EDUFINANCE MARKET KNOWLEDGE:
Financing the Affordable TVET Sector in Uganda

The public sector has not been able to provide enough employment to Uganda’s youth population. As a result, the private provision of vocational education to supply job-ready skills in Uganda has grown significantly in recent years and is expected to continue to grow. The major contributors to Uganda’s GDP are three main sectors: services, industry and agriculture. Providing capital to the high growth sectors represents a significant business and employment opportunity.

Opportunity International conducted market research to analyse the Technical Vocational Education and Training (TVET) system in Kampala, Gulu and Mbarara. The central purpose of the research is to gain insight into the size and nature of the private vocational education market providing skills for the high-demand sectors; to understand the challenges that affect TVET centres, parents and students, and to suggest financial solutions that are likely to best serve these potential clients.

**TVET Institutions**

**Profile**
- **87%** >2 years in operation
- **273** Avg. no. of students enrolled this year
- **9** Avg. number of courses offered
- **6–12 months** Average course duration
- **UGX 2.9mn** (USD $829) Average fees

**Previous Borrowing Behaviour**

<table>
<thead>
<tr>
<th>Average loan duration</th>
<th>Kampala</th>
<th>Gulu</th>
<th>Mbarara</th>
</tr>
</thead>
<tbody>
<tr>
<td>3+ years</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>2–3 years</td>
<td>19%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>1–2 years</td>
<td>71%</td>
<td>71%</td>
<td>71%</td>
</tr>
<tr>
<td>7–12 months</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>1–6 months</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

**Demand for TVET Loans**
- **60%** Construction
- **45%** Fixed Assets

**Average Budget Required**
- **Construction UGX 201mn** (USD $57.4k)
- **Fixed Assets UGX 119mn** (USD $34k)
- **Working Capital UGX 98mn** (USD $28k)

**Estimated Total Market Size**
- **UGX 89.6bn** (USD $25.6mn)

*UGX/USD fixed exchange rate at 3500
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Parents

Profile

- 43 Average age of parents
- 81% Formally employed or business owners
- UGX 1.3mn (USD $371) Avg. monthly income
- UGX 226k (USD $65) Avg. monthly surplus

Borrowing Behaviour

- 48% of parents are willing to borrow to pay TVET fees
- UGX 3.4mn (USD $971) Current loan size needed
- 41% of parents would also like to borrow for books, exams, rent etc.
- 88% would like a 127 day grace period
- 81% of parents would like to repay monthly and have a loan duration of 2 years or less

Fees

- The average annual fees are UGX 2.4mn (USD $686).

Estimated market size

- The estimated market size for loans to parents is UGX 100bn (USD $29mn)

Students

Profile

- 24 Avg. age of students
- 28% of students are employed
- 49% Would like to start their own business
- UGX 462k (USD $132) Avg. monthly pay
- 61% of students are paid monthly. 28% daily

Borrowing Behaviour

- 52% of students are willing to borrow to pay TVET fees
- UGX 3.0mn (USD $857) Average loan size needed
- 70% would like to repay monthly
- 91% would like a grace period of 89 days

Fees

- The average fees per course are: UGX 1.5mn (USD $429).
- Books and exams are: UGX 267k (USD $76).

Estimated market size

- The estimated market size for loans to students is UGX 187bn (USD $53mn)

*UGX/USD fixed exchange rate at 3500