

# EDUFINANCE MARKET KNOWLEDGE EDUCATION LENDING OPPORTUNITIES IN ETHIOPIA

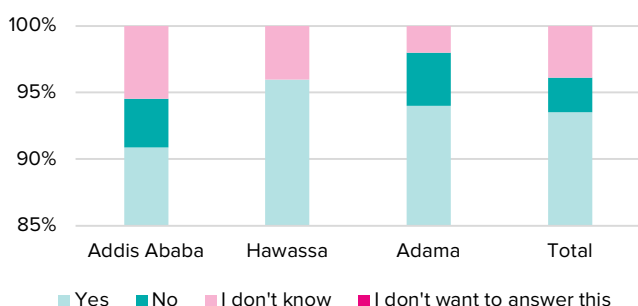
## FINANCING THE AFFORDABLE PRIVATE SCHOOL SECTOR: SCHOOL IMPROVEMENT LOANS

### COUNTRY BACKGROUND

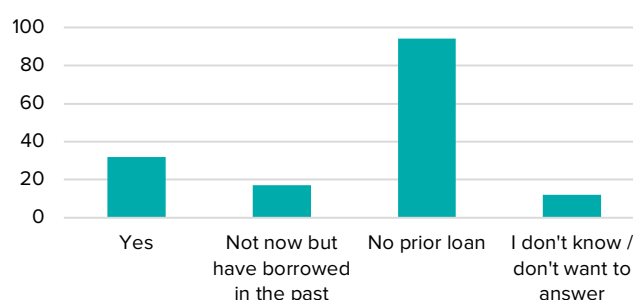
Ethiopia has **four categories of schools**: alternative basic education (ABE), public schools, private schools and community schools. Public schools and ABE are run by the government, while private and community schools are considered as private institutions and are therefore a potential market for lending by financial institutions. According to the Ministry of Education (2017) there are 2,826 private schools operating in the country. According to our study, an average private school in Ethiopia serves **545** children and has a cost basis of **US\$50-80k** per annum with varying profitability levels.

### THE MARKET FOR SCHOOL IMPROVEMENT LOANS

DO AFFORDABLE PRIVATE SCHOOLS WANT TO EXPAND THEIR CURRENT FACILITIES?



WHAT ARE THE CURRENT LEVELS OF INDEBTEDNESS OF AFFORDABLE PRIVATE SCHOOLS?



Preferred loan tenure:

**Up to 2 years**



**73%**

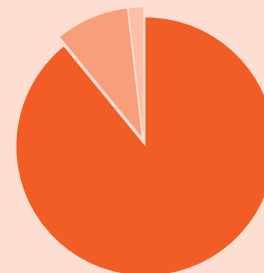
of schools want to build more classrooms

**83%**

of schools would take a loan for school improvement

WOULD SCHOOLS TAKE LOANS TO EXPAND THEIR FACILITIES?

- Yes
- No
- I don't know
- I don't want to answer this

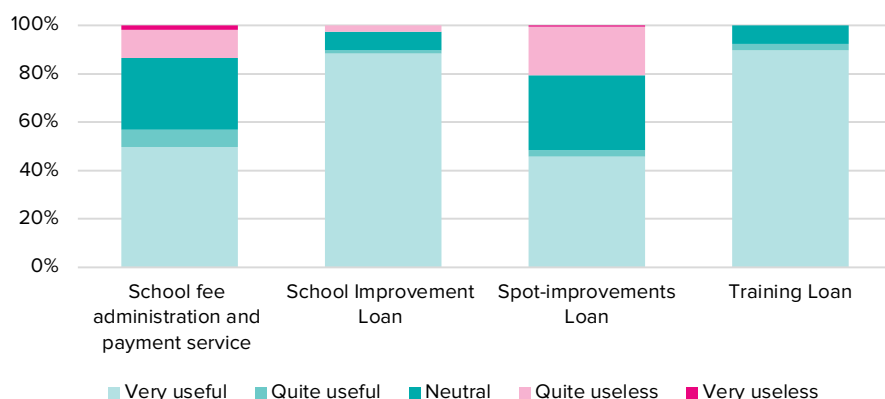


THE MARKET COULD ABSORB

**US\$98.7MN**

IN SCHOOL IMPROVEMENT LOANS

WHAT FINANCIAL PRODUCT ARE SCHOOLS INTERESTED IN?



### SUMMARY

MOST OF THE RESPONDENTS IN THE SURVEY WERE **UNAWARE** OF THE FINANCIAL PRODUCTS ON OFFER

THERE IS A **HUGE UNSERVED EDUFINANCE MARKET** IN ETHIOPIA

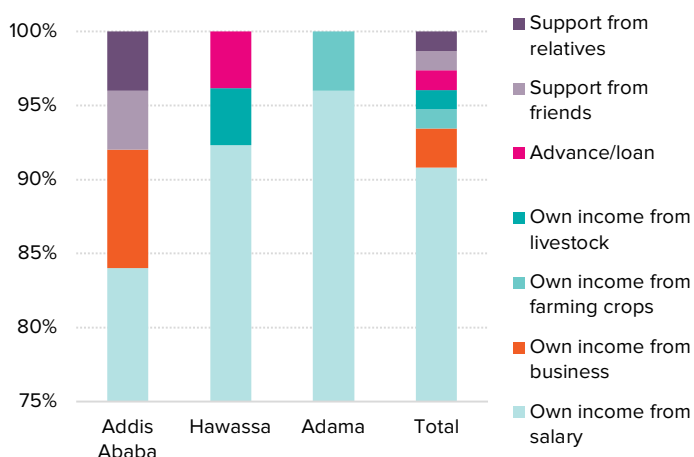
# EDUFINANCE MARKET KNOWLEDGE EDUCATION LENDING OPPORTUNITIES IN ETHIOPIA

## FINANCING THE AFFORDABLE PRIVATE SCHOOL SECTOR: SCHOOL FEE LOANS

There are **39k** schools in Ethiopia with a private school penetration of **7%** that serve an estimated **1.5mn** pupils. There are an additional **10mn** children in Ethiopia that are currently out of school. Parents that send their children to affordable private schools are estimated to pay on average **US\$25 per student per month** (fees range between US\$5 and US\$36 per month). Based on the statistics of Ministry of Education, enrolment trends have increased sharply since 2015.

### THE MARKET FOR SCHOOL FEE LOANS

#### HOW DO PARENTS PAY FOR SCHOOL FEES?



#### THE ESTIMATED MARKET

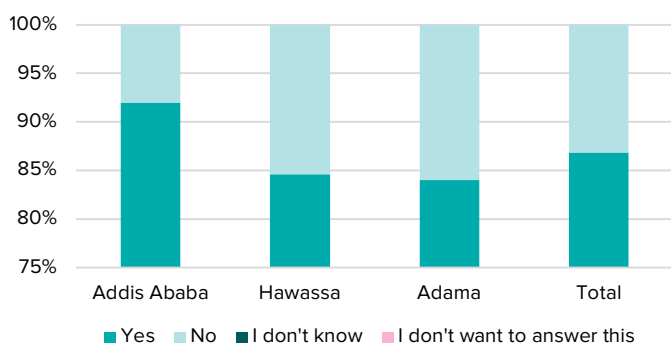
# US\$122MN

FOR SCHOOL FEE LOANS

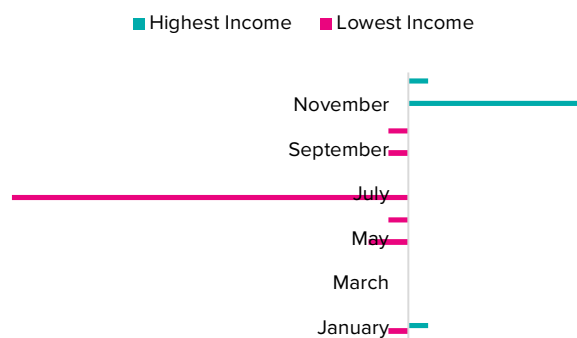
**76%**  
preferred a loan  
tenure of 12  
months

**87%**  
of parents would  
borrow to pay for  
school fees

#### WOULD PARENTS BORROW TO PAY FOR SCHOOL FEES?

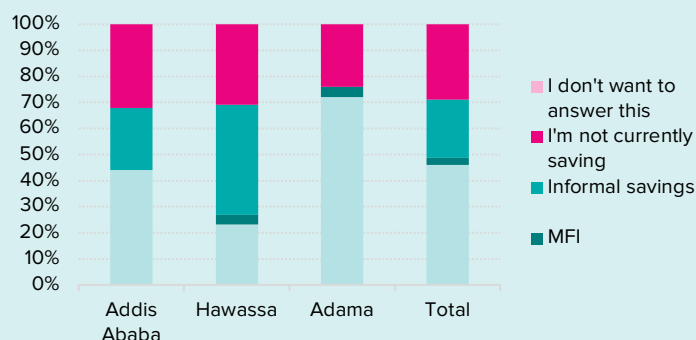


#### WHAT MONTHS DO PARENTS INCOME FLUCTUATE?



### INTEREST IN SAVING FOR SCHOOL FEES

#### HOW DO PARENTS CURRENTLY SAVE FOR SCHOOL FEES?



#### WOULD PARENTS USE A FINANCIAL INSTITUTION TO SAVE FOR SCHOOL FEES?

