OPPORTUNITY EduFinance

SUMMARY

EduFinance ACT Project

FINANCING THE CHILDCARE SECTOR IN KENYA

The following summarizes research on the Kenyan childcare sector market in 2025. The central research aim was to gain insight into the size and nature of the childcare education market and to understand the challenges that affect childcare providers, workers and parents to inform financial solutions that can best serve these potential clients.

KEY FINDINGS

Structure of the Paid Childcare Market

Childcare provision is predominantly women-led and informal

90% OF HOME-BASED PROVIDERS are women

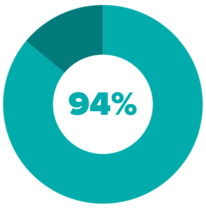
85% OF CENTRE-BASED PROVIDERS are women

54% OF ALL PROVIDERS are neither licensed nor registered

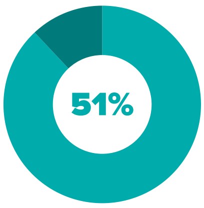
10% OF ALL PROVIDERS are both licensed and registered

ADDITIONAL INSIGHTS INTO PROVIDERS

Record keeping is predominantly manual



Charge fees daily / weekly / monthly payments



of providers surveyed were home-based

INTEREST IN LOANS

High demand exists for childcare-related loans including infrastructure loans and fee loans

50% of providers

64% of workers are interested

98% of parents of center-based providers

Access to Finance

36% Have borrowed before

LOAN SOURCE	%
Formal*	14%
Informal**	78%

*MFIs, Commercial banks

**Savings groups, friends and family, digital lender, money lender

Income Volatility and Repayment Capacity

ISSUES

Cash flows

of providers and householders are irregular

Repayment

schedules are poorly aligned with sector realties

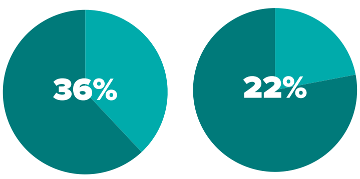
Collateral & documentation

remain major barriers

41%

of workers have insufficient income to cover living expenses

FEE COLLECTION



Daily

Weekly

FINANCIAL SERVICE PROVIDER ENGAGEMENT

Childcare

Interested in piloting tailored childcare products

Risk

Perceived risk inhibits product development

Open

to alternative credit approaches

Estimated Market Size

PARENTS (CENTRE-BASED CHILDCARE)

KES 2.49B

Primary priority

CENTRE-BASED CHILDCARE PROVIDERS

KES 149.2M

Secondary priority

HOME-BASED CHILDCARE PROVIDERS

KES 130.2M

Tertiary priority

CHILDCARE WORKERS

KES 55.9M

Lower priority

Implications for Market Prioritization

	PROVIDER TYPE	Market Size (estimated)	Drivers	Implication
PRIMARY PRIORITY	**Parents (centre-based**	KES 2.49B	• 124k+ parents • 98% borrowing demand • KES 20k loan size	Parent-focused childcare fee loans represent the largest financing opportunity in Kenya by a wide margin. While individual loan sizes are small, aggregate demand is substantial, making this segment suitable for high-volume, standardized products, particularly when linked to centre-based providers.
SECONDARY	**Centre-based Childcare Providers**	KES 149.2M	• Moderate population size • Medium-to-high demand for borrowing (48%) • Larger median loan size (KES 50,000)	Centre-based providers represent a strong secondary market, particularly for enterprise-focused loans (infrastructure, compliance, quality upgrades). Though smaller than the parent market in aggregate value, this segment offers clear enterprise-level impact and stronger alignment with provider sustainability.
TERTIARY	**Home-based childcare providers**	KES 130.2M	• Large population base • Moderate demand for borrowing (50%) • Smaller loan sizes (KES 20,000)	Home-based providers present a meaningful but slightly lower-priority market compared to centre-based providers, due to smaller loan sizes and higher informality. This segment is better suited for graduated or bundled financial products rather than standalone lending at scale.
LOWER PRIORITY	**Childcare workers**	KES 55.9M	• Smaller population base • Medium to high demand for borrowing (64%) • Small loan sizes	Despite relatively high borrowing interest, the small aggregate market size positions childcare workers as a lower priority for credit-led interventions. This segment is more appropriate for savings-led or income-smoothing products, rather than being a primary credit market.