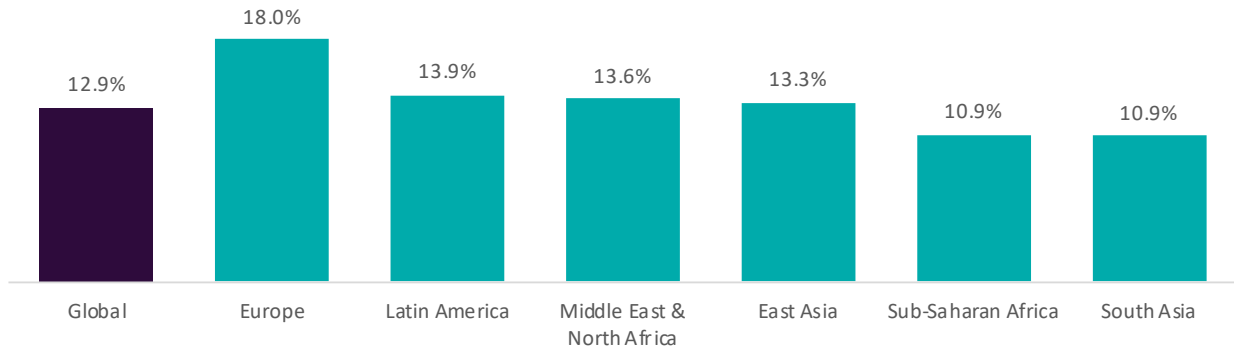
<sup>20</sup> Steer, L. and Smith, K. (2015).



FIGURE 11

## 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)

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, for example, collect just 10.9 percent of GDP in the form of taxes. To spend 5 percent of GDP on education without creating a budget deficit, African governments would have to spend 46 percent of their tax earnings solely on education.

Many African countries have limited abilities to leverage their balance sheets further and pour already scarce financial resources into state education. 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<sup>21</sup>. 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<sup>22</sup>.

Despite these headwinds, sub-Saharan Africa manages to spend 4.2 percent of GDP on education, while Latin America is closer to meeting the higher end of the international benchmark at 5.5 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, Namibia, and Zimbabwe, their smaller economies are outweighed by larger countries that are not able to spend as much.

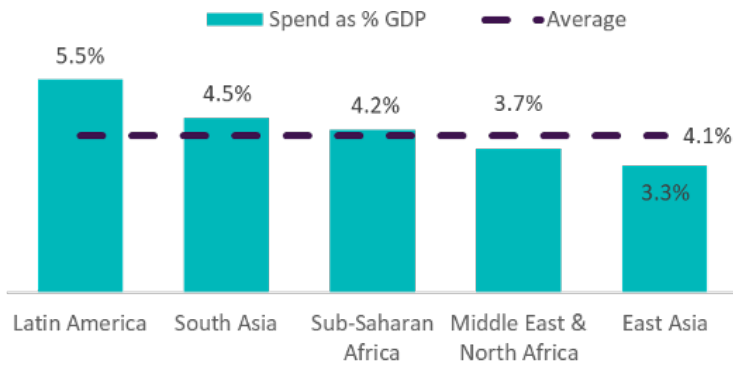
<sup>21</sup> Onyekwena, C. and Ekeruche, A. (10 April 2019).

<sup>22</sup> Moody's, 2019.

FIGURE 12

## Low- and Middle-Income Countries in Latin America and South Asia Spend the Most on Education as a Percentage of GDP

Spend on Education as a % of GDP



Countries with Highest Spend Relative to GDP on Education

Country	GDP % Spend
1 Cuba	12.8%
2 Solomon Islands	10.0%
3 Botswana	9.6%
4 Namibia	8.3%
5 Belize	7.4%
6 Bolivia	7.3%
7 Sierra Leone	7.1%
8 Eswatini	7.0%
9 Costa Rica	7.0%
10 Bhutan	6.6%

Source: UIS, EduFinance

As for the second benchmark of spending 4 to 6 percent of GDP on education, the average across all low- and middle-income countries is also within target range of the Incheon Declaration, at 4.1 percent of total GDP (Figure 12). While low- and lower-middle income countries make up 30 of the top 35 in terms of education spend as a percentage of their overall budgets, fewer than half of them are in the top 35 in terms of GDP spend (Figure 14). 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.

The COVID-19 pandemic is also increasing the headwinds that governments will face in their pursuit of these benchmarks. Real GDP is forecasted to fall by 3.7 percent globally, compared to 3.6 percent growth that was previously expected. The strain on budgets is being felt in all countries and funding for state education could fall by as much as 8.4 percent in low- and middle-income countries<sup>23</sup>. Worse, the World Bank estimates that students may lose \$10 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.

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<sup>24</sup>. 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<sup>25</sup>. In total, the global financing gap in education is estimated to be \$1.8 trillion to achieve 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<sup>26</sup>.

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.

<sup>23</sup>World Bank (2020).

<sup>24</sup>UNESCO (2015).

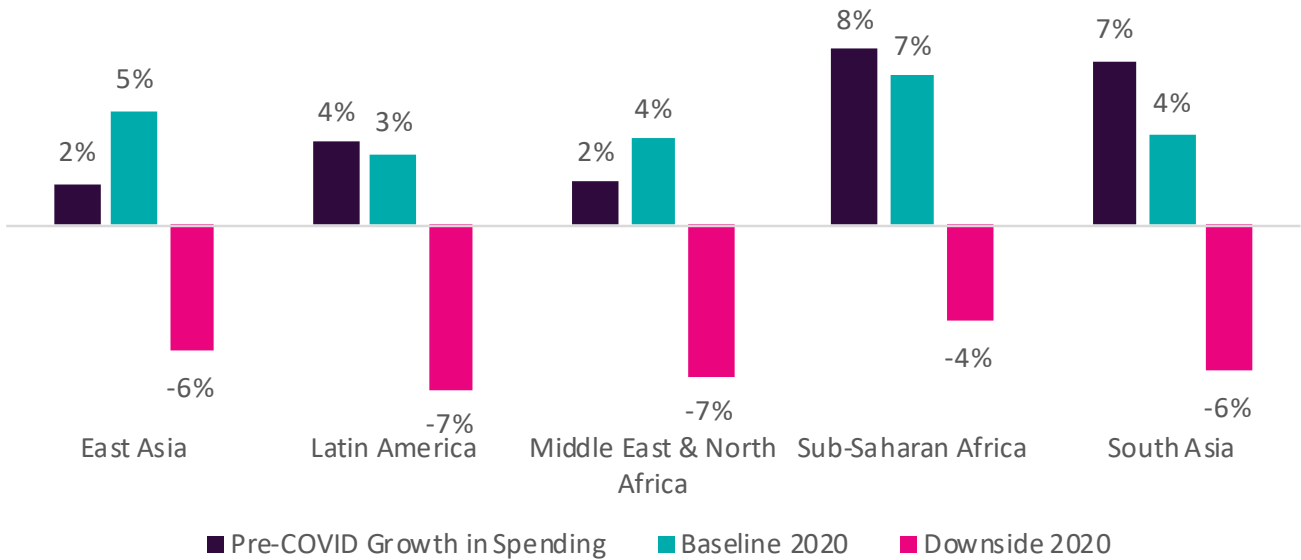
<sup>25</sup>UNESCO (2015).

<sup>26</sup>Education Commission (2016).

FIGURE 13

## Growth in State Funded Education is Expected to Decline Significantly due to Covid-19

Estimated Growth in State Funded Education Spending

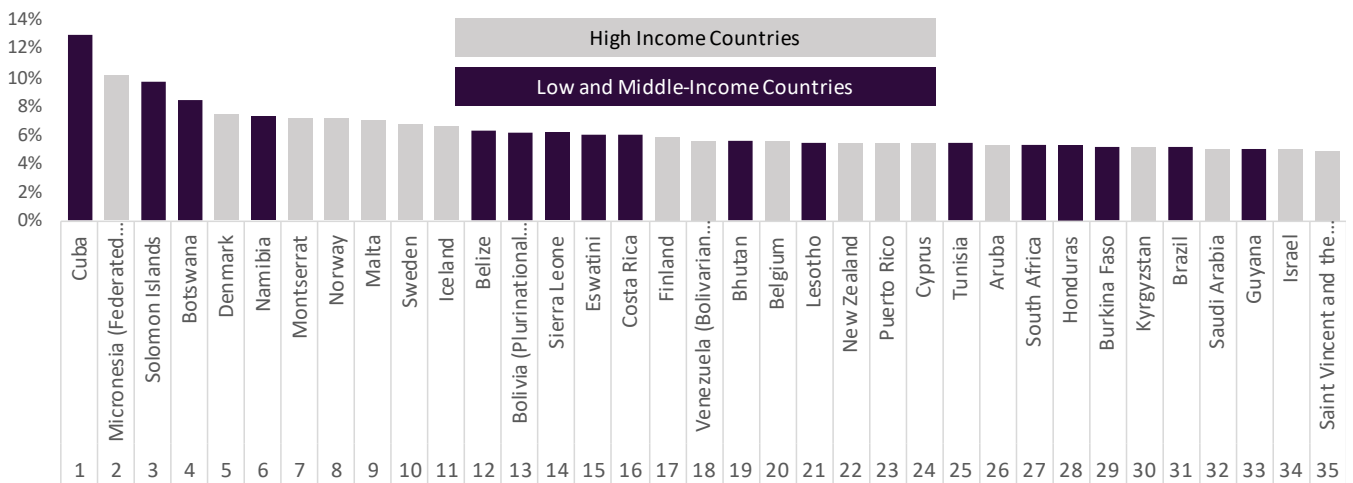


Source: World Bank

FIGURE 14

## 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

# IV. GROWTH OF NON-STATE EDUCATION

Since 2013, non-state enrollment has increased by 15 percent, compared to 9 percent for state schools. At this rate, the non-state sector can be expected to hold 27.2 percent of the market by 2025.

## GROWTH OF NON-STATE EDUCATION

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 25.4 percent between 2005 and 2019 (Figure 15). Since 2013, non-state enrollment has increased by 15 percent, compared to 9 percent for state schools. At this rate, the non-state sector can be expected to hold 27.2 percent of the market by 2025.

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 4.8 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 approved non-state schools as compared to 519 unapproved non-state schools as of 2011<sup>27</sup>. A household survey of several impoverished urban areas of India showed that at least 65 percent of enrolled school children were attending non-state, unregistered schools<sup>28</sup>.

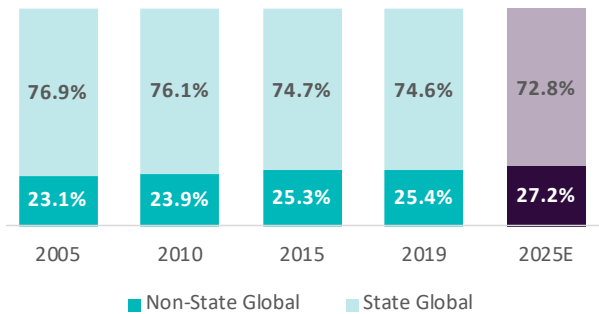
<sup>27</sup>Baum, D., Cooper, R., and Lusk-Stover, O. (2018).

<sup>28</sup>Tooley, J., Dixon, P. and Gomathi, S.V. (2007).

FIGURE 15

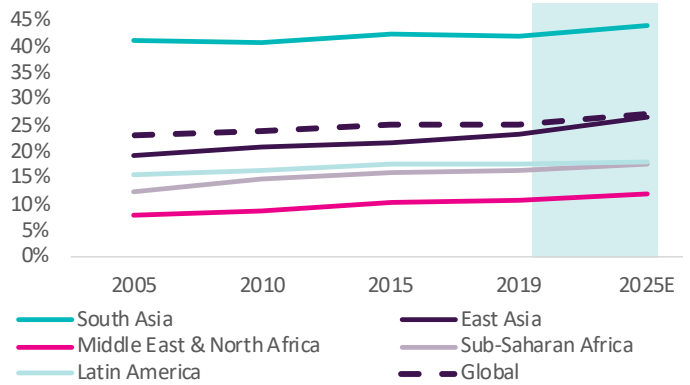
## Non-State Schools are Gaining Market Share in Low- and Middle-Income Countries Worldwide

State vs. Non-State School Global (ex-high income)



Source: UIS, EduFinance forecasts

Non-State School Share by Region (ex-high income)



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 (Figure 16)<sup>29</sup>. 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.

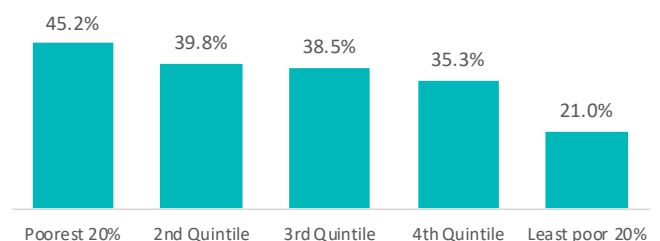
Families may also choose non-state schools because they perceive them to be academically or otherwise superior to state schools at a comparative price. Indeed, while many countries do have free state education policies, state schools are not always truly free. Families are often beholden to a non-formal 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<sup>30</sup>.

FIGURE 16

## Kenya: More Children in Lower Income than Higher Income Households are Attending Non-State Schools

Non-State School Enrolment Study in Kenya, according to Wealth Index



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

<sup>29</sup>Oketch, M., Mutisya, M., Ngware, M., and Ezeh, A. (2010).

<sup>30</sup>Heyneman, S. Stern, J. (2014).

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<sup>31 32 33 34</sup>. 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<sup>35</sup>. There is also indication that because non-state school teachers 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 goes 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<sup>36</sup>. 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<sup>37</sup>. 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.

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<sup>31</sup> Srivastava, P. (2008).

<sup>32</sup> Oketch, M., Mutisya, M., Ngware, M., Ezeh, A.C., Epari, C. (2010).

<sup>33</sup> Akaguri, L. (2011).

<sup>34</sup> Heyneman, S., Stern, J., Smith, T. (2011).

<sup>35</sup> Ashley, L., Mcloughlin, C., Aslam, M., Engel, J., Wales, J., Rawal, S., Batley, R., Kingdon, G., Nicolai, S., Rose, P. (2014).

<sup>36</sup> Heyneman, S., Stern, J., Smith, T. (2011).

<sup>37</sup> Heyneman, S., Stern, J., Smith, T. (2011).



# V. FINANCING THE NON-STATE SCHOOL SECTOR

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 by adding more classrooms and increasing the number of available seats for students.

## EDUCATION SECTOR SUPPLY AND DEMAND

While affordable non-state schools exist alongside the state education system in both substitutive and complementary roles, their full 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 by adding more classrooms and increasing the number of available seats for students. Other quality improvements such as running water installations, gender-separated bathrooms, 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<sup>38</sup>.

Regarding 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

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<sup>38</sup>EduFinance Market Research (2020).

home for unpaid fees, increasing absenteeism and risking permanent student dropout.

Opportunity International EduFinance is working to close these supply and demand gaps in the education ecosystem through financial solutions. EduFinance has partnered with 60 financial institutions across the globe and counting, and has built comprehensive education lending portfolios comprised of School Improvement Loans targeting proprietors of affordable non-state schools, and School Fee Loans 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 the market sizing exercise.

## SCHOOL IMPROVEMENT LOANS

School Improvement Loans set the stage for sustainable improvements to schools in low-resource environments, helping to ensure more students gain access to a better education, much faster. School Improvement Loan 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, schools with School Improvement Loans borrow \$11,000 on average. School Improvement Loan 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<sup>39</sup>. The availability of gender-separated toilets is particularly important for enrollment and educational attainment of girls<sup>40</sup>. Other studies have highlighted investment in libraries, sports facilities, and other infrastructure in connection to positive quality improvements. Extracurricular activities have also been linked to better attendance, behavior, and academic performance<sup>41</sup>.

<sup>39</sup>Suryadarma, D. (2006).

<sup>40</sup>Afridi, F. (2011).

<sup>41</sup>Andrabi et al (2018); Reeves, (2008).

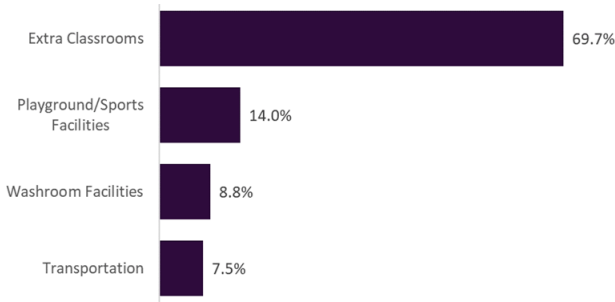
## Analysis from Opportunity EduFinance research suggests that the most common uses for School Improvement Loans include:

- **Building extra classrooms:** This allows for the expansion of schools, thereby creating space for additional enrollment to meet the growing demand for non-state education. Furthermore, school expansion means bigger and more conducive spaces for students in which to learn.
- **Building playgrounds and outdoor sports facilities:** This enables students to engage in healthy extracurriculars and further serve as an incentive for students to attend school.
- **Building washroom facilities, especially washrooms for separate genders:** In addition to promoting sanitary health, separate washrooms also play a part in increasing female enrollment, attendance, and school completion.
- **Creation and/or purchase of transportation, like buses:** Transportation amenities provide the opportunity for students residing further away from school to be able to attend school, reducing the time and cost of traveling to school regularly while increasing the safety of their journeys.

FIGURE 17

## Uses of School Improvement Loans

Most Frequently Cited School Improvement Loan Use



Source: Opportunity EduFinance School Profile Data

## 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 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 School Fee Loans can reduce absenteeism, as demonstrated in Figure 18.

Loan tenures vary according to the two main types of income earners (seasonal or irregular), and range between 3-12 months. The average School Fee Loan 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 borrower from market research conducted in Kenya.

### 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 borrowers. Musoni Microfinance is a financial institution partner of Opportunity EduFinance. The research team conducted 176 interviews around Nairobi, Kenya in late 2019 with Musoni borrowers as well as non-borrowers, 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 borrowers. The subsequent sections explore their characteristics in more detail.

### Absenteeism in School

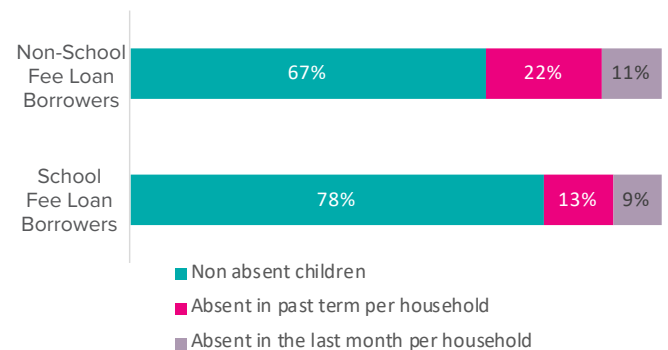
The report found a comparatively lower rate of absenteeism among School Fee Loan borrowers’ children—13 percent versus 22 percent—an indication that the loan product is registering some impact on children and households by mitigating the ‘lack of cash for school fees’ issue.

The key contributing factor for school absenteeism among non-School Fee Loan borrowers was lack of cash for school fees (70 percent) in comparison to School Fee Loan borrowers (33 percent). Among School Fee Loan borrowers, sickness and death of a family member (60 percent) was seen as the major cause of absenteeism.

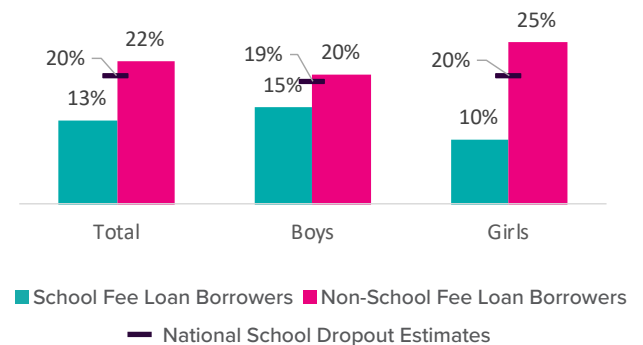
FIGURE 18

## Children with School Fee Loans Likely to be Less Absent and Have Lower Dropout Rates

Percentage of Children Absent in School



Percentage of Dropouts per Household



Source: EduFinance

### Age of School Fee Loan Borrowers

As shown in Figure 19, school fee loan borrowers included in the study tended to be older than the non-borrower population, with 82 percent over the age of 35, compared to 39 percent of non-borrowers. 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.

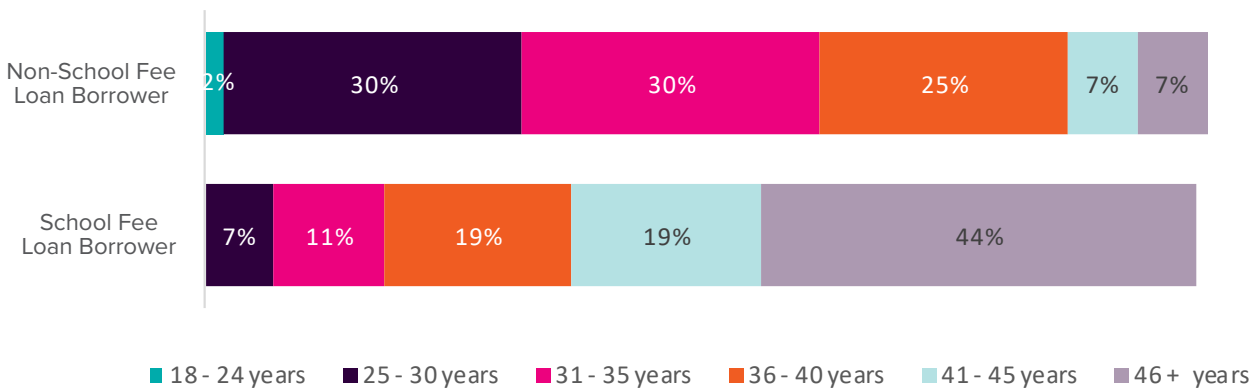
### Occupation of School Fee Loan Borrowers

Nearly three-quarters of loan borrowers interviewed in the study were self-employed businesspersons (72 percent) and less likely to be unemployed (4 percent) when compared to non-loan borrowers (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 20 shows the distribution of School Fee Loan and non-School Fee Loan borrowers by occupation.

FIGURE 19

## Majority of School Fee Loan Borrowers are Above 46 Years of Age

Borrower Age

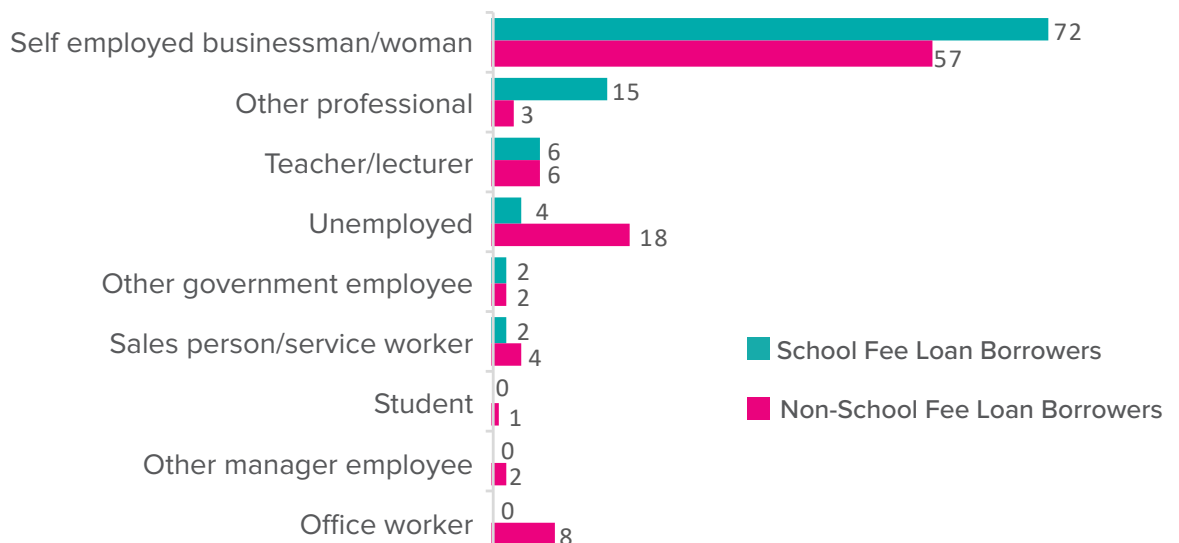


Source: EduFinance

FIGURE 20

## School Fee Loan Borrowers are More Likely to Have Some Level of Employment

Borrower Occupation (School Fee Loan Borrowers)



Source: EduFinance

## Number of Household Members and Children Attending School

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

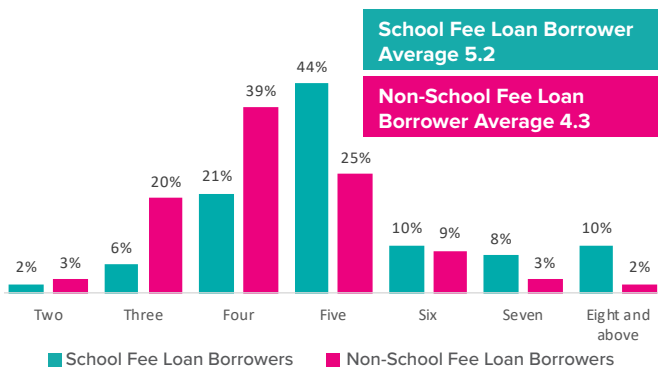
## Poverty Probability Index

The Poverty Probability Index (PPI)<sup>42</sup> is a tool used to quantify households living below the poverty line. The report calculated PPI scores for School Fee Loan households. The average PPI score registered for School Fee Loan households indicated that School Fee Loan households were more likely to fall below the poverty line than non-School Fee Loan households.

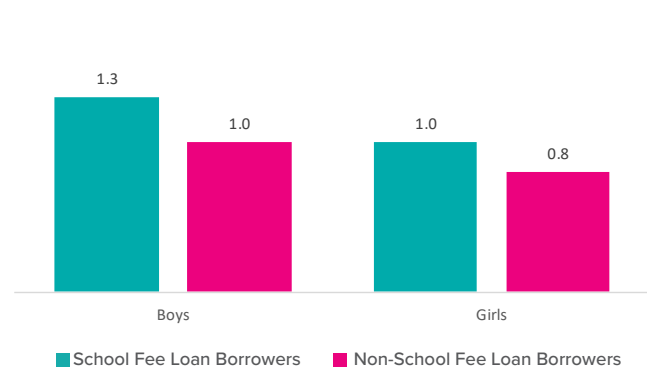
FIGURE 21

### School Fee Loan Borrowers Have Larger Households and More Children Attending School

Number of Members in Household



Number of Children Attending School

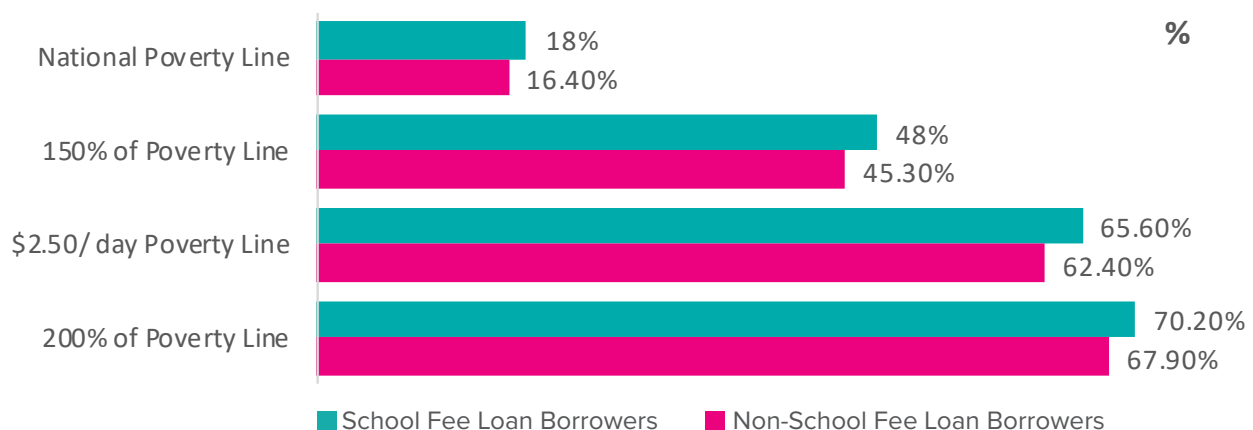


Source: EduFinance

FIGURE 22

### Families with School Fee Loans more Likely to Live Below Poverty Lines


Percentage Likelihood that Surveyed Household is Living in Poverty



Source: EduFinance

<sup>42</sup>Poverty Probability Index (2019), <https://www.povertyindex.org/about-ppi>.

# VI. A MODEL FOR SIZING AND FORECASTING THE AFFORDABLE NON-STATE EDUCATION SECTOR



**EduFinance estimates a \$36 billion market for EduFinance flagship loan products in low- and middle-income countries: \$10.3 billion for School Improvement Loans and \$25.7 billion for School Fee Loans.**

## **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 make 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 a 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.

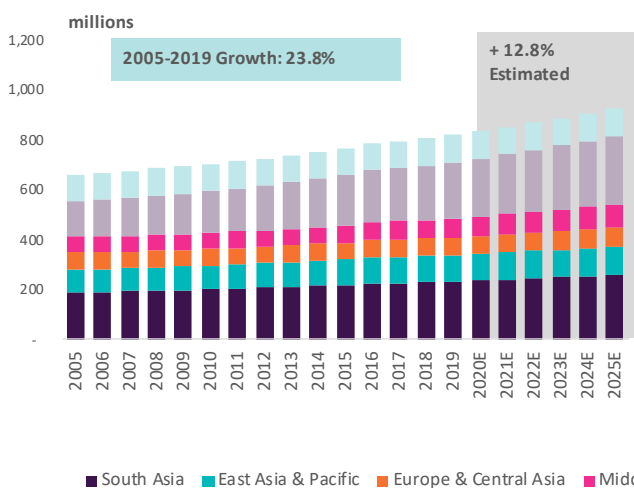
State school enrollment in low- and middle-income countries rose by 23.8 percent (157.2 million) from 2005 to 2019 (Figure 23). Over the same period, non-state enrollment in low- and middle-income countries rose by 40.0 percent (79.6 million). Extrapolating the historical data, state school enrollment is forecast to grow by an additional 12.8 percent through 2025, whereas non-state school enrollment is anticipated to grow by almost twice as much, at 23.7 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 will be highest in sub-Saharan Africa and South Asia, requiring 50 million new seats in the two regions alone. If out-of-school children were to be incorporated, these figures would be significantly higher.

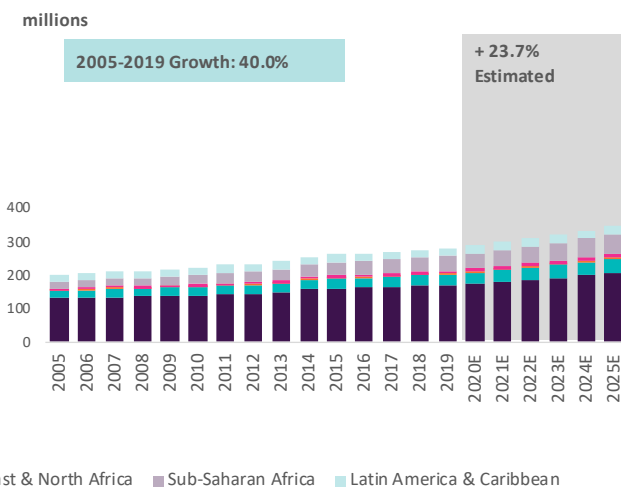
FIGURE 23

## 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)



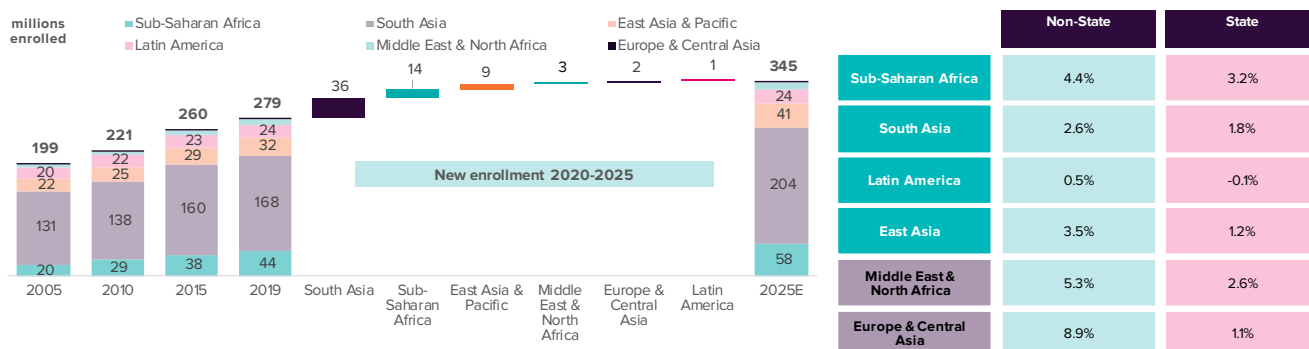
Source: UIS, EduFinance

FIGURE 24

## Enrollment Growth Requires Buildup of New School Capacity – 66 Million New Seats, Excluding Out-of-School Children

Actual and Forecast Number of Children Enrolled in Non-State Schools (millions)

5 Year Annualized Enrolment Growth



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 pupil-teacher ratio (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 pupil-teacher ratios 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<sup>43</sup>. Similarly, other studies have highlighted that maintaining a low pupil-teacher ratio leads to long-term benefits on student achievement, including strong improvement rates for low performing students, individualized student attention, and increasing students' focus<sup>44</sup>. While there is no global consensus on the ideal pupil-

teacher ratio, 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<sup>45</sup>.

To determine existing pupil-teacher ratio figures, EduFinance combined available data from EPDC and EduFinance's market research data to determine weighted averages. As shown in Figure 25, sub-Saharan Africa has the highest average pupil-teacher ratio among all regions, with an average of 41.3 students per teacher. Countries like the Central African Republic and Rwanda reported pupil-teacher ratios as high as 83:1 and 60:1, respectively (Figure 25).

As shown in Figure 26, pupil-teacher ratios are consistently highest in low- and middle-income countries. Of the top 35 countries with the highest pupil-teacher ratios worldwide, all of them are low- and middle-income, and 30 of which are in sub-Saharan Africa.

<sup>43</sup> Ajani and Akinyele (2014).

<sup>44</sup> Finn (2003), Bayo (2005), Koc and Celik (2015).

<sup>45</sup> UNESCO. (2015). Education for All Global Monitoring Report, Policy Paper 19. Available at: <http://unesdoc.unesco.org/images/0023/002327/232721E.pdf>.

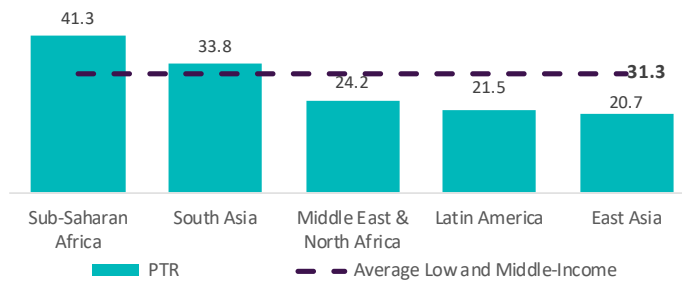
FIGURE 25

## Pupil Teacher Ratios are Highest Throughout Sub-Saharan Africa

Pupil Teacher Ratio (Primary School)

	PTR
1 Central African Republic	83
2 Rwanda	60
3 Malawi	59
4 Chad	57
5 Mozambique	55
6 Ethiopia	55
7 Guinea-Bissau	52
8 United Republic of Tanzania	51
9 Afghanistan	49
10 Guinea	47

Pupil Teacher Ratio (Primary School)

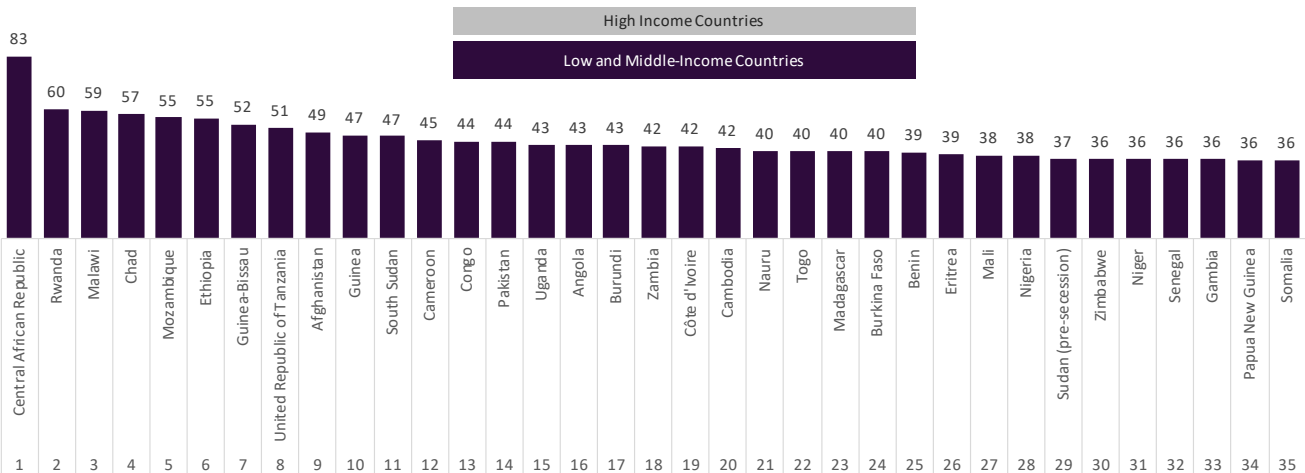


Source: UIS, EduFinance

FIGURE 26

## 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

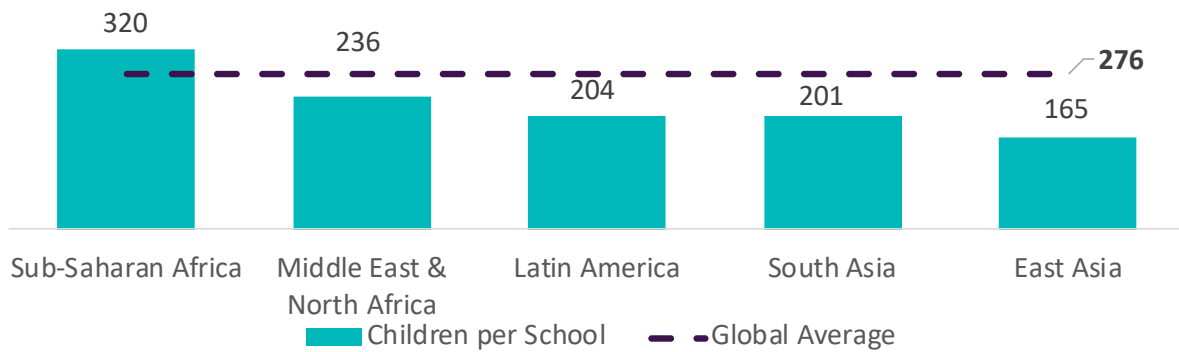
Another necessary variable for any estimate of the market is the average number of children in each school. Given the scope of this work, it is not practical to collect data from all individual Departments or Ministries of Education. Such estimates would also be incomplete in any case. For the purposes 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 the limited number of reporting countries on this indicator. The result is a regional weighted average for non-state schools, shown in Figure 27. The largest schools are located in sub-Saharan Africa, with an overall average of 320 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.

FIGURE 27

## The World’s Largest Schools, on Average, are in Africa

Average Number of Children per Non-State School



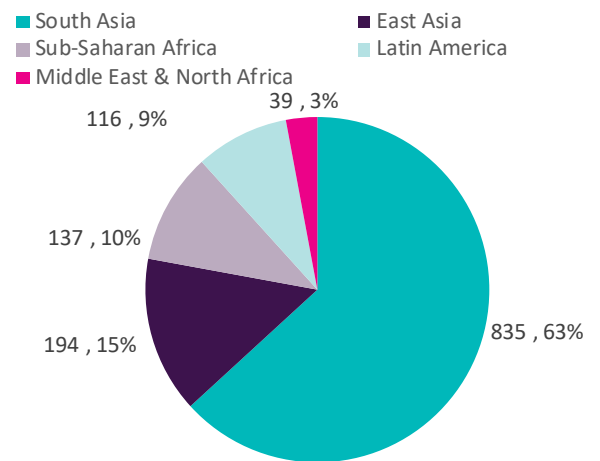
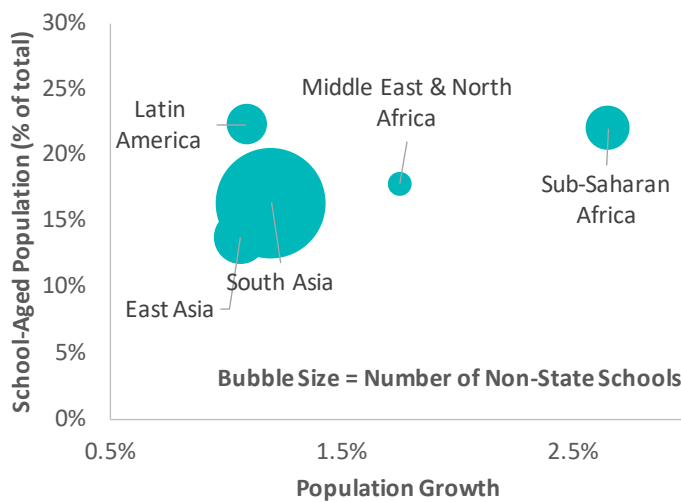
Source: EPDC, EduFinance

FIGURE 28

## Sub-Saharan Africa is Growing Faster than any other Region, Tied for Largest School-Aged Population

Non-State Schools Market Dynamics

Number ('000), Proportion of Non-State Schools



Source: UIS, EduFinance

### 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 28, South Asia is home to the largest number of non-state schools, with 835,000 schools, comprising more than half of the total non-state school market. While sub-Saharan Africa has 137,000

schools (10 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<sup>46</sup>. Africa also has the second highest rate of school-aged children at 21 percent. Latin America leads the world in school-aged rates, but the population is growing at a much slower pace.

<sup>46</sup>United Nations World Population Prospects, (2019).

## POTENTIAL DEMAND FOR FINANCING

Combining the data that have been collected for this analysis with EduFinance’s experience working with 60 financial institutions and 21 country-specific market research reports, 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 or School Fee Loan, 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 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 \$11,000 (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).

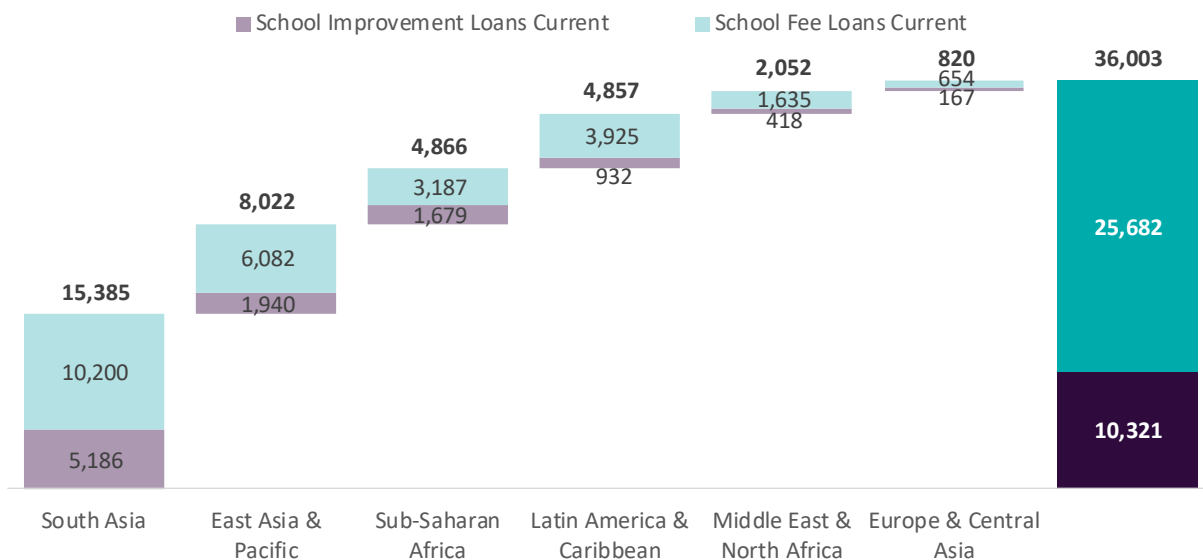
## MARKET DEMAND

Combining all metrics and data available, EduFinance estimates a \$36 billion market for EduFinance flagship loan products in low- and middle-income countries. Globally, the largest regional market is South Asia (\$15.4 billion), which is nearly twice as large as the next largest region, East Asia (\$8.0 billion). This is largely impacted by the size of the populations. Sub-Saharan Africa and Latin America are a close tie for third place, with an estimated \$4.9 billion market size in each region.

FIGURE 29

### A \$36 Billion Market for EduFinance Products

EduFinance Markets – Total Demand (\$m, Low-Middle Income Countries)

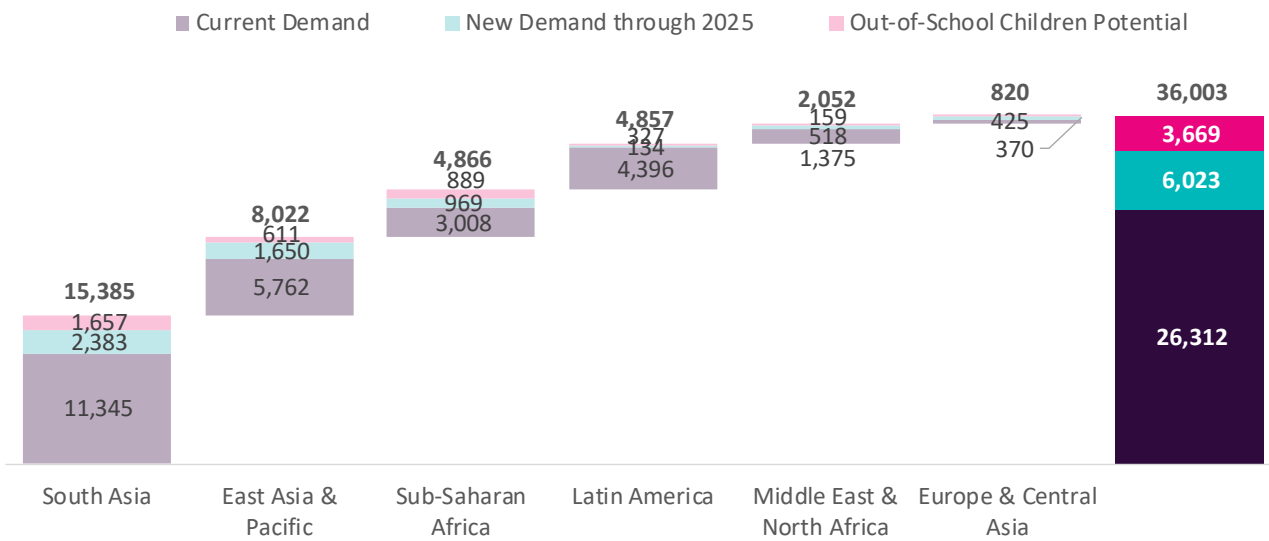


Source: UIS, World Bank, EduFinance

FIGURE 30

## Additional \$6 Billion of Demand to Come From Growth Through 2025

EduFinance Markets – Total Demand (\$m, Low-Middle Income Countries)



Source: UIS, World Bank, EduFinance

FIGURE 31

## Top 25 EduFinance Markets Account for 87 Percent of Total Demand

World's Largest EduFinance Markets – (Low-Middle Income Countries)

Country	EduFinance Loan Demand (\$m)				million	million	percent	percent	percent
	Current Demand	New Demand through 2025	Out-of-School Children Potential	Total Demand	Total Enrollment Non-State Schools	Out-of-School Children	Population School Age	Population Growth	Rate of Non-State Enrollment (2019)
1 India	8,830	1,559	981	11,369	128.2	32.5	15.19%	1.04%	43.81%
2 Indonesia	4,088	956	466	5,510	23.1	6.9	16.08%	1.13%	37.87%
3 Bangladesh	1,555	361	334	2,251	20.8	7.9	9.53%	1.05%	56.48%
4 Brazil	1,568	37	92	1,697	7.3	2.7	20.87%	0.78%	16.29%
5 Pakistan	774	306	321	1,400	16.0	19.0	25.06%	2.06%	34.79%
6 Mexico	694	82	42	819	4.0	2.1	25.00%	1.13%	11.65%
7 Nigeria	487	81	139	706	8.0	13.6	22.63%	2.59%	16.71%
8 Philippines	536	84	26	646	3.5	1.3	26.37%	1.40%	13.67%
9 Thailand	565	0	63	628	2.3	1.5	11.15%	0.32%	17.84%
10 Iran, Islamic Rep.	411	175	28	613	2.4	1.0	11.63%	1.39%	16.14%
11 Turkey	235	310	20	565	1.3	1.6	19.87%	1.49%	6.88%
12 Argentina	508	44	10	563	3.1	0.2	22.76%	1.02%	27.51%
13 Colombia	462	-7	29	485	2.3	0.7	16.12%	1.52%	20.55%
14 Myanmar	98	362	18	478	0.5	1.8	8.93%	0.61%	5.65%
15 Kenya	256	150	24	430	3.1	1.5	29.55%	2.31%	18.69%
16 Egypt, Arab Rep.	277	123	18	418	2.3	1.5	22.05%	2.03%	9.59%
17 Zimbabwe	298	26	80	405	3.8	1.2	17.78%	1.41%	86.62%
18 Morocco	254	129	21	404	1.7	0.7	15.45%	1.25%	20.74%
19 Peru	384	-11	11	384	2.2	0.2	25.08%	1.72%	26.87%
20 Vietnam	167	142	2	311	0.9	0.1	14.79%	0.99%	7.15%
21 Malaysia	229	49	28	306	1.1	0.8	9.47%	1.35%	16.46%
22 Congo, Dem. Rep.	183	41	61	285	3.1	7.2	16.22%	3.28%	14.63%
23 Ghana	176	61	19	256	2.2	1.0	25.82%	2.19%	24.68%
24 Guatemala	173	14	57	244	1.2	1.4	22.98%	1.95%	27.51%
25 Uganda	153	66	11	230	2.5	0.7	20.25%	3.72%	24.79%

Source: UIS, World Bank, EduFinance



EduFinance breaks down the estimates by loan type, but also in terms of market potential through 2025 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 \$26.3 billion. Accounting for new enrollments that can be expected for non-state schools through 2025, an additional \$6.0 billion in demand can be expected. The three largest regional markets for this growth are South Asia (\$2.4 billion), East Asia and the Pacific (\$1.7 billion) and sub-Saharan Africa (\$1.0 billion). If out-of-school children were able to enter the non-state sector at the same rate of non-state provision, an additional \$3.7 billion would be required.

The largest country markets are India, Indonesia, and Bangladesh, given 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 172 million children who are already enrolled in non-state schools. Sub-Saharan Africa's largest country market is Nigeria, which accounts for nearly 15 percent of the regional market.

## African Markets

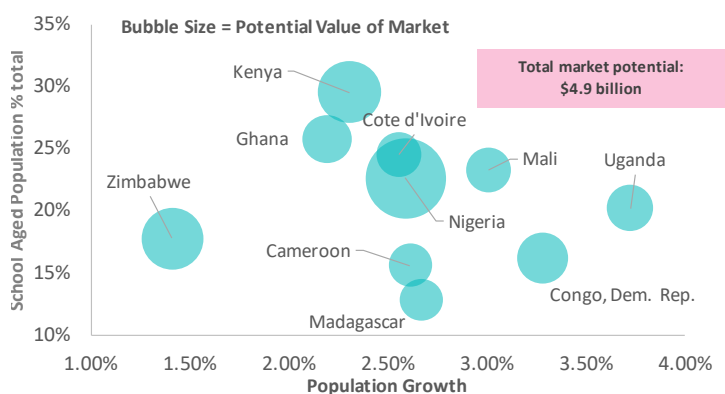
Africa has enormous growth potential, with \$4.9 billion in potential demand (Figure 31). While Nigeria is the largest country market in sub-Saharan Africa, there are also several other large and fast-growing country markets, including Uganda (5 percent of total) and the Democratic Republic of Congo (6 percent of total).

Figure 33 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 coming years. Kenya's \$430 million market demand consists of \$150 million in expected growth through 2025. 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 \$139 million potential market, even if just 16.7 percent of those children are incorporated into the non-state sector.

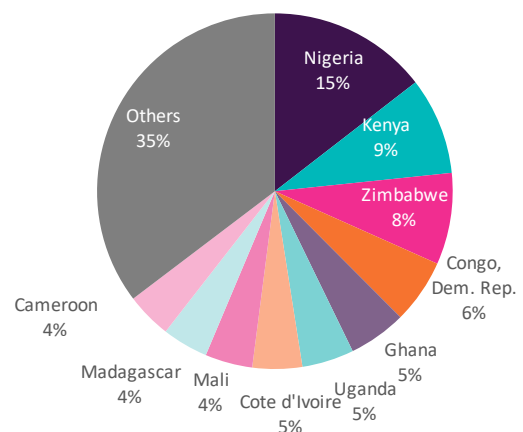
FIGURE 32

## Africa is a Fast-Growing Market with Potential in Many Countries

Africa Population and EduFinance Demand



Africa EduFinance Demand Breakdown



Source: UIS, World Bank, EduFinance

FIGURE 33

## Growth in Africa Markets will Result in Much Greater EduFinance Demand Over the Coming Five Years

### Africa Largest EduFinance Markets

Country	EduFinance Loan Demand (\$m)				million	million	percent	percent	percent
	Current Demand	New Demand through 2025	Out-of-School Children Potential	Total Demand	Total Enrollment Non-State Schools	Out-of-School Children	Population School Age	Population Growth	Rate of Non-State Enrollment (2019)
1 Nigeria	487	81	139	706	8.0	13.6	22.63%	2.59%	16.71%
2 Kenya	256	150	24	430	3.1	1.5	29.55%	2.31%	18.69%
3 Zimbabwe	298	26	80	405	3.8	1.2	17.78%	1.41%	86.62%
4 Congo, Dem. Rep.	183	41	61	285	3.1	7.2	16.22%	3.28%	14.63%
5 Ghana	176	61	19	256	2.2	1.0	25.82%	2.19%	24.68%
6 Uganda	153	66	11	230	2.5	0.7	20.25%	3.72%	24.79%
7 Cote d'Ivoire	115	64	41	220	1.7	2.3	24.52%	2.55%	26.91%
8 Mali	92	42	76	210	1.6	3.1	23.30%	3.01%	42.50%
9 Madagascar	139	31	34	203	1.9	1.8	12.87%	2.67%	25.57%
10 Cameroon	135	36	31	202	2.1	1.7	15.64%	2.61%	27.22%

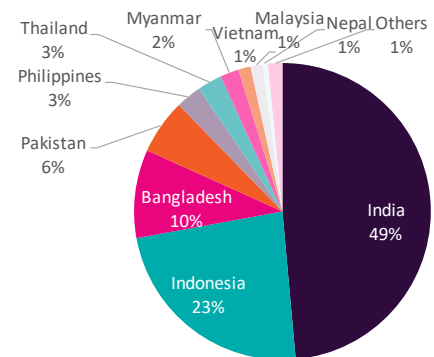
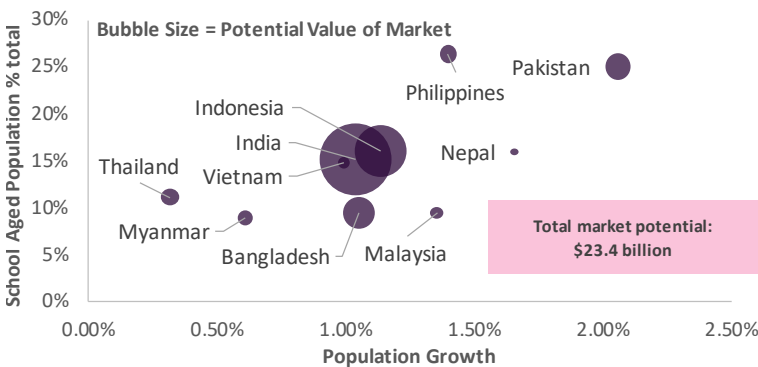
Source: UIS, World Bank, EduFinance

FIGURE 34

## Asia EduFinance Market Potential Strongest in India, Indonesia, Bangladesh, and Pakistan

### Asia Population and EduFinance Demand

### Asia Proportion of EduFinance Demand



Source: UIS, World Bank, EduFinance

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

South Asia and East Asia represent the regional markets with the largest demand for EduFinance loan products. India is the largest, making up 49 percent (\$11.4 billion) of the total Asian market (Figure 34). The top four countries in Asia (India, Indonesia, Bangladesh, and Pakistan) account for 88 percent (\$20.5 billion) of the region. Overall, demand for EduFinance loans in Asia is highly concentrated to ten country markets, with only 1 percent of the demand coming outside of the top ten.

Figure 35 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 (2 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 35

## Asia EduFinance Demand Dominated by India

Asia Largest EduFinance Markets

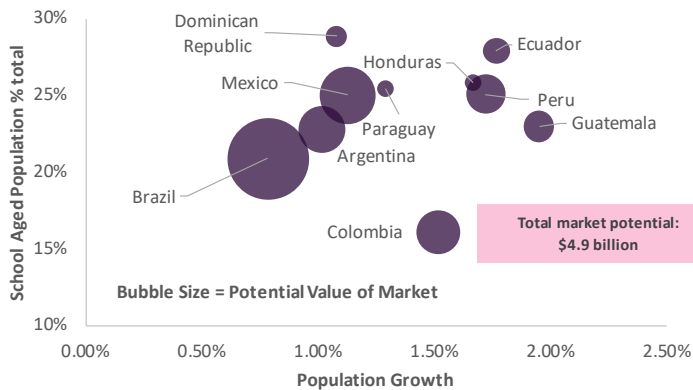
Country	EduFinance Loan Demand (\$m)				million	million	percent	percent	percent
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3 Bangladesh	1,555	361	334	2,251	20.8	7.9	9.53%	1.05%	56.48%
4 Pakistan	774	306	321	1,400	16.0	19.0	25.06%	2.06%	34.79%
5 Philippines	536	84	26	646	3.5	1.3	26.37%	1.40%	13.67%
6 Thailand	565	0	63	628	2.3	1.5	11.15%	0.32%	17.84%
7 Myanmar	98	362	18	478	0.5	1.8	8.93%	0.61%	5.65%
8 Vietnam	167	142	2	311	0.9	0.1	14.79%	0.99%	7.15%
9 Malaysia	229	49	28	306	1.1	0.8	9.47%	1.35%	16.46%
10 Nepal	115	13	11	139	1.5	0.7	15.99%	1.65%	18.04%

Source: UIS, World Bank, EduFinance

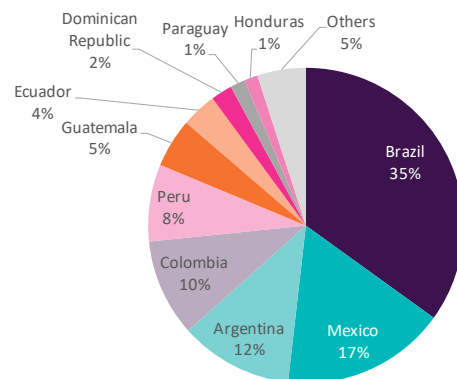
FIGURE 36

## Latin America EduFinance Market Demand Concentrated in Top 5 Markets

Latin America Population and EduFinance Demand



Latin America EduFinance Demand Breakdown



Source: UIS, World Bank, EduFinance

### Latin American Markets

Similar to Asia, Latin America is a highly concentrated market, with five markets accounting for 83 percent of total demand. Brazil makes up 35 percent (\$1.7 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. Central American countries such as Guatemala (\$244 million) and Ecuador (\$68 million) have the fastest population growth in the region (2.0 percent and 1.8 percent respectively).

Non-state school enrollment has been lower in Latin American markets (0.5 percent) than the global average of 2.5 percent. Some countries in Latin America have even seen non-state enrollment decline in recent years. Combined with slower population growth, Figure 37 shows that this can result in some markets seeing reduced demand over coming years (Peru demand could reduce by \$11 million through 2025). 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 37

## Latin America Markets by the Numbers

### Latin America Largest EduFinance Markets

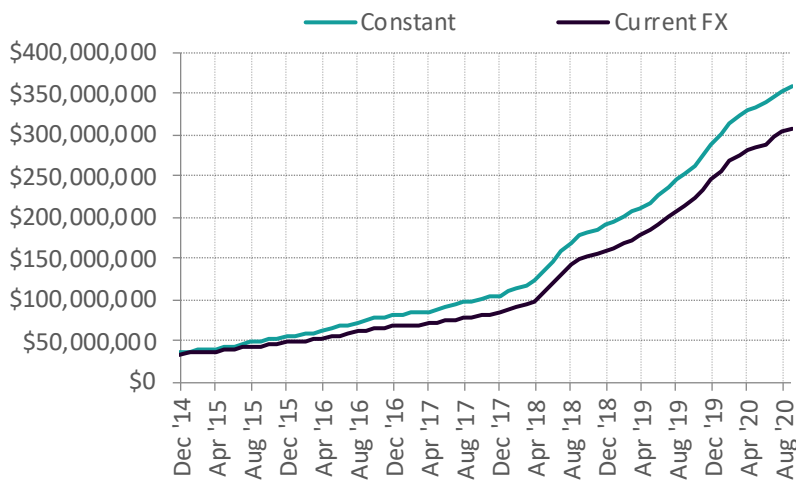
Country	EduFinance Loan Demand (\$m)				million	million	percent	percent	percent
	Current Demand	New Demand through 2025	Out-of-School Children Potential	Total Demand	Total Enrollment Non-State Schools	Out-of-School Children	Population School Age	Population Growth	Rate of Non-State Enrollment (2019)
1 Brazil	1,568	37	92	1,697	7.3	2.7	20.87%	0.78%	16.29%
2 Mexico	694	82	42	819	4.0	2.1	25.00%	1.13%	11.65%
3 Argentina	508	44	10	563	3.1	0.2	22.76%	1.02%	27.51%
4 Colombia	462	-7	29	485	2.3	0.7	16.12%	1.52%	20.55%
5 Peru	384	-11	11	384	2.2	0.2	25.08%	1.72%	26.87%
6 Guatemala	173	14	57	244	1.2	1.4	22.98%	1.95%	27.51%
7 Ecuador	186	-21	11	176	1.2	0.3	27.90%	1.77%	25.68%
8 Dominican Republic	103	-6	11	107	0.6	0.3	28.85%	1.08%	24.84%
9 Paraguay	60	5	8	73	0.4	0.2	25.43%	1.29%	21.35%
10 Honduras	52	-4	21	68	0.3	0.8	25.82%	1.67%	15.62%

Source: UIS, World Bank, EduFinance

FIGURE 38

## Financial Institutions are Recognizing the Opportunity

### Total Cumulative Loan Portfolio Value (USD)



Source: 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 July 2020, EduFinance partners

have cumulatively disbursed 449,157 loans to school proprietors and parents worth \$343.6 million. As of December 2014, the reporting statistics included an active 13 financial institutions disbursing loans. By July 2020, the number of financial institutions on the platform had reached 53.

# VII. THE FUTURE OF EDUCATION FINANCE

**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.**

## **THE FUTURE OF EDUCATION FINANCE**

Expanding access to quality education remains essential if the world is going to incorporate the approximately 258 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 private schools and their customers.

- **14,800 school proprietors are currently borrowing through 43 local financial institutions.**
- **135,000 parents are currently borrowing for school fees.**
- **EduFinance partnerships have spanned 60 financial institutions across 24 countries in Africa, Asia, and Latin America.**
- **The Education Quality program is currently offered in 8 countries and reaching over 1,700 schools.**
- **EduFinance is expanding access to financial products through more financial institutions in more countries.**

## SCHOOLS ARE GROWING AND IMPROVING

Schools in Uganda served by Opportunity for at least three years have achieved, on average, 24% enrollment growth, 36% increase in teaching staff, and an increase in income of 63%.

- **70% of schools used loans to construct additional classrooms.**
- **9% invested in WASH facilities—a proven method for keeping girls in school longer, and all students much healthier.**

- **8% invested their loans in school vans, dormitory beds.**
- **14% purchased land, built playground or sports facilities, or added new technology, such as computers.**
- **Schools that took a loan in Uganda have statistically outperformed their peers on national examination results<sup>47</sup>.**

In Ghana, schools that received loans from Opportunity experienced, on average, 19% enrollment growth and 20% more teachers.

- **The schools also achieved 23% higher marks on the government-advised Ghana Education System quality indicators.**
- **97% of EduFinance loans are repaid to financial institutions supported by Opportunity EduFinance.**

<sup>47</sup> EduFinance Research & Learning. (2020). School Improvement Loans Linked to Increased Learning Outcomes in Uganda.





## Students are Learning More, Especially Girls

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

- Students at schools that benefited from a School Improvement Loan increased literacy by 17 words per minute over a control group.
- The enrollment of girls in secondary school increased by 17% against control schools.

## More Teachers and Jobs are Added in Communities

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.



## Children are Staying in School Longer, Increasing their Lifetime Expected Earnings

- School Fee Loans and Tertiary Tuition Loans disbursed by EduFinance partners have provided an additional 617,000 years' worth of education to 1.8 million pupils, translating to \$56 million of additional annual lifetime income<sup>48</sup>.
- Households utilizing School Fees Loans in Kenya reported a lower rate of student absenteeism (22%) over the prior term than non-borrowing households (33%)<sup>49</sup>.

<sup>48</sup> EduFinance Key Insights. (2020). \$56 Million Worth of Additional Future Annual Income Generated by School Fee and Tertiary Tuition Loans.

<sup>49</sup> EduFinance Key Insights. (2020). The Impact of EduFinance School Fee Loans.

# VIII. APPENDIX





FIGURE 39

## Country Demographics

Country	Region	Population (m)	Population Growth	Fertility Rate	School Aged Children (m)	Population School Age	Out-of-School Primary	Out-of-School Secondary	% Out-of-School
Afghanistan	AFG South Asia	36.3	2.4%	4.5	9.3	26%	3.7		40%
Albania	ALB Europe	2.9	0.0%	1.6	0.3	11%	0.0	0.0	9%
Algeria	DZA MENA	41.4	2.0%	3.0	7.2	17%	0.0		0%
American Samoa	ASM East Asia	0.1	0.1%		0.0	13%			
Angola	AGO Africa	29.8	3.3%	5.5	5.7	19%	1.0		17%
Armenia	ARM Europe	2.9	0.2%	1.8	0.4	15%	0.0		3%
Aruba	ABW Latin America	0.1	0.5%	1.9	0.0	17%	0.0		0%
Azerbaijan	AZE Europe	9.9	0.9%	1.7	1.4	15%	0.0	0.0	2%
Bangladesh	BGD South Asia	159.7	1.1%	2.0	15.0	9%	1.6	6.3	53%
Belarus	BLR Europe	9.5	0.2%	1.4	0.9	9%	0.0	0.0	1%
Belize	BLZ Latin America	0.4	1.9%	2.3	0.1	17%	0.0	0.0	15%
Benin	BEN Africa	11.2	2.7%	4.8	1.9	17%	0.1	0.7	39%
Bhutan	BTN South Asia	0.7	1.2%	2.0	0.1	16%	0.0	0.0	17%
Bolivia	BOL Latin America	11.2	1.4%	2.7	3.3	29%	0.1	0.3	11%
Bosnia and Herzegovina	BIH Europe	3.4	0.0%	1.3	0.9	27%			
Botswana	BWA Africa	2.2	2.2%	2.9	0.5	21%	0.0		8%
Brazil	BRA Latin America	207.8	0.8%	1.7	42.8	21%	0.0	2.6	6%
Bulgaria	BGR Europe	7.1	0.0%	1.6	0.8	11%	0.0	0.0	12%
Burkina Faso	BFA Africa	19.2	2.9%	5.2	5.4	28%	0.7	1.7	43%
Burundi	BDI Africa	10.8	3.2%	5.4	2.2	21%	0.1	0.6	34%
Cabo Verde	CPV Africa	0.5	1.2%	2.3	0.1	19%	0.0	0.0	14%
Cambodia	KHM East Asia	16.0	1.5%	2.5	2.1	13%	0.2		10%
Cameroon	CMR Africa	24.6	2.6%	4.6	4.2	17%	0.3	1.4	41%
Central African Republic	CAF Africa	4.6	1.5%	4.7	1.3	29%	0.2	0.5	54%
Chad	TCD Africa	15.0	3.0%	5.7	4.3	29%	0.5		11%
Colombia	COL Latin America	48.9	1.5%	1.8	9.6	20%	0.1	0.6	7%
Comoros	COM Africa	0.8	2.2%	4.2	0.1	16%	0.0	0.0	49%
Congo, Dem. Rep.	COD Africa	81.4	3.3%	5.9	14.7	18%	3.6	3.6	49%
Congo, Rep.	COG Africa	5.1	2.6%	4.4	1.3	26%	0.1		7%
Costa Rica	CRI Latin America	4.9	1.0%	1.8	0.9	19%	0.0	0.0	2%
Cote d'Ivoire	CIV Africa	24.4	2.6%	4.6	6.4	26%	0.2	2.1	35%
Cuba	CUB Latin America	11.3	0.0%	1.6	1.1	10%	0.0	0.1	12%
Djibouti	DJI MENA	0.9	1.6%	2.7	0.2	19%	0.0	0.1	63%
Dominica	DMA Latin America	0.1	0.2%	1.9	0.0	16%	0.0	0.0	3%
Dominican Republic	DOM Latin America	10.5	1.1%	2.3	2.9	28%	0.1	0.2	9%
Ecuador	ECU Latin America	16.8	1.8%	2.4	4.7	28%	0.0	0.2	6%
Egypt, Arab Rep.	EGY MENA	96.4	2.0%	3.3	22.7	24%	0.1	1.5	7%
El Salvador	SLV Latin America	6.4	0.5%	2.0	1.7	27%	0.1	0.2	18%
Equatorial Guinea	GNQ Africa	1.3	3.7%	4.5	0.2	14%	0.1		49%
Eritrea	ERI Africa	4.5	1.9%	4.1	0.8	18%	0.2	0.2	55%
Ethiopia	ETH Africa	106.4	2.6%	4.2	22.4	21%	2.2	7.9	45%
Fiji	FJI East Asia	0.9	0.7%	2.8	0.1	13%	0.0	0.0	14%
Gabon	GAB Africa	2.1	2.6%	4.0	0.5	22%		0.2	39%
Gambia, The	GMB Africa	2.2	2.9%	5.2	0.5	24%	0.1		12%
Georgia	GEO Europe	3.7	0.0%	2.1	0.4	12%	0.0	0.0	2%
Ghana	GHA Africa	29.1	2.2%	3.9	7.9	27%	0.1	0.8	12%
Grenada	GRD Latin America	0.1	0.5%	2.1	0.0	18%	0.0	0.0	3%
Guatemala	GTM Latin America	16.9	1.9%	2.9	4.1	24%	0.2	1.2	34%
Guinea	GIN Africa	12.1	2.8%	4.7	2.1	17%	0.4	1.0	66%
Guinea-Bissau	GNB Africa	1.8	2.5%	4.5	0.4	24%			
Guyana	GUY Latin America	0.8	0.5%	2.5	0.1	11%	0.0	0.0	21%
Haiti	HTI Latin America	11.0	1.3%	2.9	1.5	14%	0.2		13%
Honduras	HND Latin America	9.4	1.7%	2.5	2.5	27%	0.2	0.6	33%
India	IND South Asia	1,338.7	1.0%	2.2	204.3	15%	5.9	26.7	16%
Indonesia	IDN East Asia	264.6	1.1%	2.3	42.2	16%	1.5	5.5	16%
Iran, Islamic Rep.	IRN MENA	80.7	1.4%	2.1	11.1	14%	0.0	1.0	9%
Iraq	IRQ MENA	37.6	2.3%	3.7	5.7	15%			
Jamaica	JAM Latin America	2.9	0.5%	2.0	0.3	9%	0.0	0.0	33%
Jordan	JOR MENA	9.8	1.8%	2.8	2.3	23%	0.0	0.5	23%
Kazakhstan	KAZ Europe	18.0	1.3%	2.8	2.7	15%	0.0	0.0	1%
Kenya	KEN Africa	50.2	2.3%	3.5	15.9	32%	1.2	0.3	10%
Kiribati	KIR East Asia	0.1	1.5%	3.6	0.0	21%	0.0		3%
Kosovo	XKX Europe	1.8	0.8%	2.0	0.5	27%			
Kyrgyz Republic	KGZ Europe	6.2	2.0%	3.3	1.2	19%	0.0	0.1	6%
Lao PDR	LAO East Asia	7.0	1.5%	2.7	1.4	20%	0.1	0.3	28%
Lebanon	LBN MENA	6.8	0.5%	2.1	1.0	14%	0.1	0.2	25%
Lesotho	LSO Africa	2.1	0.8%	3.1	0.3	15%	0.0	0.1	28%
Liberia	LBR Africa	4.7	2.5%	4.3	0.8	17%	0.2	0.2	43%
Libya	LYB MENA	6.6	1.5%	2.2	1.1	17%			

Source: UIS, World Bank, EduFinance

FIGURE 39

## Country Demographics

Country	Region	Population (m)	Population Growth	Fertility Rate	School Aged Children (m)	Population School Age	Out-of-School Primary	Out-of-School Secondary	% Out-of-School
Macedonia, FYR	MKD Europe	2.1	0.0%	1.5	0.3	15%	0.0	1.8	0%
Madagascar	MDG Africa	25.6	2.7%	4.1	3.5	14%	0.1	1.8	52%
Malawi	MWI Africa	17.7	2.6%	4.2	4.1	23%	0.3	0.8	27%
Malaysia	MYS East Asia	31.1	1.4%	2.0	3.0	10%	0.0	0.8	28%
Maldives	MDV South Asia	0.5	3.8%	1.9	0.1	16%	0.0	0.6	2%
Mali	MLI Africa	18.5	3.0%	5.9	4.8	26%	1.4	1.7	65%
Marshall Islands	MHL East Asia	0.1	0.6%	4.1	0.0	34%	0.0	0.0	20%
Mauritania	MRT Africa	4.3	2.8%	4.6	1.0	23%	0.1	0.3	44%
Mauritius	MUS Africa	1.3	0.1%	1.4	0.2	14%	0.0	0.0	10%
Mexico	MEX Latin America	124.8	1.1%	2.1	31.7	25%	0.1	2.0	6%
Micronesia, Fed. Sets.	FSM East Asia	0.1	1.1%	3.1	0.0	13%	0.0	0.0	15%
Moldova	MDA Europe	2.8	0.0%	1.3	0.4	15%	0.0	0.1	16%
Mongolia	MNG East Asia	3.1	1.8%	2.9	0.6	20%	0.0	0.0	2%
Montenegro	MNE Europe	0.6	0.0%	1.7	0.1	11%	0.0	0.0	10%
Morocco	MAR MENA	35.6	1.3%	2.4	5.7	16%	0.0	0.7	12%
Mozambique	MOZ Africa	28.6	2.9%	4.9	5.9	21%	0.3	1.8	36%
Myanmar	MMR East Asia	53.4	0.6%	2.2	4.7	9%	0.1	1.7	38%
Namibia	NAM Africa	2.4	1.9%	3.4	0.4	17%	0.0	0.0	1%
Nepal	NPL South Asia	27.6	1.7%	1.9	5.1	19%	0.1	0.6	15%
Nicaragua	NIC Latin America	6.4	1.3%	2.4	0.9	15%	0.5	0.0	54%
Niger	NER Africa	21.6	3.8%	6.9	4.5	21%	1.2	2.5	83%
Nigeria	NGA Africa	190.9	2.6%	5.4	46.8	25%	6.8	6.8	29%
Pakistan	PAK South Asia	207.9	2.1%	3.5	56.8	27%	6.0	13.0	34%
Papua New Guinea	PNG East Asia	8.4	2.0%	3.6	1.1	13%	0.2	0.2	16%
Paraguay	PRY Latin America	6.9	1.3%	2.4	1.8	26%	0.1	0.2	14%
Peru	PER Latin America	31.4	1.7%	2.3	7.7	24%	0.0	0.2	3%
Philippines	PHL East Asia	105.2	1.4%	2.6	24.2	23%	0.4	0.8	5%
Romania	ROU Europe	19.6	0.0%	1.8	2.1	11%	0.1	0.2	18%
Russian Federation	RUS Europe	144.5	0.1%	1.6	16.5	11%	0.0	0.1	1%
Rwanda	RWA Africa	12.0	2.6%	4.0	1.9	16%	0.1	0.4	25%
Samoa	WSM East Asia	0.2	0.4%	3.9	0.0	20%	0.0	0.0	12%
Sao Tome and Principe	STP Africa	0.2	1.9%	4.3	0.0	17%	0.0	0.0	15%
Senegal	SEN Africa	15.4	2.8%	4.6	4.6	30%	0.6	1.3	40%
Serbia	SRB Europe	7.0	0.0%	1.5	0.5	8%	0.0	0.0	8%
Sierra Leone	SLE Africa	7.5	2.1%	4.3	1.8	24%	0.0	0.7	40%
Solomon Islands	SLB East Asia	0.6	2.6%	4.4	0.1	13%	0.0	0.0	4%
Somalia	SOM Africa	14.6	2.8%	6.1	3.0	21%	3.0	0.0	100%
South Africa	ZAF Africa	57.0	1.4%	2.4	9.8	17%	0.6	0.9	15%
South Sudan	SSD Africa	10.9	0.6%	4.7	2.3	21%	1.3	1.1	105%
Sri Lanka	LKA South Asia	21.4	1.0%	2.2	3.8	18%	0.0	0.2	5%
St. Lucia	LCA Latin America	0.2	0.5%	1.4	0.0	13%	0.0	0.0	9%
St. Vincent and the Grenadines	VCT Latin America	0.1	0.3%	1.9	0.0	19%	0.0	0.0	3%
Sudan	SDN Africa	40.8	2.4%	4.4	8.7	21%	2.4	0.0	28%
Suriname	SUR Latin America	0.6	1.0%	2.4	0.1	11%	0.0	0.0	0%
Eswatini	SWZ Africa	1.1	1.0%	3.0	0.2	19%	0.0	0.0	30%
Tajikistan	TJK Europe	8.9	2.5%	3.6	1.7	19%	0.0	0.2	12%
Tanzania	TZA Africa	54.7	3.0%	4.9	11.1	20%	1.9	0.0	17%
Thailand	THA East Asia	69.2	0.3%	1.5	7.5	11%	0.5	0.9	19%
Timor-Leste	TLS East Asia	1.2	2.0%	4.0	0.3	23%	0.0	0.0	14%
Togo	TGO Africa	7.7	2.4%	4.3	2.0	26%	0.1	0.4	24%
Tonga	TON East Asia	0.1	1.2%	3.6	0.0	35%	0.0	0.0	9%
Tunisia	TUN MENA	11.4	1.1%	2.2	1.5	13%	0.0	0.0	0%
Turkey	TUR Europe	81.1	1.5%	2.1	16.4	20%	0.3	1.3	10%
Turkmenistan	TKM Europe	5.8	1.6%	2.8	1.2	22%	0.0	0.0	0%
Tuvalu	TUV East Asia	0.0	1.2%	0.0	0.0	18%	0.0	0.0	27%
Uganda	UGA Africa	41.2	3.7%	5.0	9.2	22%	0.7	0.0	8%
Ukraine	UKR Europe	44.8	0.0%	1.3	4.5	10%	0.1	0.1	5%
Uzbekistan	UZB Europe	32.4	1.7%	2.4	6.7	21%	0.0	0.3	5%
Vanuatu	VUT East Asia	0.3	2.5%	3.8	0.0	13%	0.0	0.0	32%
Vietnam	VNM East Asia	94.6	1.0%	2.0	14.2	15%	0.1	0.0	1%
West Bank and Gaza	PSE MENA	4.5	2.5%	3.6	1.2	26%	0.0	0.1	9%
Yemen, Rep.	YEM MENA	27.8	2.4%	3.8	6.4	23%	0.7	1.6	36%
Zambia	ZMB Africa	16.9	2.9%	4.6	3.5	21%	0.5	0.0	15%
Zimbabwe	ZWE Africa	14.2	1.4%	3.6	2.8	20%	0.4	0.8	42%
<b>South Asia</b>		<b>1,792.8</b>	<b>1.2%</b>	<b>2.5</b>	<b>294.4</b>	<b>16%</b>	<b>17.2</b>	<b>46.9</b>	<b>22%</b>
<b>East Asia &amp; Pacific</b>		<b>904.2</b>	<b>1.1%</b>	<b>2.2</b>	<b>124.8</b>	<b>13%</b>	<b>3.3</b>	<b>10.4</b>	<b>11%</b>
<b>Middle East &amp; North Africa</b>		<b>441.3</b>	<b>1.8%</b>	<b>2.6</b>	<b>78.6</b>	<b>20%</b>	<b>1.8</b>	<b>7.7</b>	<b>12%</b>
<b>Sub-Saharan Africa</b>		<b>1,051.2</b>	<b>2.6%</b>	<b>4.4</b>	<b>232.1</b>	<b>21%</b>	<b>32.9</b>	<b>42.7</b>	<b>33%</b>
<b>Latin America &amp; Caribbean</b>		<b>635.4</b>	<b>1.1%</b>	<b>1.9</b>	<b>142.1</b>	<b>26%</b>	<b>2.3</b>	<b>9.5</b>	<b>8%</b>
<b>Europe &amp; Central Asia</b>		<b>914.6</b>	<b>0.0%</b>	<b>1.7</b>	<b>118.8</b>	<b>27%</b>	<b>1.0</b>	<b>3.9</b>	<b>4%</b>
<b>Total</b>		<b>5,739.5</b>	<b>1.6%</b>	<b>2.8</b>	<b>990.8</b>	<b>17%</b>	<b>58.7</b>	<b>121.0</b>	<b>18%</b>

Source: UIS, World Bank, EduFinance

FIGURE 40

# Forecasts and Estimates

Country	Region	GDP Per Capita \$	Gov Spend on Edu (% GDP)	Non-State School Children Enrolled (m)					Non-State School (%)					Education Loan Demand (\$m)						
				2005	2010	2015	2019	2025	2005	2010	2015	2019	2025	Estimated Number of Non-State Schools	School Improvement Current	School Fee Loans Current	Current Demand	New Demand through 2025	Out-of-School Demand	Total Demand
Afghanistan	South Asia	533	4.1%	0.1	0.1	0.3	0.5	1.8	1.6%	1.6%	3.2%	5.5%	14.4%	2,378	11	12	23	53	9	85
Albania	Europe	5,256	2.5%	0.0	0.0	0.0	0.0	0.0	4.6%	5.7%	6.9%	8.5%	10.8%	226	2	8	10	0	1	11
Algeria	MENA	4,198	4.4%	0.1	0.1	0.1	0.2	0.2	1.1%	1.0%	1.4%	1.5%	1.8%	610	4	16	20	10	0	30
American Samoa	East Asia	11,435	0.0%	0.0	0.0	0.0	0.0	0.0	2.8%	3.1%	3.9%	3.9%	3.9%	991	7	12	20	4	2	26
Angola	Africa	3,547	3.5%	0.1	0.2	0.3	0.3	0.4	1.5%	1.7%	2.3%	2.5%	2.7%	45	0	2	2	0	0	2
Armenia	Europe	4,222	2.7%	0.0	0.0	0.0	0.0	0.0	6.7%	8.5%	8.3%	7.3%	6.1%	0	0	0	0	0	0	0
Azerbaijan	Latin America	25,630	6.2%	0.1	0.1	0.2	0.1	0.1	61.8%	62.2%	62.7%	56.5%	57.0%	872	6	23	29	-4	0	26
Bangladesh	South Asia	1,716	2.0%	16.9	18.2	23.0	20.8	25.6	11.1%	10.5%	11.3%	11.2%	11.3%	112,117	510	1,045	1,555	361	334	2,251
Belarus	Europe	6,320	4.8%	0.0	0.0	0.0	0.0	0.0	0.1%	1.2%	0.3%	0.3%	0.3%	20	0	1	1	0	0	1
Belize	Latin America	4,980	7.4%	0.1	0.1	0.1	0.1	0.1	80.7%	75.7%	73.9%	82.6%	88.4%	425	3	11	14	2	1	17
Benin	Africa	1,275	4.0%	0.3	0.4	0.7	0.8	1.3	15.4%	15.6%	20.7%	22.7%	30.3%	2,364	18	34	51	30	11	92
Bhutan	South Asia	3,282	6.6%	0.0	0.0	0.0	0.0	0.0	4.0%	6.2%	7.6%	7.6%	7.3%	67	0	1	1	0	0	1
Bolivia	Latin America	3,599	7.3%	0.3	0.3	0.3	0.3	0.4	11.1%	10.5%	11.3%	11.2%	11.3%	1,899	14	38	51	5	6	62
Bosnia and Herzegovina	Europe	6,016	0.0%	0.0	0.0	0.0	0.0	0.0	1.9%	1.9%	2.4%	3.6%	6.6%	78	1	4	4	2	0	7
Botswana	Africa	8,442	9.6%	0.0	0.1	0.1	0.1	0.1	8.5%	9.1%	8.9%	8.9%	8.9%	220	2	4	6	1	0	7
Brazil	Latin America	9,072	6.0%	6.2	6.7	7.3	7.3	7.5	12.9%	14.9%	16.1%	16.3%	17.5%	38,254	277	1,292	1,568	37	92	1,697
Bulgaria	Europe	9,205	4.1%	0.0	0.0	0.0	0.0	0.0	0.7%	0.9%	2.3%	2.2%	1.4%	128	1	4	5	-2	0	4
Burkina Faso	Africa	736	6.0%	0.3	0.5	0.9	1.3	2.2	19.8%	20.8%	25.0%	26.8%	31.1%	3,935	30	49	79	57	39	175
Burundi	Africa	280	5.0%	0.0	0.1	0.1	0.1	0.3	3.1%	2.7%	5.0%	4.8%	7.2%	435	3	6	9	7	2	18
Cabo Verde	Africa	3,678	5.2%	0.0	0.0	0.0	0.0	0.0	13.5%	13.2%	13.2%	13.2%	13.5%	79	1	2	2	0	0	2
Cambodia	East Asia	1,533	2.2%	0.0	0.1	0.1	0.2	0.4	1.1%	2.7%	3.5%	5.7%	11.6%	675	5	22	27	37	2	66
Cameroon	Africa	1,574	3.1%	1.0	1.3	2.0	2.1	2.6	25.5%	26.9%	28.3%	27.2%	27.9%	5,891	44	91	135	36	31	202
Central African Republic	Africa	483	1.2%	0.1	0.1	0.1	0.2	0.3	10.1%	14.5%	14.4%	18.3%	24.1%	994	7	14	21	4	3	29
Chad	Africa	751	2.2%	0.2	0.2	0.3	0.4	0.5	10.3%	10.1%	11.7%	11.7%	11.7%	994	7	14	21	4	3	29
Colombia	Latin America	6,770	4.5%	2.4	2.4	2.3	2.3	2.2	22.8%	20.6%	20.4%	20.3%	20.4%	10,906	79	383	462	-7	29	465
Comoros	Africa	1,447	4.3%	0.1	0.1	0.1	0.1	0.1	29.7%	31.4%	30.3%	33.5%	37.3%	292	2	4	6	1	2	8
Congo, Dem. Rep.	Africa	580	1.5%	2.0	2.3	2.8	3.1	3.8	14.7%	14.7%	14.6%	14.6%	14.5%	10,045	75	107	183	41	61	285
Congo, Rep.	Africa	2,204	3.6%	0.2	0.3	0.3	0.3	0.4	21.1%	28.6%	25.3%	25.3%	25.3%	821	6	14	21	3	1	35
Costa Rica	Latin America	12,148	7.0%	0.1	0.1	0.1	0.1	0.1	7.9%	9.2%	9.3%	9.0%	8.5%	725	5	17	23	0	0	23
Cote d'Ivoire	Africa	1,760	4.4%	0.8	0.9	1.3	1.7	2.6	26.1%	24.8%	25.8%	26.9%	29.1%	5,467	41	74	115	64	41	220
Cuba	Latin America	8,821	12.8%	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	0	0	0
Djibouti	MENA	3,131	5.6%	0.0	0.0	0.0	0.0	0.0	18.4%	11.4%	11.1%	13.6%	16.3%	69	1	2	3	1	2	5
Dominica	Latin America	7,709	0.0%	0.0	0.0	0.0	0.0	0.0	39.0%	39.8%	40.4%	41.3%	43.7%	40	0	1	1	0	0	1
Dominican Republic	Latin America	8,138	2.0%	0.5	0.6	0.6	0.6	0.6	22.1%	26.1%	24.9%	24.8%	23.6%	3,135	23	80	103	-6	11	107
Ecuador	Latin America	6,458	5.0%	1.0	1.2	1.2	1.2	1.0	31.6%	29.6%	26.4%	25.7%	22.5%	5,445	39	146	186	-21	11	176
Egypt, Arab Rep.	MENA	2,601	10.5%	1.3	1.5	1.8	2.3	3.3	7.9%	8.2%	8.8%	9.6%	11.6%	9,626	70	207	277	123	18	418
El Salvador	Latin America	4,079	3.6%	0.2	0.2	0.2	0.2	0.2	13.1%	12.5%	14.9%	15.1%	16.9%	938	7	32	39	-3	8	44
Equatorial Guinea	Africa	10,522	0.0%	0.1	0.1	0.1	0.1	0.1	43.3%	57.0%	63.9%	63.9%	68.6%	451	3	5	9	2	4	14
Eritrea	Africa	583	2.1%	0.1	0.1	0.1	0.1	0.1	9.2%	9.6%	12.4%	12.7%	15.9%	255	2	4	6	2	4	12
Ethiopia	Africa	793	4.5%	1.4	1.7	1.6	1.8	2.1	11.1%	9.6%	6.7%	6.8%	6.0%	4,565	34	86	120	21	46	188
Fiji	East Asia	6,310	3.9%	0.1	0.1	0.0	0.0	0.0	56.2%	56.3%	8.3%	8.3%	0.4%	89	1	2	3	-2	0	0
Gabon	Africa	8,162	2.7%	0.1	0.2	0.2	0.2	0.2	47.6%	47.6%	47.6%	47.6%	47.6%	737	6	11	16	3	6	26
Gambia, The	Africa	738	2.8%	0.1	0.1	0.1	0.2	0.3	28.5%	36.9%	38.2%	40.9%	41.4%	561	4	8	12	6	1	20
Georgia	Europe	4,721	3.8%	0.0	0.0	0.1	0.1	0.1	3.2%	6.6%	8.9%	9.0%	9.0%	514	4	9	13	0	0	13
Ghana	Africa	2,251	4.0%	0.8	1.2	2.0	2.2	3.0	15.4%	17.5%	23.4%	24.7%	29.4%	7,934	60	117	176	61	19	256
Grenada	Latin America	10,696	3.2%	0.0	0.0	0.0	0.0	0.0	65.8%	68.4%	68.2%	68.8%	69.5%	103	1	3	3	0	0	3
Grenada	Latin America	4,639	2.9%	0.9	1.0	1.1	1.2	1.3	25.7%	23.9%	27.4%	27.5%	30.4%	6,631	48	125	173	14	57	244
Guinea	Africa	904	2.6%	0.4	0.6	0.9	1.0	1.3	23.1%	28.9%	31.5%	33.5%	36.8%	2,786	21	43	64	21	29	114
Guinea-Bissau	Africa	798	2.2%	0.1	0.1	0.1	0.1	0.1	29.4%	29.4%	29.4%	29.4%	29.4%	259	2	5	7	1	0	8

Source: UIS, World Bank, EduFinance

FIGURE 40

## Forecasts and Estimates

Country	Region	GDP Per Capita \$	Gov Spend on Edu (% of GDP)	Non-State School Children Enrolled (m)					Non-State School (%)					Estimated Number of Non-State Schools	EduFinance Loan Demand (\$m)											
				2005	2010	2015	2019	2025	2005	2010	2015	2019	2025		School Improvement Loans Current	School Fee Loans Current	Current Demand	New Demand through 2025	Out-of-School Demand	Total Demand						
Guyana	Latin America	5,003	5.9%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3%	5.0%	7.6%	8.6%	10.1%	78	1	2	3	3	0	0	0	3	
Haiti	Latin America	879	2.8%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0	0
Honduras	Latin America	2,548	6.1%	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	15.6%	14.5%	15.2%	15.6%	14.9%	1,555	11	40	52	4	4	21	4	21	68
India	South Asia	3,031	3.8%	102.1	107.5	120.1	128.2	150.9	159.9	180.9	185.9	42.1%	42.1%	43.3%	43.8%	45.9%	640,950	2,916	5,914	8,830	1,559	1,559	981	1,559	11,369	
Indonesia	East Asia	2,993	3.6%	14.7	17.2	21.0	23.1	28.5	28.5	28.5	28.5	30.7%	31.8%	35.7%	37.9%	43.4%	144,929	1,048	3,040	4,088	956	956	466	956	5,510	
Iran, Islamic Rep.	MENA	5,628	2.9%	1.2	1.3	2.2	2.4	3.4	3.4	3.4	3.4	7.7%	9.5%	15.7%	16.1%	21.6%	9,205	67	344	411	175	175	28	175	613	
Iraq	MENA	5,971	0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	0	0	0	0	0	
Jamaica	Latin America	5,380	5.4%	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	24.8%	24.8%	21.2%	20.2%	16.7%	449	3	17	20	6	6	3	3	6	18
Jordan	MENA	4,318	3.6%	0.4	0.5	0.6	0.7	0.8	0.8	0.8	0.8	28.7%	29.8%	30.5%	31.9%	32.9%	3,217	23	74	97	26	26	24	24	147	
Kazakhstan	Europe	9,942	2.8%	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	3.5%	4.1%	5.0%	4.5%	4.5%	843	6	20	26	6	6	0	6	32	
Kenya	Africa	1,750	5.3%	1.1	1.9	2.8	3.1	4.9	4.9	4.9	4.9	10.5%	15.4%	18.6%	18.7%	23.4%	10,192	76	180	256	150	150	24	150	430	
Kiribati	East Asia	1,649	0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	0	0	0	0	0	
Kosovo	Europe	4,337		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6%	1.2%	2.5%	2.7%	5.5%	153	1	4	5	7	7	0	7	12	
Kyrgyz Republic	Europe	1,306	15.7%	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	3.5%	4.5%	5.5%	6.3%	7.6%	532	4	12	16	5	5	4	5	25	
Laos PDR	East Asia	2,582	3.3%	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	64.4%	68.9%	70.6%	67.9%	67.2%	5,007	36	113	149	16	16	33	16	197	
Lebanon	MENA	8,315	2.6%	0.6	0.7	0.8	0.8	0.9	0.9	0.9	0.9	8.0%	7.7%	3.9%	8.7%	24.7%	147	1	3	4	10	10	1	10	14	
Lesotho	Africa	1,310	6.5%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	38.6%	37.1%	34.4%	50.0%	65.9%	2,906	22	34	56	18	18	13	18	86	
Liberia	Africa	694	2.6%	0.4	0.5	0.5	0.7	1.0	1.0	1.0	1.0	3.7%	3.7%	3.7%	3.7%	3.7%	114	1	9	10	1	1	0	1	11	
Libya	MENA	7,349	0.0%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.4%	0.7%	0.9%	1.0%	2.1%	19	0	1	1	1	1	0	1	2	
Macedonia, FYR	Europe	5,235	8.6%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.3%	4.3%	3.2%	3.8%	4.5%	723	5	13	19	16	16	3	16	38	
Madagascar	Africa	542	3.2%	1.1	1.3	1.7	1.9	2.3	2.3	2.3	2.3	25.2%	24.3%	25.8%	25.6%	25.3%	5,858	44	95	139	31	31	34	31	203	
Malawi	Africa	400	4.7%	0.1	0.2	0.2	0.3	0.3	0.3	0.3	0.3	6.2%	11.5%	16.8%	16.5%	20.1%	8,105	59	171	229	49	49	28	49	306	
Malaysia	East Asia	11,528	4.5%	0.4	0.8	1.2	1.1	1.4	1.4	1.4	1.4	15.8%	21.0%	26.0%	14.1%	10.8%	130	1	1	1	1	1	0	1	2	
Maldives	South Asia	10,732	4.1%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	35.6%	38.5%	39.7%	42.5%	48.7%	4,935	37	55	92	42	42	76	42	210	
Mali	Africa	927	3.8%	0.7	1.1	1.3	1.6	2.3	2.3	2.3	2.3	20.4%	20.4%	19.0%	15.6%	15.6%	6	0	0	0	0	0	0	0	0	
Marshall Islands	East Asia	3,811	0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.8%	14.1%	18.9%	18.0%	19.6%	548	4	7	11	4	4	5	21	21	
Mauritania	Africa	1,222	2.6%	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	49.4%	48.0%	50.2%	50.9%	55.6%	704	5	17	23	0	0	2	2	24	
Mauritius	Africa	11,245	4.8%	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	11.2%	11.1%	11.4%	11.7%	12.4%	17,825	129	565	694	82	82	42	82	819	
Mexico	Latin America	9,783	4.9%	3.3	3.5	3.7	4.0	4.4	4.4	4.4	100.0%	100.0%	3.5%	3.5%	25.4%	3	0	0	0	0	0	1	1	0	1	
Micronesia, Fed. Sets.	East Asia	3,606	22.4%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2%	0.9%	1.1%	1.3%	1.7%	34	0	2	2	2	2	0	2	3	
Moldova	Europe	4,154	17.5%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3%	0.4%	0.4%	0.9%	3.1%	366	3	9	11	12	12	0	12	24	
Mongolia	East Asia	4,196	4.1%	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.0%	0.0%	0.0%	0.0%	0.0%	1	0	0	0	0	0	0	0	1	
Montenegro	Europe	8,844	0.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3%	2.8%	3.0%	3.8%	5.3%	843	6	13	19	14	14	5	14	38	
Morocco	MENA	3,314	5.3%	1.0	1.0	1.3	1.7	2.5	2.5	2.5	2.5	1.2%	1.8%	4.8%	5.7%	19.9%	2,789	20	78	96	362	362	18	362	478	
Mozambique	Africa	514	5.6%	0.1	0.2	0.2	0.3	0.5	0.5	0.5	0.5	4.9%	5.3%	5.1%	6.2%	7.8%	172	1	3	4	4	4	2	4	6	
Myanmar	East Asia	1,334	2.0%	0.1	0.1	0.4	0.5	2.6	2.6	2.6	2.6	20.7%	13.3%	17.6%	18.0%	20.7%	8,261	38	78	115	13	13	11	13	139	
Namibia	Africa	6,044	26.2%	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	16.6%	17.4%	17.4%	17.4%	17.4%	1,274	9	40	49	4	4	4	14	66	
Nepal	South Asia	1,051	5.2%	1.4	1.1	1.4	1.5	1.6	1.6	1.6	1.6	5.5%	6.3%	6.6%	8.0%	10.3%	977	7	9	16	13	13	16	16	45	
Nicaragua	Latin America	2,046	17.9%	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	33.3%	31.5%	31.3%	34.8%	36.4%	25,034	188	299	487	81	81	139	81	706	
Niger	Africa	430	4.9%	0.1	0.1	0.2	0.3	0.5	0.5	0.5	0.5	0.2%	0.2%	0.2%	0.2%	0.2%	67,664	308	466	774	306	306	321	306	1,400	
Nigeria	Africa	2,081	0.0%	1.5	4.2	7.2	8.0	9.3	9.3	9.3	9.3	0.2%	0.2%	0.2%	0.2%	0.2%	18	0	0	0	0	0	0	0	0	
Pakistan	South Asia	1,513	2.9%	9.8	10.9	14.5	16.0	22.3	22.3	22.3	22.3	19.0%	20.7%	21.3%	21.3%	21.3%	18	0	0	0	0	0	0	0	1	
Papua New Guinea	East Asia	2,785	1.9%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.0%	20.7%	21.3%	21.3%	21.3%	18	0	0	0	0	0	0	0	1	
Paraguay	Latin America	5,897	3.4%	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	19.0%	20.7%	21.3%	21.3%	21.3%	18	0	0	0	0	0	0	0	1	
Peru	Latin America	7,062	3.7%	1.5	1.8	2.2	2.2	2.2	2.2	2.2	2.2	19.0%	23.4%	28.9%	26.9%	25.1%	12,124	88	296	384	-11	-11	8	11	384	
Philippines	East Asia	3,146	2.7%	2.6	2.9	2.9	3.5	4.0	4.0	4.0	4.0	15.0%	13.3%	12.2%	13.7%	14.1%	17,012	123	413	536	84	84	26	84	646	
Romania	Europe	12,230	3.0%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6%	1.5%	1.5%	1.6%	2.1%	214	2	8	10	2	2	1	14	14	
Russian Federation	Europe	11,471	3.7%	0.2	0.2	0.2	0.3	0.4	0.4	0.4	0.4	0.6%	0.9%	1.2%	1.2%	1.3%	1,189	9	53	62	20	20	0	20	82	
Rwanda	Africa	794	3.1%	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	11.3%	8.8%	8.3%	8.0%	8.5%	702	5	14	19	4	4	3	4	26	
Samoa	East Asia	4,200	4.1%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.1%	27.8%	29.8%	30.8%	33.0%	91	1	2	2	2	2	0	2	3	

Source: UIS, World Bank, EduFinance

FIGURE 40

# Forecasts and Estimates

Country	Region	GDP Per Capita \$	Gov Spend on Edu (% GDP)	Non-State School Children Enrolled (m)					Non-State School (%)					Estimated Number of Non-State Schools	EduFinance Loan Demand (\$m)					
				2005	2010	2015	2019	2025	2005	2010	2015	2019	2025		School Improvement Loans Current	School Fee Loans Current	Current Demand	New Demand through 2025	Out-of-School Demand	Total Demand
Sao Tome and Principe	STP Africa	2,039	5.1%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9	0	0	0	0	0	0	
Senegal	SEN Africa	1,565	4.7%	0.3	0.5	0.6	0.7	1.0	16.4%	18.0%	20.2%	20.3%	21.8%	2,316	17	32	49	19	25	93
Serbia	SRB Europe	7,207	3.7%	0.0	0.0	0.0	0.0	0.1	0.1%	0.4%	0.5%	1.6%	6.0%	81	1	3	4	10	0	14
Sierra Leone	SLE Africa	546	7.1%	0.1	0.1	0.1	0.2	0.2	6.0%	6.0%	6.2%	8.3%	7.9%	612	5	8	12	1	5	18
Solomon Islands	SUB East Asia	2,194	10.0%	0.0	0.0	0.1	0.1	0.1	20.6%	23.2%	25.9%	25.1%	28.7%	249	2	4	5	2	0	7
Somalia	SOM Africa	324	0.0%	0.0	0.0	0.0	0.0	0.0	2.5%	3.6%	4.3%	3.7%	3.4%	0	0	0	0	0	0	0
South Africa	ZAF Africa	6,461	6.2%	0.3	0.4	0.6	0.5	0.5	86.0%	86.0%	53.0%	53.0%	12.9%	1,763	13	43	57	0	6	62
South Sudan	SSD Africa	826	1.0%	0.1	0.1	0.1	0.1	0.2	4.7%	4.7%	5.4%	12.6%	30.6%	435	3	6	10	5	84	99
Sri Lanka	LKA South Asia	4,146	2.1%	0.2	0.2	0.3	0.5	1.8	13.0%	12.0%	12.8%	14.1%	17.9%	3,564	16	29	45	88	2	135
St. Lucia	LCA Latin America	10,621	14.4%	0.0	0.0	0.0	0.0	0.0	13.0%	12.0%	12.8%	14.1%	17.9%	24	0	1	1	0	0	1
St. Vincent and the Grenadines	VCT Latin America	7,387	18.8%	0.0	0.0	0.0	0.0	0.0	18.6%	22.0%	26.9%	28.1%	32.0%	47	0	1	2	0	0	2
Sudan	SDN Africa	1,001	2.2%	0.5	0.6	0.9	1.3	2.0	9.1%	9.1%	11.8%	14.6%	18.8%	5,505	41	57	99	61	28	188
Suriname	SUR Latin America	6,294	0.0%	0.0	0.0	0.0	0.0	0.0	37.1%	1.4%	1.3%	1.6%	1.9%	15	0	0	0	0	0	0
Eswatini	SWZ Africa	4,188	7.0%	0.0	0.0	0.0	0.0	0.0	7.0%	6.6%	8.3%	8.5%	8.3%	109	1	2	3	0	0	3
Tajikistan	TJK Europe	847	5.2%	0.0	0.0	0.0	0.0	0.0	0.9%	0.9%	1.2%	1.2%	1.1%	109	1	2	3	0	0	3
Tanzania	TZA Africa	1,061	3.7%	0.4	0.6	0.8	0.9	1.1	4.3%	5.3%	7.0%	6.2%	6.3%	2,411	18	36	54	14	7	75
Thailand	THA East Asia	7,297	4.1%	2.1	2.2	2.3	2.3	2.3	16.9%	19.0%	17.1%	17.8%	15.0%	13,900	100	465	565	0	63	628
Timor-Leste	TLS East Asia	1,262	4.1%	0.0	0.1	0.1	0.1	0.1	17.0%	18.4%	18.0%	18.9%	20.4%	374	3	6	8	1	1	10
Togo	TGO Africa	696	5.4%	0.5	0.6	0.6	0.7	1.0	38.4%	32.1%	26.1%	29.7%	32.7%	2,220	17	35	52	18	10	80
Tonga	TON East Asia	4,415	0.0%	0.0	0.0	0.0	0.0	0.0	38.0%	39.6%	43.6%	43.6%	44.7%	92	1	1	2	0	0	2
Tunisia	TUN MENA	3,487	6.3%	0.2	0.2	0.3	0.4	0.5	8.9%	10.1%	13.0%	14.2%	18.2%	1,830	13	50	64	27	0	90
Turkey	TUR Europe	9,511	4.8%	0.4	0.5	0.8	1.3	2.9	3.0%	3.4%	4.7%	6.9%	14.5%	6,943	50	185	235	310	20	565
Turkmenistan	TKM Europe	7,079	3.1%	0.0	0.0	0.0	0.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0	0	0	0	0	0	0
Tuvalu	TUV East Asia	3,746	0.0%	0.0	0.0	0.0	0.0	0.0	6.5%	6.5%	6.7%	14.5%	33.2%	3	0	0	0	0	0	0
Uganda	UGA Africa	667	2.5%	0.9	1.7	1.9	2.5	3.6	12.4%	19.2%	21.7%	24.8%	31.1%	6,669	50	103	153	66	11	230
Ukraine	UKR Europe	2,918	5.4%	0.1	0.0	0.0	0.0	0.0	0.9%	0.6%	0.5%	0.7%	1.0%	219	2	9	10	3	0	13
Uzbekistan	UZB Europe	1,559	5.3%	0.0	0.0	0.0	0.0	0.1	0.1%	0.1%	0.2%	0.3%	1.4%	90	1	3	4	14	0	18
Vanuatu	VUT East Asia	3,202	4.7%	0.0	0.0	0.0	0.0	0.0	33.9%	35.4%	21.3%	21.3%	15.3%	83	1	2	2	0	0	2
Vietnam	VNM East Asia	2,592	4.2%	1.4	1.3	0.5	0.9	1.7	13.5%	13.6%	4.6%	7.1%	10.7%	4,394	32	136	167	142	2	311
West Bank and Gaza	PSE MENA	3,281	0.0%	0.1	0.2	0.2	0.3	0.4	12.1%	14.7%	18.0%	19.0%	21.7%	1,092	8	23	31	10	2	43
Yemen, Rep.	YEM MENA	967	0.0%	0.1	0.2	0.3	0.3	0.3	2.8%	4.0%	5.4%	4.9%	4.3%	1,179	9	25	33	1	12	44
Zambia	ZMB Africa	1,585	4.7%	0.1	0.1	0.1	0.1	0.2	4.6%	3.2%	3.8%	3.8%	3.8%	399	3	6	9	2	1	12
Zimbabwe	ZWE Africa	2,178	4.6%	3.1	3.3	3.6	3.8	4.1	86.6%	86.6%	86.6%	86.6%	86.6%	11,559	87	212	298	26	80	405
<b>South Asia</b>			<b>3.6%</b>	<b>130.5</b>	<b>138.0</b>	<b>159.5</b>	<b>167.6</b>	<b>204.0</b>	<b>41.2%</b>	<b>40.7%</b>	<b>42.6%</b>	<b>42.1%</b>	<b>44.2%</b>	<b>835,131</b>	<b>3,800</b>	<b>7,545</b>	<b>11,345</b>	<b>2,380</b>	<b>1,657</b>	<b>15,382</b>
<b>East Asia &amp; Pacific</b>			<b>3.7%</b>	<b>21.6</b>	<b>25.1</b>	<b>28.8</b>	<b>32.0</b>	<b>41.4</b>	<b>19.2%</b>	<b>20.8%</b>	<b>21.8%</b>	<b>23.2%</b>	<b>26.6%</b>	<b>193,711</b>	<b>1,401</b>	<b>4,362</b>	<b>5,762</b>	<b>1,650</b>	<b>611</b>	<b>8,022</b>
<b>Middle East &amp; North Africa</b>			<b>3.7%</b>	<b>5.5</b>	<b>6.1</b>	<b>7.9</b>	<b>9.2</b>	<b>12.6</b>	<b>8.0%</b>	<b>8.6%</b>	<b>10.5%</b>	<b>10.7%</b>	<b>12.2%</b>	<b>38,845</b>	<b>281</b>	<b>1,094</b>	<b>1,375</b>	<b>518</b>	<b>159</b>	<b>2,052</b>
<b>Sub-Saharan Africa</b>			<b>4.6%</b>	<b>20.2</b>	<b>28.7</b>	<b>38.2</b>	<b>43.9</b>	<b>58.1</b>	<b>12.5%</b>	<b>14.7%</b>	<b>16.0%</b>	<b>16.4%</b>	<b>17.6%</b>	<b>137,232</b>	<b>1,029</b>	<b>1,979</b>	<b>3,008</b>	<b>969</b>	<b>889</b>	<b>4,866</b>
<b>Latin America &amp; Caribbean</b>			<b>5.4%</b>	<b>20.2</b>	<b>21.8</b>	<b>23.4</b>	<b>23.7</b>	<b>24.5</b>	<b>15.6%</b>	<b>16.6%</b>	<b>17.5%</b>	<b>17.6%</b>	<b>18.1%</b>	<b>116,169</b>	<b>840</b>	<b>3,556</b>	<b>4,396</b>	<b>134</b>	<b>327</b>	<b>4,857</b>
<b>Europe &amp; Central Asia</b>			<b>4.0%</b>	<b>1.0</b>	<b>1.2</b>	<b>1.7</b>	<b>2.2</b>	<b>4.2</b>	<b>23.1%</b>	<b>23.9%</b>	<b>25.3%</b>	<b>25.4%</b>	<b>27.2%</b>	<b>11,779</b>	<b>85</b>	<b>340</b>	<b>425</b>	<b>370</b>	<b>25</b>	<b>820</b>
<b>Total</b>			<b>4.3%</b>	<b>199.1</b>	<b>220.9</b>	<b>259.6</b>	<b>278.7</b>	<b>344.9</b>	<b>23.1%</b>	<b>23.9%</b>	<b>25.3%</b>	<b>25.4%</b>	<b>27.2%</b>	<b>1,332,867</b>	<b>7,436</b>	<b>18,876</b>	<b>26,312</b>	<b>6,020</b>	<b>3,669</b>	<b>36,003</b>

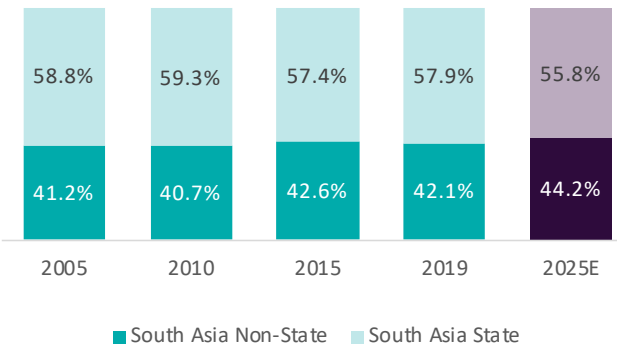
Source: UIS, World Bank, EduFinance



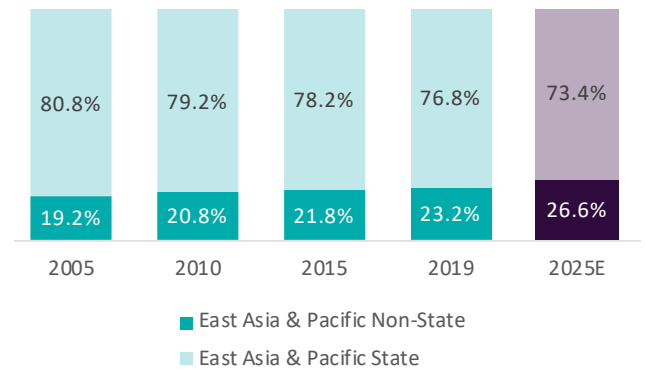
FIGURE 41

## Non-State Education Penetration by Region

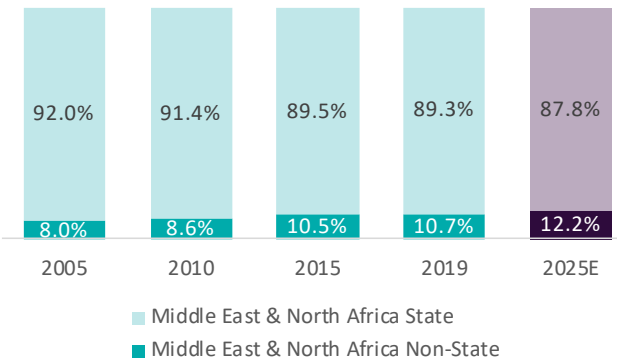
South Asia (ex-high income)



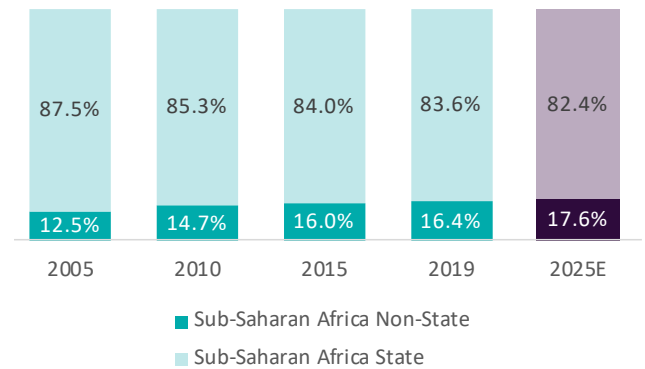
East Asia (ex-high income)



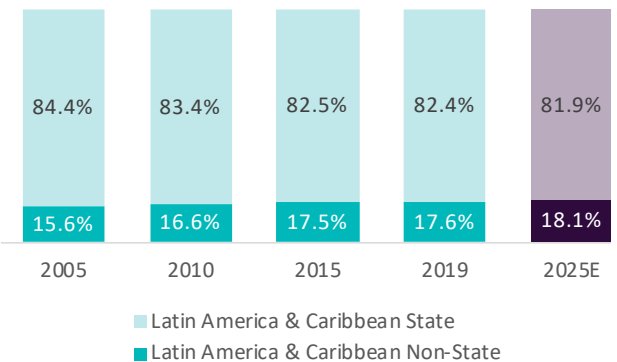
Middle East & North Africa (ex-high income)



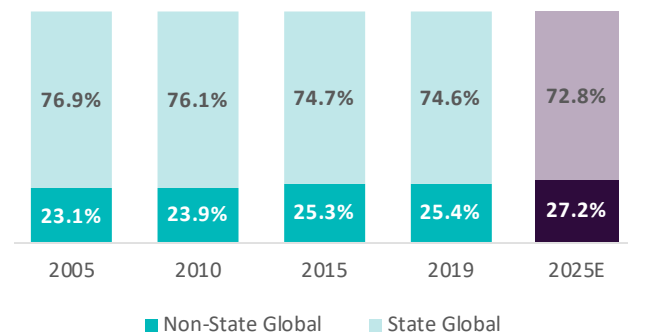
Sub-Saharan Africa (ex-high income)



Latin America and Caribbean (ex-high income)



State vs. Non-State School Global (ex-high income)



Source: UIS, World Bank, EduFinance

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