



**OPPORTUNITY**  
International

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# **OPPORTUNITY INTERNATIONAL EDUFINANCE**

**Getting more Children into Better Schools  
with Social Finance**



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# EDUCATION IS KEY TO ENDING POVERTY:

Education is a child's greatest opportunity to end the generational cycle of poverty.

For a child living in poverty, the more time she spends learning in a classroom, the greater her chances of success are in every facet of her life.

- ▶ Her future wages will increase up to 19% if she completed primary school, and her wages will double if she completes secondary school.
- ▶ Additionally, every \$1 invested in an additional year of schooling yields \$10 in benefits for low-income communities.
- ▶ If all students in low-income countries left school with basic reading skills, 171 million people could be lifted out of poverty, which would be equivalent to a 12% cut in world poverty.

## More Schooling Leads to Higher Wages – Especially In Africa and for Girls

*Wage Growth Associated with an Additional Year of School*



Source: World Development Report (2018)



# The CHALLENGE

Access to quality education  
is not a reality for all  
children.

Yet today, **7 out of 10 children around the world are not learning** the basic skills they need to build a good future for themselves and their families.



**7 out of 10 children**  
around the world are not learning.



**244 million**  
**children and youth**  
never started school or already  
dropped out.



**361 million children**  
**and youth**  
go to school but aren't learning.



**92% learning**  
**poverty**

In 2022, the rate of learning poverty – unable to read and understand a simple text by age 10 – in **low-income countries** was predicted to reach **92%** compared to **14%** in high-income countries.



**67 million**  
**out-of-school**  
**primary-age**  
**children**

Of the **67 million** out-of-school primary-age children in the world, **more than half (36mn)** live in **sub-Saharan Africa**.



**8 out of 10**  
**students**

In South Asia, **8 out of 10 students** will not meet minimum proficiency standards.

# The OPPORTUNITY

Many local schools are started by educators that see a need in their community, but they need capital to unlock their full potential.

Parents are demanding access to quality education for their children and local educators and entrepreneurs are responding.



## 1 in 4 schools globally are non-state

As of 2020, non-state schools comprised more than **1 in 4 schools globally** – the majority which are owned and operated by local entrepreneurs in the community.



## US\$15 per month fees

On average, these local schools charge less than US\$15 per month in fees to serve low-income families.



## 3 in 4 partner schools are low-cost

Currently, 3 in 4 EduFinance partner schools charge fees that are affordable to a low-income family.

Global trends show that enrolment at non-state schools is steadily growing. If these trends continue, we expect non-state schools to grow to **27% of the low- and middle-income global school sector by 2025**, and yet this growth will still mean 56 million seats needed for children are missing.

**Filling this gap requires a catalytic solution** — a solution that builds local market capacity to equip entrepreneurial educators to grow and invest in their own quality, affordable schools to give children the best possible education.

**56 million new seats** in non-state schools are needed to meet demand through 2025



The background of the entire image is a vibrant, hand-painted map of Rwanda. The map is divided into regions, each with a different color and labeled with the region's name in white capital letters. The regions visible include NGORORERO (orange), GASABO (yellow), KICUKIRO (yellow), KAYUGENGWE (yellow), KANTONYI (blue), MUHANGA (blue), KARUKU (blue), MUHANGU (blue), KESERA (pink), and GASHAKA (pink). The map is painted on a textured wall. In the foreground, two young boys are standing. They are both wearing white short-sleeved shirts, dark blue ties, and dark blue trousers. They are also wearing bright yellow face masks. The boy on the left is wearing a black backpack. The boy on the right has his arms crossed. They are both looking directly at the camera with neutral expressions.

## *Our* **SOLUTION**

Opportunity EduFinance's mission is to get more children into better schools with social finance.

We believe that schools with access to capital and training for school leaders and teachers ultimately **increases access to an improved quality of education for students.**

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# Who is **OPPORTUNITY EDUFINANCE?**

Opportunity International EduFinance is a global non-profit organization that partners with financial institutions around the world to help them develop, launch and grow sustainable education lending portfolios, primarily focusing on two flagship products: School Improvement Loans and School Fee Loans. The EduQuality Program at Opportunity EduFinance offers school borrowers capacity building and training to run sustainable, quality schools.

## **OPPORTUNITY EDUFINANCE INVESTS IN ACCESS TO QUALITY EDUCATION**

Opportunity EduFinance partners with financial institutions to mobilize capital to school owners & parents, and boosts the capacity of school leaders & teachers.

### **FINANCIAL INSTITUTIONS INVEST IN SCHOOLS AND PARENTS**

Financial institutions provide essential education financing through school improvement loans and school fee loans.

#### **LEARNERS ENGAGE IN LESSONS**

Teachers actively engage learners and provide quality instruction that drives learning.

#### **TEACHERS DEVELOP THEIR SKILLS**

Teacher mentors provide ongoing lesson observations and feedback to teachers to continue developing their skills.

#### **SCHOOL OWNERS INVEST IN ACCESS & QUALITY**

School owners invest in more seats and education quality improvements at their schools.

#### **PARENTS INVEST IN THEIR CHILDREN**

Parents access school fee loans to invest in all of their children's education.

### **SCHOOL LEADERS MANAGE SUSTAINABLE, QUALITY SCHOOLS**

School leaders have the financial, business management and instructional leadership skills necessary to manage high performing schools.





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# The OPPORTUNITY EDUFINANCE MODEL

## — *How it works*

Opportunity EduFinance addresses both the capital needs of school owners and parents, while also deepening the skills and competencies of local school leaders and teachers—all within a sustainable, low-cost framework that can be replicated worldwide.

1

### Increase Access to Education

- ▶ Edufinance Technical Assistance Facility
- ▶ Investment Capital

#### CHALLENGES

School owners lack capital to grow and improve their affordable non-state schools, limiting their ability to build new classrooms, add seats, hire new teachers, or purchase ICT.

Parents struggle to afford the up-front costs of uniforms, fees, shoes, and supplies for all their children due to irregular, unpredictable, or seasonal income, which lead many to face the impossible choice of sending just one, or none, of their children to school when money is tight.

#### SOLUTIONS

**School Improvement Loans** provide school owners with capital to meet their unique needs, including building new facilities to accommodate more students, and making infrastructure improvements to enhance school quality.

**School Fee Loans** provide parents with extra capital so they can send their children to school with risk of being sent home or without sacrificing other needs like food, healthcare, or growing their small business.

=  
**More Children** *are*  
**Learning & have**  
*access to* **Quality**  
**Education**





## 2

## Improve *the* Quality of Education

### ► Education Quality Program

#### CHALLENGES

School owners often operate independently without access to a network of peers to share best practices, leaving many to tackle the challenges of running a local, affordable school on their own.

School leaders struggle to identify the best steps to take to achieve their vision for a quality school, and often must make choices on how to invest in their schools with limited resources and limited knowledge of education best practices.

School leaders have a variety of backgrounds, and often lack all the skill sets necessary to run a sustainable, growing quality school, or access to the training necessary to build their capacity in key areas.

Teachers in non-state schools may have limited access to professional development offered to teachers in state schools. Teachers may also have limited training, which impacts their ability to use best practices in the classroom to help children learn effectively.

#### SOLUTIONS

**Network of School Clusters** formed through EduQuality to bring together small groups of educators from different schools, who meet regularly to share challenges and best practices, attend professional development training together, and collaborate on areas for school development planning.

The **Pathways to Excellence guide** offers a customizable road map to help school leaders assess their school's level of quality across 18 domains and then develop and implement a step-by-step school development plan to target areas for improvement based on their key priorities.

**School Leadership Professional Development** workshops are designed to build the capacity of school leaders by offering practical, hands-on training focused on critical skills for running a school, including business and financial management and instructional leadership.

**Teacher Mentor Professional Development** trainings engage teachers at their level and helps them build up their skills in the areas of learner engagement, teaching and learning, and literacy. Teacher mentors also receive training on delivering effective professional development, observing classroom instruction, and coaching their peer teachers.

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# OPPORTUNITY EDUFINANCE

## *Global Outreach & Impact*

December 2022

### WHERE we work



EduFinance Technical Assistance & EduQuality



EduFinance Technical Assistance



Support Members



#### THE AMERICAS

Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Paraguay, Peru

#### AFRICA

Democratic Republic of Congo, Ghana, Ethiopia, Kenya, Liberia, Madagascar, Malawi, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, Uganda, Zambia, Zimbabwe

#### ASIA

Cambodia, India, Indonesia, Nepal, Pakistan, Philippines







## IMPACT *to* DATE

as of January 2023



**11.4mn**  
**MORE CHILDREN**  
are accessing a quality education



**30 COUNTRIES**  
benefit from our EduFinance program



**143 FINANCIAL INSTITUTIONS**  
have benefitted from our expertise



**US\$600mn**  
invested into the education sector



**2,000 SCHOOLS**  
benefit from our EduQuality program





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# *Evidence of* **IMPROVED ACCESS to QUALITY EDUCATION**

## **Schools with access to loans invest to grow their schools**

School owners most commonly borrow from local financial institutions to invest in growing their schools and upgrading school facilities. Most school improvement loans are used to finance:

- ▶ new **construction for additional classrooms** – adding more seats for students (94%)
- ▶ new dormitories (24%)
- ▶ construction and upgrading washrooms (22%) – a proven method for keeping girls in school and students healthier

## **Schools are taking action to improve their quality**

- ▶ 50% of schools in EduQuality show improvement in self-assessment education quality, covering all three key areas: School Culture, School Management, and Teaching & Learning
- ▶ Schools are using their school development plans to improve quality, as data shows domains selected for plans are more likely to improve in quality over the year

## **Parents using school fee loans decrease absenteeism**

- ▶ Households borrowing school fee loans report lower student absenteeism rates than households that did not borrow







# 3-Year **VISION** for **GROWTH**

## **1** Accelerate Investments *in* **Underfunded Education Systems**

### Objective 1

Opportunity is working with financial institutions in low- and middle-income countries to help launch or grow education loan portfolios, accelerating investments in local education using Opportunity's School Improvement Loans and School Fee Loans as core lending products.

### Goals 2023–2025

1. Expand to **163 financial institutions**
2. Grow the active lending portfolio to serve more than **20,000 school owners** and **100,000 parents**
3. Impact more than **19.3 million children** in total (cumulative) through lending
4. Integrate **gender aware lending** guidance into technical assistance delivery

## **2** Build School Capacity to *provide* **Quality Education** for all

### Objective 2

Through its EduQuality program, EduFinance is working with leaders of affordable non-state schools to help them effectively improve both the conditions for learning and the financial sustainability of their schools.

### Goals 2023–2025

1. Expand to reach more than **3,050 schools** through EduQuality
2. Demonstrate improved school quality in at least **1,000 schools**
3. Develop and launch a targeted EduQuality program focused on **early childhood care and education**
4. Integrate **gender mainstreaming** into training curriculum for leaders and teachers





## Increase Knowledge Leadership in Education Finance

### Objective 3

EduFinance is committed to global collaboration and sharing its learnings with the broader industry to accelerate investment in a private sector solution.

### Goals 2023–2025

1. Hold **2 Global Education Finance Conferences**
2. Present at **>25+ industry conferences**
3. Publish and widely disseminate on the effectiveness of the EduFinance model

### The Impact

Today, the demand for quality schools represents one of the biggest unmet market opportunities in the world. Over the next three years, Opportunity EduFinance will continue scaling its work, reaching new financial institution partners and educators around the world to cumulatively impact 19.3 million children by the end of 2025.

## EduFinance 3-Year Goals

	2022 (Base)	2023	2024	2025
Cumulative number of children impacted	10.7mn	13.2mn	16.1mn	19.3mn
Number of financial institutions providing EduFinance loans	130	136	143	163
Number of schools benefiting from Education Quality	2,011	2,845	2,965	3,085
Number of schools reporting improvements in school quality	1,006	1,423	1,631	1,851
Number of countries reached	30	30	30	30
Number of school leaders using active School Improvement Loans	14,985	16,285	18,227	20,198
Value of investments into the education sector	\$100mn	\$115mn	\$133mn	\$145mn



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EduFinance

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