OPPORTUNITY
EduFinance

SUMMARY

EduFinance ACT Project

FINANCING THE CHILDCARE SECTOR IN MALAWI

The following summarizes research on the Malawi 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

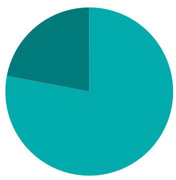
74% OF CHILDCARE PROVIDERS are women

42% OF PROVIDERS are neither licensed nor registered

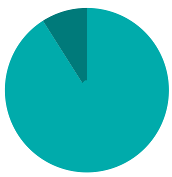
21% OF PROVIDERS are both licensed and registered

ADDITIONAL INSIGHTS INTO PROVIDERS

Childcare provision is dominated by community-based childcare providers (CBCCs)



78% use paper-based records



91% of CBCCs do not charge fees

home-based providers were a small fraction of sampled providers

INTEREST IN LOANS

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

92% of centre-based providers

28% of community-based providers

98% of domestic workers

53% of parents of center-based providers

Access to Finance

16% Have borrowed before

LOAN SOURCE	%
Formal*	48%
Informal**	52%

*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

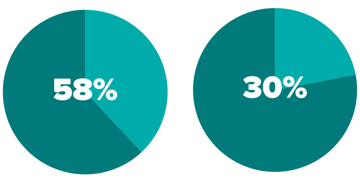
Collateral & documentation

remain major barriers

95%

of workers have insufficient income to cover living expenses

FEE COLLECTION



Monthly

Termly

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)

MWK 16.5B

Primary priority

CENTRE-BASED CHILDCARE PROVIDERS

MWK 12.5B

Secondary priority

CHILDCARE WORKERS

MWK 11.7B

Tertiary priority

COMMUNITY-BASED CHILDCARE PROVIDERS

MWK 272.9M

Lower priority

Implications for Market Prioritization

	PROVIDER TYPE	Market Size (estimated)	Drivers	Implication
PRIMARY PRIORITY	**Parents (centre-based**	MWK 16.5B	• Parent population 63k • Moderate borrowing likelihood (53%) • Relatively large median loan size (MWK 500,000)	Parents of children attending centre-based childcare represent the single largest financing opportunity in Malawi. This segment is well suited to fee-financing products, especially when linked to private centre-based providers to stabilize cash flows.
SECONDARY	**Centre-based Childcare Providers**	MWK 12.5B	• Smaller population 2.7k providers • Very high borrowing demand (92%) • Large median loan size (MWK 5,000,000)	Private centre-based providers constitute a high-value, high-intensity market. Although smaller in number, the large loan sizes make this segment a core priority for enterprise lending, particularly for infrastructure and expansion.
TERTIARY	**Childcare workers**	MWK 11.7B	• Large population base (23.8k workers) • Very high borrowing likelihood (98%) • Moderate loan sizes (MWK 500k)	By market size alone, childcare workers represent a substantial financing opportunity in Malawi. However, this should be interpreted cautiously in practice. While the aggregate demand is large, translating this into sustainable credit products would require careful product design and sequencing.
LOWER PRIORITY	**Community-based Childcare Providers**	MWK 272.9M	• Large population base • low borrowing likelihood (28%) • small loan sizes	Despite their numerical dominance, CBCCs represent the smallest market opportunity by value and are best positioned outside credit-led strategies.