

EDUFINANCE MARKET KNOWLEDGE:

Financing the Affordable Private School Sector in Mozambique

Opportunity EduFinance conducted market research to analyse the needs of affordable private schools in Mozambique. The research intended to gain insight into the size and nature of the private education market in low- and middle-income areas in three main regions: north (Nampula), centre (Beira, Chimoio) and south (Maputo); to understand the problems that affect affordable private schools and to show financial solutions that are likely to best serve them.

Note: due to Covid19 Opportunity EduFinance conducted a reassessment of the market in June 2020.

School Improvement Loans (SIL)

Profile of schools interviewed



130
schools interviewed



13+
years in operation



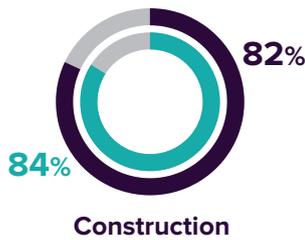
455 avg. no. of
students per school



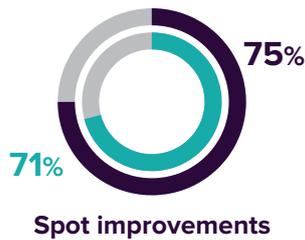
MZN 3k
Monthly school fees

Demand for School Improvement Loans

Interested Require financing



Construction



Spot improvements



Fixed assets

Purpose, size, and duration of loan



Construction
MZN 3.8mn
Upto 3 years



Spot improvements
MZN 1.9mn
<2 years



Fixed assets
MZN 1.8mn
1-2 years

Estimated market size

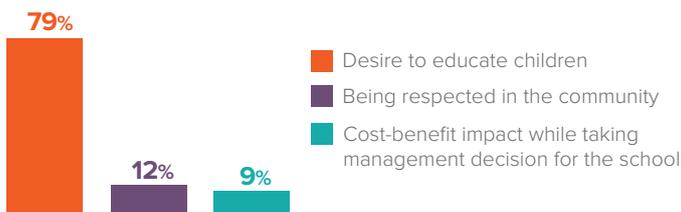


The estimated potential market for **School Improvement Loans** is:

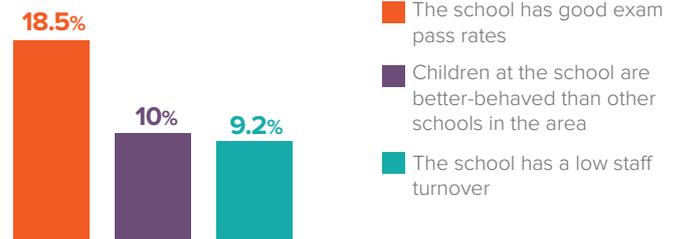
MZN 3.23bn
(USD \$45.5mn)

Education Quality

Main drivers to take business decisions referring to school:



Indicators of school quality



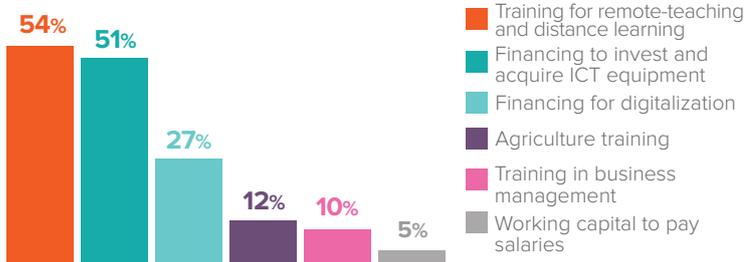
COVID19 Effects (at June 2020)

41/130 schools resurveyed for re-assessment of the market.

On average schools saw **income decreasing by 70%**, and for **59%** would **keep decreasing** in the future as they expect students dropout rates close or above 60%.

Financial and non-financial needs in the next 3 months.

The most urgent interventions needed are:



Average amount schools would borrow



Would invest in remote learning

61% would borrow right now, 34% in the next 3 months.

Remote learning includes technical infrastructure, digital systems, internet and training on how better perform distance teaching.

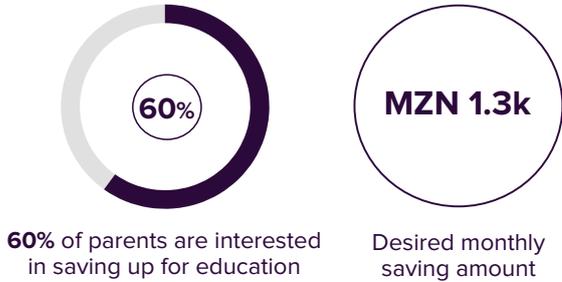
COVID-19 reinforced proprietors intentions and desire to make their schools more technological with investment in ICT.

School Fee Loans (SFL)

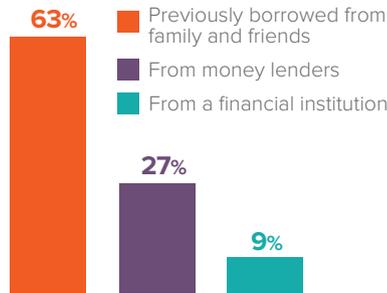
Profile of parents interviewed



Interest in saving



Previous borrowing behaviour



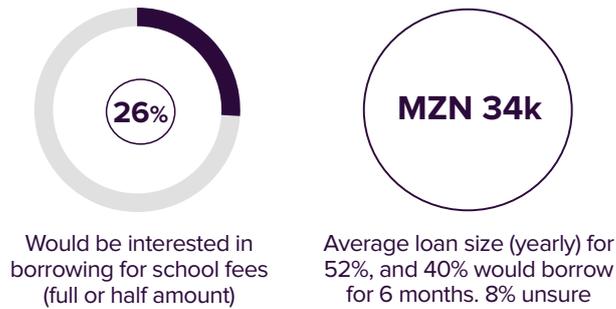
Estimated market size



The estimated potential market for School Fee Loans is:

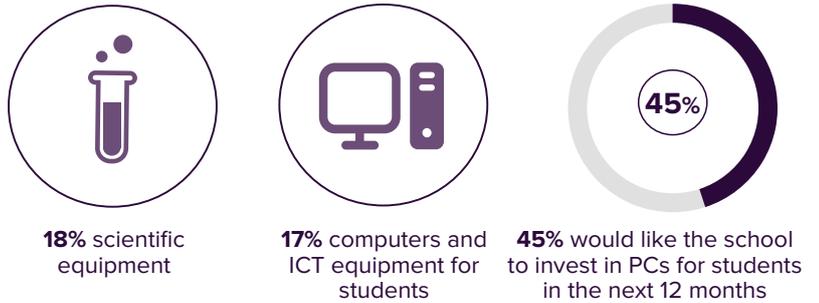
MZN 1.67bn
(USD \$23.6mn)

Interest in School Fee Loans



Education Quality

Reasons why parents would pay +MZN 1k higher school fees:



Loan would be used for **2 children in education.**

Parents are not currently paying for extra tuition as in general, schools do not offer extra-curricular activities.

COVID19 Impact

52/88 parents resurveyed.

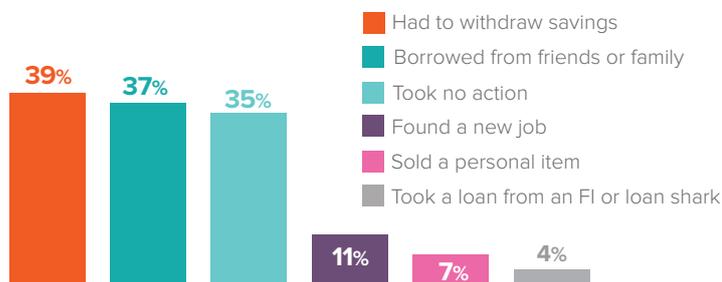
84% parents income was **negatively impacted** and registered 40% decrease.

The main concerns about why income could decrease are:

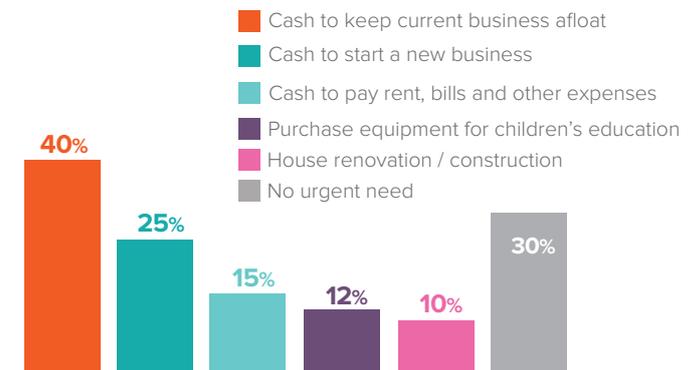
- business slowed down (50%)
- new business investments (59%)
- lost current job (32%)
- the business will be closed (46%)
- instability of salary income (5%)

14% of parents surveyed said their **income increased**. The average increase in income across the regions by 33%. Reasons reported for the increase are: "the business is going well", "I closed a shop and opened a new business in a different sector".

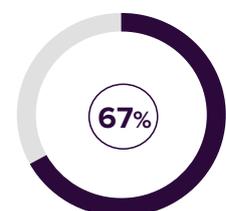
Action taken as a consequence of COVID19



The most immediate financial needs in the next 3 months for parents are more related to liquidity:



Average amount required



Need the loan now, 25% had no loans, 4% needed in the next 3 months, 4% need it for more than 3 months.