The private education sector in Rwanda is slowly expanding driven by government initiatives and the inability of the public education sector to satisfy the needs of families who are increasingly aware of the quality of education on offer. Opportunity International conducted market research to analyse the needs of affordable private schools in Rwanda. The intention of the research was to gain insight into the size and nature of the private education market in low- and middle-income areas in Kigali, in the Northern and Southern province, in order to understand the problems that affect affordable private schools and to show financial solutions that are likely to best serve them.

**Estimated Market Size**

- **School Fee Loan**: RWF 21bn
- **School Improvement Loan**: RWF 40bn
- **School Fee Administration & Payment Services**: RWF 860m

**Demand for School Improvement Loans**

**Profile of schools interviewed**

- **2–20 Years in operation**
- **469 Avg. students per school**
- **RWF 85K School fees per term (USD 96)**

**Interest in school improvement loans**

- **70%** Interest in expanding facilities
- **60%** Need a loan

**Average budget**

- **Construction**: RWF 34mn (USD 38K)
- **Spot Improvements**: RWF 10mn (USD 11K)
- **Fixed Assets**: RWF 24mn (USD 27k)

**Intended loan purposes**

- **54%** of school proprietors interviewed would take a loan to solve their cash flow problems

**Interest in expanding facilities**

<table>
<thead>
<tr>
<th>Kigali</th>
<th>North Province</th>
<th>South Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes in future</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>Don’t wish to answer</td>
</tr>
</tbody>
</table>

**Interest spot-improvements**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes in future</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>Don’t wish to answer</td>
</tr>
<tr>
<td>I don’t know</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Don’t wish to answer</td>
<td>No</td>
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</tbody>
</table>

**Interest for fixed assets**

<table>
<thead>
<tr>
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<th>South Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
<td>Yes in future</td>
</tr>
<tr>
<td>No</td>
<td>No</td>
<td>Don’t wish to answer</td>
</tr>
</tbody>
</table>

**Working capital - financing**

- **54%**: I would take a loan
- **42%**: I would not take a loan
- **3%**: I don’t have cash flow problems
- **1%**: I don’t want to answer this
Demand for School Fee Loans

Profile of parents interviewed

149 Parents
2 Children in education on average

Population spread
- 36% - Kigali
- 33% - Northern Province
- 31% - Southern Province

Type of employment

<table>
<thead>
<tr>
<th></th>
<th>Business owner</th>
<th>Farming</th>
<th>Self-employed</th>
<th>Small enterprise</th>
<th>Casual labour</th>
<th>Formal employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kigali</td>
<td>40%</td>
<td>30%</td>
<td>15%</td>
<td>10%</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td>North</td>
<td>20%</td>
<td>25%</td>
<td>20%</td>
<td>25%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>South</td>
<td>20%</td>
<td>15%</td>
<td>25%</td>
<td>25%</td>
<td>10%</td>
<td>0%</td>
</tr>
</tbody>
</table>

School fee payment pattern

- Four per term: 1%
- Thrice per term: 1%
- Twice per term: 7%
- Once per term: 87%
- Once per year: 3%

School Fees - Source of funding

- Sponsorship from organizations/individuals: 15%
- Support from relatives/friends: 5%
- Loans: 3%
- Personal income + savings: 28%
- Savings: 28%
- Personal income: 15%

Interest in School Fees Loan

- Yes: 80%
- No: 20%
- I don’t know: 15%
- I don’t want to answer: 3%

Average of loan size requested
RWF 1mn (USD 1K)

48% of the money saved by parents goes to banks/MFIs
42% of savings are through informal mechanism