The following report contains research on the Zambian EduFinance market and has been conducted on behalf of Opportunity EduFinance and the technical assistance facility of the Regional Education Finance Facility for Africa (REFFA). The central research question was to gain insight into the size and nature of the private education market in low- and middle-income areas, to understand the challenges that affect schools and parents, and to point towards financial solutions that are likely to best serve these potential clients.

School Improvement Loans (SIL)

Profile of schools interviewed

- **166 schools interviewed**
- **2+ years in operation**
- **200+ students per school**
- **ZMW 900–18,000 Maximum annual school fees**

Previous borrowing behaviour

- **78%** of schools have not borrowed before
- **22%** of schools have borrowed before

<table>
<thead>
<tr>
<th>Loan reasons:</th>
<th>Staff/office facilities; WASH facilities; Sports facilities; Construction of school hall; Purchase of school uniforms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ZMW 163k</strong></td>
<td>Average loan size borrowed</td>
</tr>
<tr>
<td><strong>58%</strong></td>
<td>had a tenor of 6 months – 2 years</td>
</tr>
<tr>
<td><strong>Majority</strong></td>
<td>of borrowers given no grace period</td>
</tr>
</tbody>
</table>

Demand for School Improvement Loans

<table>
<thead>
<tr>
<th>Purpose, size, and duration of loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
</tr>
<tr>
<td>Spot improvements</td>
</tr>
<tr>
<td>Fixed assets</td>
</tr>
<tr>
<td>Working capital</td>
</tr>
</tbody>
</table>

- **49%** experience cash flow challenges; **17%** would take a loan to smooth out cash flows

Estimated market size

The estimated potential market for School Improvement Loans is:

**ZMW 197mn (USD $11mn)**

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Estimated Market Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>School Improvement Loan Construction:</td>
<td><strong>ZMW 93mn</strong> (USD $5mn)</td>
</tr>
<tr>
<td>School Improvement Loan Spot Improvements:</td>
<td><strong>ZMW 18mn</strong> (USD $1mn)</td>
</tr>
<tr>
<td>School Improvement Loan Fixed Assets:</td>
<td><strong>ZMW 63mn</strong> (USD $3mn)</td>
</tr>
<tr>
<td>School Improvement Loan Working Capital:</td>
<td><strong>ZMW 19mn</strong> (USD $1mn)</td>
</tr>
</tbody>
</table>
## School Fee Loans (SFL)

### Profile of parents interviewed
- **87** Parents interviewed
- **3** Avg. no. of school-aged children
- **43%** in formal employment
- **ZMW 3k** Avg. monthly earnings
- **January** Month of lowest income

### Source of funding for school fees
- **28%** Own salary
- **2%** Income from family business
- **2%** Support from family
- **1%** Loan
- **10%** Income from agriculture
- **44%** Other

### Previous borrowing behaviour
- **33%** of parents have borrowed in the past to pay school fees
- **ZMW 1.3k** Average amount borrowed

### Estimated market size
- **ZMW 426mn** (USD $24mn)

### Interest in School Fee Loans
- **43%** of parents would like to borrow for the full school fees amount and **10%** half
- **ZMW 4.1k** Average loan size required to cover 2 children and other education related items
- **January** Month of lowest income
- **The preferred repayment frequency is monthly repayments**

### Teacher Loans

### Profile of teachers interviewed
- **93** Teachers interviewed
- **61%** are in formal full-time employment
- **ZMW 3k** Avg. monthly income
- **ZMW 270** Monthly surplus

### Previous borrowing behaviour
- **59%** of teachers have borrowed before
- **41%** of teachers have not borrowed before

### Demand for Teacher Loans
- **49%** of teachers are interested in a Teacher Loan
- **ZMW 20k** Average loan size requested
- **Loan duration: 6–12 months Repayments: Monthly**

### Estimated market size
- **ZMW 93mn** (USD $5mn)