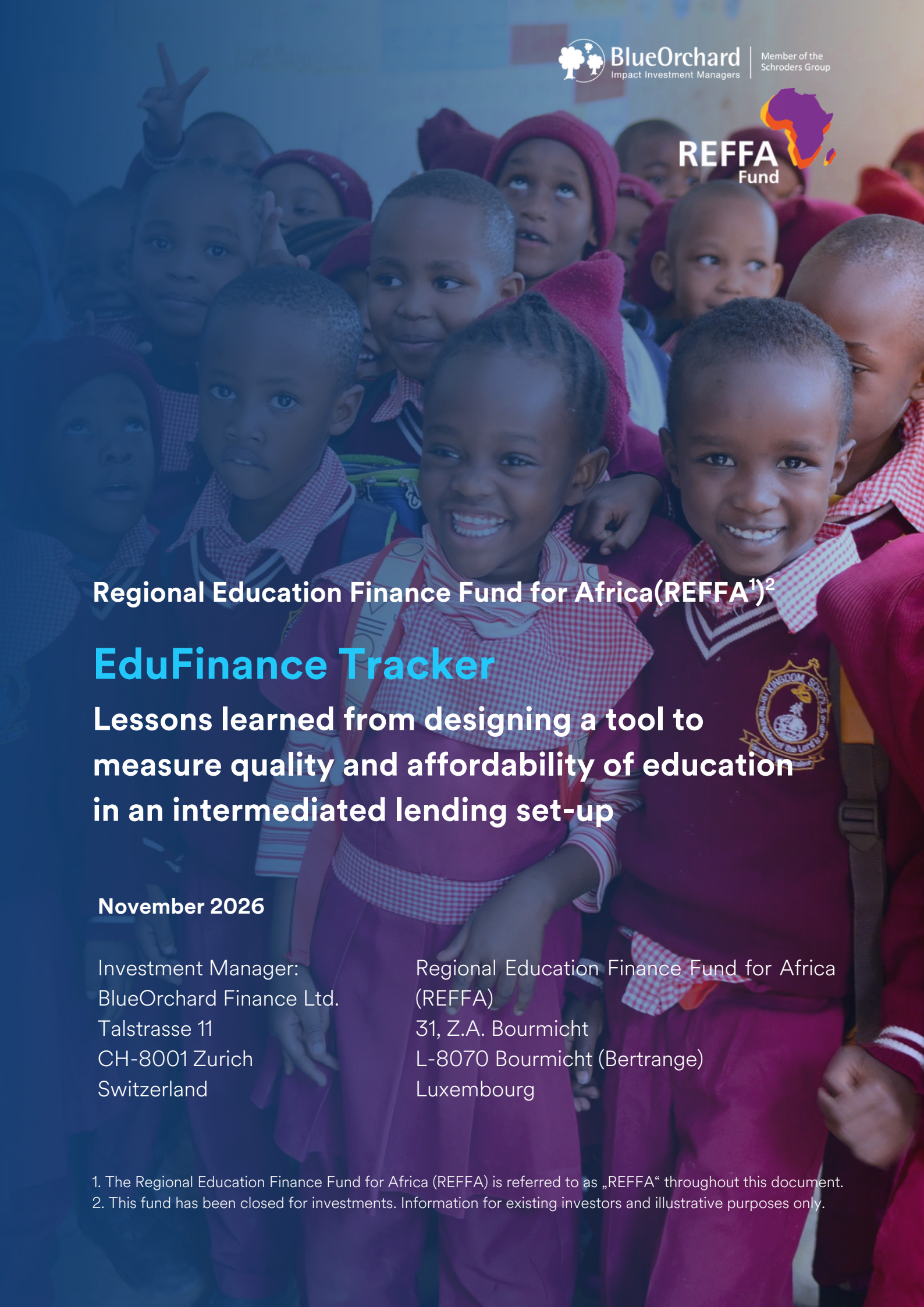


BlueOrchard Impact Investment Managers | Member of the Schroders Group

REFFA Fund

Regional Education Finance Fund for Africa(REFFA[1])[2]

EduFinance Tracker

Lessons learned from designing a tool to measure quality and affordability of education in an intermediated lending set-up

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1. The Regional Education Finance Fund for Africa (REFFA) is referred to as „REFFA“ throughout this document.
2. This fund has been closed for investments. Information for existing investors and illustrative purposes only.

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Executive Summary

The Regional Education Finance Fund for Africa (REFFA) (closed to new investments) developed a reporting platform to measure and report on the Quality of Education (QoE) and Affordability of Education (AoE) across the education loan portfolio of its investees. As a blended finance fund providing debt to financial institutions for on-lending to private education providers and households/students, REFFA required a methodology capable of assessing impact at end-client level while minimising the reporting burden for its investees. To address this need, REFFA designed and rolled out the EduFinance Tracker ("EduTracker"), a web-based monitoring and reporting platform that aimed to enable standardized data collection, scoring, and portfolio-level analysis across its investees.

Conceptual framework: Education quality and affordability

Quality of education was assessed across three dimensions. The first dimension is the education environment - under REFFA referred to as 'Education ESG' - which includes school safety, hygiene standards, governance practices, and child protection. The second dimension focuses on learning inputs, such as teacher qualifications, pupil-teacher ratios, and accessibility for learners with special needs. The third dimension captures learning outputs, including examination results and school completion rates. A scoring system was introduced to determine whether a school is meeting a minimum acceptable level of education quality – thereby addressing investor concerns regarding the possibility of funding unsafe or substandard schools.

Affordability of education was defined as the ability of a household to finance (private) education costs without making major sacrifices in essential areas such as food, housing or health. The concept relies on the interplay between household income, total education costs (including fees, uniforms, transport, and materials) and the number of children enrolled in a private school.

The development of the measurement tool sought to balance two potentially conflicting goals: ensuring minimum quality standards of a school, while maintaining affordability for lower-income groups. Rather than imposing strict lending exclusions, REFFA adopted a reporting-based model with the aim to have visibility on the standards of the schools it ultimately funded.

Implementation: The EduFinance Tracker platform

To operationalise the monitoring framework, REFFA launched a web-based system named EduTracker. The platform was designed to standardize data collection and automate reporting across diverse financial institutions represented in the REFFA investment portfolio.

The EduTracker was able to integrate with REFFA investees' management information system (MIS) either through local server connections or cloud-based application programming interfaces (APIs). It allowed both automated data uploads and manual inputs. The system generated structured reports covering education loan portfolio composition, education quality scoring, as well as an affordability ranking at individual education loan client level.

The intended data collection approach was that loan officers collect relevant qualitative and quantitative data during their credit assessments and enter it into the institution's MIS. The EduTracker then scored the data with respect to education quality as well as education affordability and extracted required reports. During the development of the EduTracker, emphasis was placed on technical adaptability to accommodate varying IT sophistication levels across REFFA's investees, as well as data security.

Training and capacity development

For REFFA's investees to start using the EduTracker, investment into training was required: investees' loan officers needed to understand the conceptual foundations of education quality and affordability, as well as the practical data collection standards. Training materials were developed for operations and credit staff, including a detailed guide and an Aide Memoire on data collection during client interviews.

Roll-out and onboarding

A successful onboarding of the EduTracker, however, required structured engagement at multiple levels of the financial institution. Executive management buy-in was essential to secure time and resources from IT and operations teams. The onboarding process included data mapping, API integration, staff training, and coordination with investor reporting teams. Typically, at least approximately two weeks of IT team engagement were necessary, along with dedicated time for loan officer training.

Data protection emerged as a critical concern. To address this, the EduTracker was designed to automatically anonymise personal client information before external reporting along EU data protection standards. This feature significantly increased investee comfort in view of compliance requirements.

Data collection and integration challenges

Collecting specific qualitative data represented an additional layer of data collection for investees. While some required data points were typically known to loan officers, they were not consistently captured in internal reporting systems. To ease adoption, data requirements were categorised as 'required', 'good-to-have', and 'nice-to-have', allowing gradual sophistication over time. After an initial test round of onboarding REFFA investees to the EduTracker, it was decided to integrate qualitative and quantitative reporting into a single streamlined process, thereby minimizing investees' reporting burden. Demonstrating that the EduTracker could reduce manual data cleaning efforts and ease the required quarterly reporting towards REFFA as its investor proved to be a persuasive argument during onboarding discussions.

Budgetary and resource implications

The project of setting up the EduTracker altogether underestimated the resources required for its implementation. Total expenditures were approximately three times higher than initially budgeted, and the timeline doubled. The requirement of clear management buy-in, a strongly tailored nature of each rollout, combined with IT customization needs and ongoing coordination, significantly increased costs. Consequently, the EduTracker was rolled out to only a limited portion of the Fund's investees and could thus not capture underlying education lending portfolio data in terms of quality and affordability scoring After pilot roll-outs, no data were reported on a continuous basis.

Conclusions and recommendations

Because REFFA operates on commercial terms, the investment team has limited leverage to impose extensive impact reporting requirements on investees. Given its intermediated lending model, REFFA had limited influence over investees' operational practices, including data collection - making it essential to embed clear reporting covenants in loan agreements from the outset. Without such provisions, the ability to require the application of comprehensive tools like the EduTracker remained constrained. Although many investees recognized the value of measuring education quality and affordability so they could better understand its social dimension, these insights often lacked direct commercial benefit and were therefore deprioritized amid competing demands.

An important lesson was the timing of the EduTracker rollout. The optimal moment to introduce the reporting framework was revealed to be immediately after loan closure between REFFA and a financial institution - when engagement and leverage were highest. Integrating impact reporting covenants directly into loan agreements strengthened compliance and alignment further.

Successful rollout further also required a dedicated team and a structured onboarding approach to work towards a smooth, standardized integration aligned with the investment process.



1. Background

1.1 The Regional Education Finance Facility for Africa (REFFA)

The Regional Education Finance Fund for Africa (REFFA), legally established in 2012, was set up to promote equitable access to education at all levels – including primary, secondary, vocational, and higher education. Moreover, REFFA sought to uplift the quality of education. The fund was initiated by KfW, the German Development Bank, and funded by various investors, including British International Investment ("BII"), among others. Notably, REFFA was the first blended finance fund to bolster the growth of education finance for the benefit of low-cost, non-state education offerings across African countries.

REFFA's main goals are to (i) increase access to low-cost education, (ii) increase quality education and (iii) ensure education is affordable to lower income households. To reach these goals, REFFA offers liquidity in the form of debt funding to financial intermediaries such as banks, microfinance institutions or credit co-operatives who use these funds to expand their education loan portfolios.

The fund has applied two key instruments, namely private debt funding and technical assistance to stimulate responsible lending to private education providers, students, and their families across the African continent.

1.2 Finding a suitable data collection approach

REFFA is a structured blended finance fund, offering debt funding to selected financial institutions who then use the REFFA funding to on-lend to private education sector clients. This structure represents an intermediated lending approach, which requires the close cooperation of REFFA's investees when collecting data at the level of the end-clients, i.e. at the impact level of the fund.

REFFA distinguishes between two main target groups, who are served by its investees:

1. School owners who want to take a loan to improve their schools – e.g. to build new classrooms, buy new equipment and improve the learning environment. These loans are referred to as "school improvement loans", or "SIL".

2. Parents and caretakers who wish to prefinance private schooling costs such as fees, learning materials for their kids[3] or individuals who wish to finance their own education related costs. These loans are referred to as “school cost loans”, or “SCL”.

Impact level data collection for the Fund will need to happen at the level of the investees, who are required to collect the types of client data which will allow them to perform an impact assessment of the education which has been funded by REFFA. Therefore, REFFA must rely on data collection by its investees to monitor its impact on the ground on a regular basis.

1.3 Education Quality and Affordability

REFFA’s core objectives are to contribute to increased education quality and ensure that predominantly lower income households and students benefit from affordable private education. During 2019 and 2020, the Fund therefore worked on the establishment of a structured system through which data on both the quality as well as the affordability of education funded through REFFA could be assessed. In a first step, REFFA defined what ‘education quality’ and ‘affordability of education’ meant in the context of the fund:

Quality of education (QoE): Assessment of QoE happened through a combination of the following indicators:

1. the education environment (social, infrastructure, and governance factors,“Education ESG”),
2. learning inputs, and
3. learning outputs.

Affordability of education (AoE): Education was understood to be “affordable”, if its costs could be covered by a family (or the learner) without having to make major sacrifices in other areas of life, such as food, health or housing. The concept of AoE was built on the relationship between three variables:

1. household income (or expenditures),
2. total (household) education costs, and
3. number of (privately schooled) children in a particular household.

Given the different assessment processes done for each education finance client group, (i.e. school owners of private households (individuals) there were different criteria to look at for determining corresponding levels of QoE and AoE. It must be noted that the assessment related to QoE and AoE had to be done at the end-client level, hence if seen in the logic of the fund’s theory of change - at the impact level:

3. These parents and caretakers may earn their income from their own business, or a salaryincome, which will influence how a school cost loan for them might be structured.

Figure 1: REFFA Theory of Change and location of the EduFinance Tracker[4]



4. BlueOrchard, as of 2023. Logos/Icons are the property of their respective entities.



2. Designing a measurement and scoring tool for educationlending

2.1 Building an understanding of criteria to be measured

After some conceptual work on the education quality and affordability of private education had been undertaken, REFFA, with in-depth technical advisory input from CapPlus[5] and affiliated experts, started to develop an analytic approach that aimed to measure QoE and AoE as part of its ongoing impact monitoring practice. A core point of discussion during the design steps was the question, if there should be a requirement of "minimum education quality" given in a private school for it to qualify for a loan that was funded from REFFA loan proceeds. The concern of the investors behind this question was that of reputation: What if a school with a poor education quality, e.g. including an insecure school building for the children would receive a loan, but not use it to improve education quality and child safety? At the same time, the fund was conscious not to interfere in the day-to-day business practices of its investees at the level of their loan underwriting. Furthermore, there was an understanding that QoE and AoE are inherently conflicting goals, as a higher quality school would most likely be - or over time become - a more expensive (and hence less affordable) one, too. The following questions guided the design of the measurement tool:

- QoE: How can REFFA ensure that only such (private) education that shows a certain minimum level of education quality is funded via REFFA?
- AoE: How can REFFA's investee build up a loan portfolio which is focused on education that is affordable to low and lower-middle income households?

As a result, it was decided that the measurement of quality levels should allow for a scoring that would indicate, if a certain "minimum level" of QoE was already given in a certain school. While REFFA's investees should be able to fund any school eligible by their own rules, a reporting on their respective education portfolios should indicate to REFFA, to what degree the education loan clients were rated to be under, or above a minimum threshold level of QoE. This would then allow to interfere, if necessary.

2.2 Assessment criteria for Quality of Education

A school must be a safe and supportive learning environment for children, i.e. meeting basic conditions on the physical and mental safety of the learning environment of an education provider.

5. CapPlus: CapitalPlus Exchange Corporation

REFFA has identified indicators around safe school infrastructure, hygiene, and child protection – which are summarized as "Education ESG". A set of indicators for a judgement and subsequent scoring on whether a minimum level has been reached by an education provider was developed. Figure 2 shows the indicators, their underlying criteria and the scoring system:

Figure 2: Education ESG scoring table (example for illustrative purposes only, subject to change)[6]

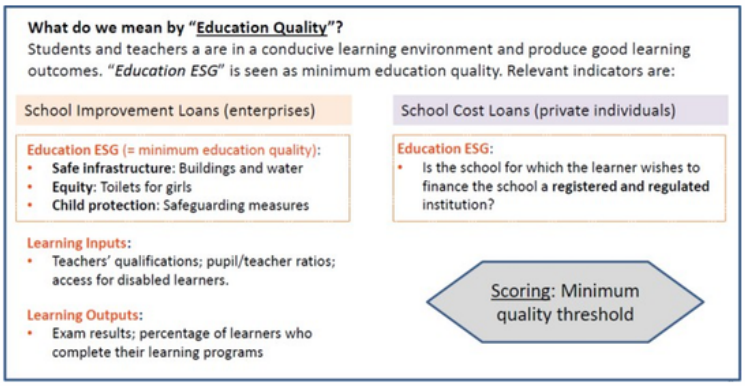
Minimum score of ESG							
Parameter	**Indicator**	**Evaluation criteria**	**Score**	**Score**	**Average**	**Weight**	**Total**
1. ESG	a) Safe Infrastructure	Safe buildings	Yes = 5; No = 1	5	4,3	0,60	2,60
		Safe boundary (fence/ security)	More than adequate = 5 Adequate = 3 Less than adequate = 1	3			
		Safe drinking water	Yes = 5; No = 1	5			
	b) Separate and adequate toilets for girls	Separate and adequate toilets for girls	Yes = 5; No = 1	5	5,0	0,20	1,00
	c) Child protection and safeguarding	Existence of adequate Policy	Yes = 5; No= 1	5	5,0	0,20	1,00
		Structured staff/ teacher training in child protection and safeguarding conducted and documented	Yes = 5; No = 1	5			
				Max score = 5			4,6

With the help of the scoring mechanism, a possibility for the REFFA investees was created to identify loan-clients that do not reach a necessary Education ESG score. An insufficient scoring would be marked as "high (education ESG) risk" loan, which would have to be reported to REFFA in the quarterly portfolio reporting. In the case of a "high risk" loan concentration above a certain threshold in one of the investees' education portfolios, REFFA may take action (and e.g. offer capacity building).

In addition to the "minimum QoE" level, REFFA defined two additional QoE levels, with declining level of priority for the assessment and according scoring: Learning Inputs: Teachers' qualifications; pupil/teacher ratios; school access for disabled learners. Learning Outputs: Exam results; percentage of learners who complete their learning programmes.

This list of indicators was applicable only to education providers, while it was decided that for individuals and families who took out a SCL, the assessment could be much simpler: A loan could be scored as being of minimum QoE, if the school to which the learner went was a registered and regulated education institute. Figure 3 shows the three QoE levels and difference in approach for each client group.

Figure 3: Education quality criteria for client types[7]



6. Source: BlueOrchard (2021)
7. Source: BlueOrchard (2021)

2.3 Assessment criteria for Affordability of Education

(Private) education was understood to be "affordable", if its costs could be covered by a family (or the learner him/herself) without having to make major sacrifices. The concept of affordability was thus seen as the interplay between the fee level of a private education provider and the available income of a family/ learner. REFFA intends to promote education that is still "affordable" to low- and lower middle-income groups. In practice, the challenge lays in finding ways to measure affordability in a realistic and feasible manner. "Major sacrifices" can be a very subjective measure, but usually, this includes food and decent (in relative terms) housing which should not be sacrificed for education costs.

After looking at different approaches, the REFFA board of directors agreed to base affordability assessments on a calculation that uses the gross national income (GNI) per capita and the average household education expenditures per country. These two indicators can give an indication of affordability levels among the typical clients of REFFA's investees. For example, if the GNI per capita in a certain country was around USD 2,500[8] per year, and if REFFA considered as "affordable" that 30% of the income goes to education, an affordable school fee would be up to USD 750 per annum. By looking at the education providers' fees of certain REFFA investee, an average fee of above that amount would be considered as not affordable.

It is important to note that there were certain shortcomings to this methodology, including the challenges to define household income, the fact that education costs vary across education levels, and the fact that the GNI as an indicator is somewhat incorrect, given that the median income for households is likely to be lower than the level of GNI of a particular country. Also, national income figures are often outdated. Furthermore, in an affordability calculation, all costs (such as uniforms, transport, books) related to (private) education should be included in the analysis, not only school fees. Also, the number of children of a family who are in (private) school should be considered. It was therefore important to strike a balance between taking the above aspects into account and finding a practical approach which could be applied across all REFFA target markets.

Figure 4: REFFA's definition of affordable education[9]

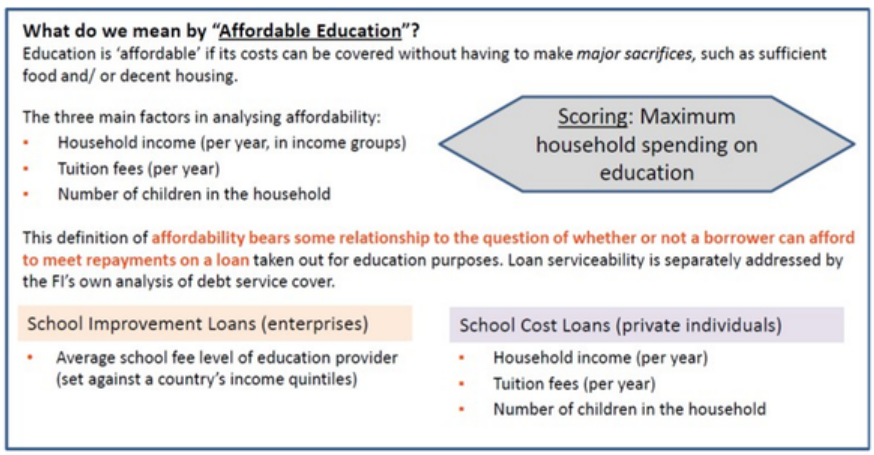


Figure 4 summarizes the approach REFFA had chosen for an affordability ranking on education costs. Based on this, a normative decision had to be taken to define an affordability threshold at household income level.

8. In PPP – purchasing power parity
9. Source: BlueOrchard (2021)



3. Implementing the measurement and scoring tool

After the measurement indicators had been defined, BlueOrchard Finance Ltd ("BlueOrchard") as the Investment Manager of REFFA started to implement a project through which the web-based monitoring and reporting platform EduTracker was elaborated with the aim to collect standardized data on QoE and AoF across the education loan portfolio of REFFA's investees.

3.1 Platform development

In a first step, a web-based platform was developed by an IT consultant team who was highly familiar with software solutions around financial inclusion management information systems. This platform allowed for two types of interfaces with the IT system of an investee: (i) sitting in the investee's data centre itself, in Excel databases and locally receive data via APIs on a server, or (ii) be connected via the internet to any cloud-based data centre solution of a REFFA investee; receiving data via APIs, too.

The platform allowed for manual input of data into standardized data input fields, automated upload of the required data points from the investee's MIS, or a combination thereof. At the same time, the platform included pre-programmed reports, to produce structured information, that informed about:

1. the education loan portfolio (numbers, volumes, types of clients),
2. a scoring reporton education quality,
3. an indication of education affordability, and
4. combined report that shows analysis of the loan portfolio along both education quality and affordability criteria.

What is important to note is the source of the data: The ideal set up would have been that loan officers collect client-level data, which would include information on indicators necessary for elaborating quality and affordability of education scores. This would include e.g. assessing the school safety, hygiene and teacher qualification situation and inserting such data points into the own MIS of the financial institution. In such case, the EduTracker platform would be able to "pull out" the corresponding datapoints from the MIS, automatically upload and process them in the EduTracker as the basis for a scoring. In cases where not all necessary datapoints would be captured in the proprietary MIS, the loan officer would have to insert the required datapoints directly into the EduTracker surface.

Lessons learned on EduTracker development

1

Technically lean and adaptable platform:

The platform had to be compatible with various IT systems of financial institutions – including simple, or combined solutions that small financial institution use, while also being able to be integrated into comprehensive IT solutions deployed by banks. The platform was pilot tested with a small microfinance institution in Nigeria and subsequently further refined and adapted.

2

Data collection and storage:

To ease the process of data input, the best approach was that loan officers uploaded all their collected data into the financial institution's own MIS, creating one database from which the EduTracker could automatically select the required data points for its analysis.

3

Language:

The main version was developed in English, but it was translated into French to allow for roll-out in Francophone West Africa.

3.2 Trainings

Any investee of REFFA who was required to report their education impact using the EduTracker first needed to understand its purpose, what data its loan officers needed to collect and how to use the platform. Therefore, training content was developed directed at the operations and credit staff. The training included an explanation of the measurement of education quality and affordability, and an overview of the data that needed to be collected from different client types. This training guide could be made available (see Annexes, which are available upon request). In addition to the training, an "Aide Memoir" document was developed, which represented a document which loan officers could take with them when undertaking client visits and collecting data to help them pose the right questions for adequate and complete collection of data.

Figure 5: Training Guide[10]



Topic	Page
1. Introduction	
- Why have I been selected for this training?	
- What support will I receive in undertaking this training?	
- What are the objectives of this training?	
- How is the training structured?	
- How long will it take me to complete this training?	
- What resources will I need to complete this training?	
2. Background to the EduFinance Tracker	
- Introducing the Regional Education Finance Fund for Africa (REFFA)	
- The relationship between REFFA and your financial institution	
- Importance of measuring Quality and Affordability of education	
- The link between credit quality and Quality and Affordability of education	
3. Introducing the EduFinance Tracker	
- The purpose of the EduFinance Tracker	
- High-level system design	
- Master and Loan data (including system access levels and controls)	
- Accessing the training environment	
4. Interacting with the EduFinance Tracker - a self-guided tour	
5. Case study exercises – Practicing data input	
6. How to update records in the EduFinance Tracker	
7. Reports – How to access and interpret Edufinance Tracker reports	
8. Frequently asked questions	
9. Learning review	
10. Appendix 1: Master Data	
11. Appendix 2: School Improvement Loan Aide Memoire	

The Aide Memoir was a "cheat sheet" for loan officers to give definitions and guidance on what indicators to collect and how to rate them. For example, an explanation of "safe buildings", among others was provided:

Figure 6: Aide Memoir snippet to explain judgement on safe school buildings[11]

12	Safe buildings	You are asked to judge if the school has safe buildings. A negative answer might be based on observations of serious structural cracks in walls; missing or damaged roofing parts; exposed electrical wiring etc. The answer requires you to make a personal judgment based on an honest observation-based assessment. Please check all areas were children/ students are staying/ moving around in the school building and on the school grounds. The judgement will need to be "no" if you discover any shortcoming where you see a risky/ unsafe situation for children. Imagine your own child would be in that school and exposed to potential risks you would want to see avoided.	Yes/No

10. Source: BlueOrchard (2022), Logos/Icons are the property of their respective entities
11. Source: Source: BlueOrchard (2022)

Lessons learned on training

1

Identify education champions:

In each loan officer team there will be experienced loan officers who may know certain sectors or client types best. For the training of the loan officers, first the education champion was trained, before the self-learning course was provided to the rest of the team, so that they could turn to one resource person at any time.

2

Self-paced learning including a certificate:

After at first we introduced a 1.5-day classroom training course, we realized getting all relevant loan officers together for the course was challenging. Therefore, we transformed the training into a self-learning course, so that loan officers could complete it at their own pace. Ideally, the course completion should be rewarded with a certificate to be motivating and visible.

3.3 Roll-out

The testing of the EduTracker portal has shown that direct engagement with each investee in a small, separate on-boarding intervention project is necessary to allow for a smooth transition to the new reporting and ensure ownership for the data collection and reporting by the investees and their staff. The onboarding includes several steps:

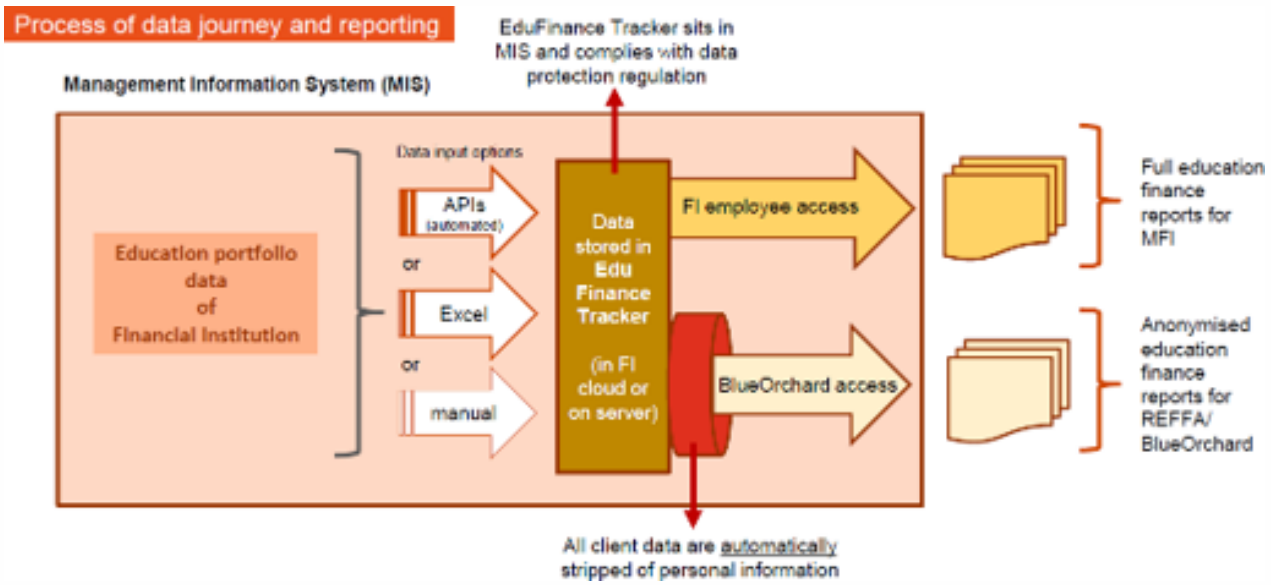
1. Get executive management buy-in on the value of data-based impact level reporting;
2. Spend dedicated time with the IT team;
3. Training of operations staff and loan officers;
4. Interact with investor reporting team.

While getting the executive management buy-in is most important from a strategic point of view to get sufficient attention from the IT and operation teams, the core team to interact with are the IT and operations teams. Approximately two focused weeks with intermitted meetings are required from the IT team to complete the onboarding process. For the loan officers, a 1.5-day equivalent of time investment is required to run through the self-paced training course.

A guidance manual was also prepared for the onboarding process with the IT team – but the most important success factor was to have access to one or two senior IT members who could run a data mapping and define the APIs to be connected to the EduTracker. Prior to the onboarding, the investee was asked to fill in a detailed IT questionnaire to show their systems in use and IT capacity.

A core concern of each investee was - understandably so - data protection. Given that for each financial institution, client data must be protected by law, the REFFA investees were looking for comfort on any data to be shared. Therefore, the EduTracker was designed to automatically strip any personal client information from the data that would be used for the quality and affordability reporting, if shared with an external party (such as BlueOrchard as the REFFA Investment Manager) as shown in figure 7.

Figure 7: Overview on data protection mechanism[12]



Lessons learned on oll-out

1

Management buy-in:

Any roll-out process required full management buy-in, so that the other relevant teams (IT and Operations/Credit) were comfortable spending dedicated time on the onboarding.

2

Time and resource requirements:

IT departments often worked in project logic, hence joint planning early on enabled the IT team to integrate such onboarding project intervention into their internal planning. Also, some institutions required an extension of their IT system so that, e.g., the additional data to be collected by loan officers could be integrated.

12. Source: BlueOrchard (2022)

3

Remind investee of manual reporting burden:

The specific quarterly reporting requests from REFFA on the education portfolio of its investees did already require the investee to invest manual work to retrieve, clean and arrange relevant data. Showing that a dedicated one-off investment into onboarding to the EduTracker would pay off later with less manual reporting work, was an important argument in the conversation about onboarding to the EduTracker.

4

Momentum:

The best moment to undertake the roll-out was immediately after the loan agreement signature. The loan agreement was adapted to be more explicit about the specific reporting requirements of an investee towards REFFA, providing more leverage to ask for additional data reporting.

3.4 Data collection & integration

Reporting with the EduTracker required the investees to collect additional data points from their education loan clients. While some of the required data points were data that loan officers would know because of their credit analysis, but did not register/ input into the MIS, the actual process of inserting more data than usual clearly was a big ask from an investor. Therefore, a brief analysis (data mapping) was done to understand which data the investee might already collect routinely. The full list of required datapoints for education provider clients is shown in figure 8 below.

Figure 8: List of required data and loan officer judgement[13]

Loan typ	Data type	Indicator	Reporting to REFFA	Data point	Dropdown 1
SIL	Edu ESG	Infrastructure	new - required	Safe building	yes
SIL	Edu ESG	Infrastructure	new - required	Secure School boundary	More than adequate
SIL	Edu ESG	Infrastructure	new - required	Fire procedures in place	yes
SIL	Edu ESG	Hygiene	new - required	Safe drinking water available	yes
SIL	Edu ESG	Hygiene	new - required	Adequate and separate toilets for boys and girls	yes
SIL	Edu ESG	Hygiene	new - required	Adequate hygiene of cooking and eating facilitie	yes
SIL	Edu ESG	Child protection and safeguarding	new - required	Policy exists and is part of contractual documen	yes
SIL	Edu ESG	Child protection and safeguarding	new - required	Structured staff teachers training conducted and	yes
SIL	Edu Inputs	Teachers trained	new - good to have	Trained as per government approved training sc	>70% trained = 5
SIL	Edu Inputs	Teacher absenteism	new - good to have	Absent percentage in last year	>10% = 5
SIL	Edu Inputs	Pupil-teacher ratio	new - good to have	Current status (overall average)	Meets country norms for
SIL	Edu Inputs	Inclusive approach to access and le	new - good to have	Appropriate facilities for disabled children	Wheelchair access to all
SIL	Learning Outcomes	Exam Results	new - nice to have	Pass/ Fail ratio	>90% passed = 5
SIL	Learning Outcomes	Dropouts	new - nice to have	No. Of dropouts across all grades	>10% = 5

Also, datapoints were classified as “required”, “good to have” and “nice to have”, so that investees were allowed to start with a set of minimum data but eventually transition to a deeper data environment with increased learning by loan officers.

13 Source: BlueOrchard (2022)

Given the qualitative nature of most of the required datapoints, it was decided that these data should be reported jointly with the quantitative education portfolio data (number and volumes of loans), so that the full reporting can happen in one exercise. Overall, the aim of the onboarding was always to standardize and integrate the data collection and processing as much as possible so that the reporting burden by the investee would be kept as minimal as possible.

Lessons learned on data collection and integration

1

Integrated reporting:

Ideally, the loan officer shall collect all required client data and insert the result into one reporting template - this should include the quantitative financial data as well as the qualitative client level data relevant for calculating the QoE and AoE scores. In a situation where an investee was still learning how to integrate qualitative education loan data, the investee was required to report their education loan portfolio through the EduTracker, which created a stronger argument to onboard to the EduTracker and helped to create comfort in using the tool for reporting on more straightforward datapoints.

2

Reporting covenants

Ideally, a reporting covenant should be included in the loan agreement. Such could e.g. allow for a maximum accepted share of school loan clients below the minimum QoE level, while awareness should be raised with investees to only allow an education loan that would contribute to increasing QoE levels (e.g. a loan that increases the school safely or hygiene standards).



4. Project budget and resource implications

When the budget for elaborating the EduTracker was initially estimated, the time and resources needed for the individual rollouts were strongly underestimated. Compared to the original budget, a three times higher amount was spent on the entire course of the project, while double the time originally assumed was required (both internally and on the side of the consultant team who developed the EduTracker). In the end, the EduTracker could only be rolled out to a small proportion of the fund's portfolio.

Lessons learned on resourcing

1

Rollout costs:

The complexity and tailored nature of each rollout was the most underestimated factor in terms of funding and timing related to this impact monitoring project.

2

On-going costs:

In addition to the actual project (i.e. external consulting costs), internal resources need to be planned for - as for each new investee, a small new onboarding project will have to be implemented that requires dedicated attention and follow-up. Also, an internal system for structurally capturing the reported data from the investees must be created to allow for a more automated and regular impact reporting routine.



5. Conclusions and recommendations

REFFA offers funding for education finance across Africa on commercial terms, i.e. no concessional funding structure exists (other than the public first loss capital which forms part of the blended finance design of the fund itself, with the aim to attract more private capital). As a result, there is limited room for negotiation for the investment team when structuring the deals under REFFA. This results in a limitation when asking for a comprehensive and specific impact reporting from an investee – such as the EduFinance tracker data requests represented, including the additional work required for its onboarding.

At the same time, the intermediated lending structure of REFFA via debt-funding only offers very limited influence over the operations (including data collection practices) of an investee. If the REFFA loan agreement does not include clear reporting covenants from the outset, the leverage on specific reporting requirements remains limited.

In addition, the value of an additional reporting burden will be considered by each investee. While most REFFA investees did see a social value in understanding the level of education quality they are funding, and the affordability level of the education they promote, such insights did not provide them with a direct commercially transferable value. Against competing demands on management and staff time and resources - the impact level reporting request from REFFA was often deprioritized.

The best moment to install a specific reporting system at an investee that is related to an investment is directly after the loan was closed. Here, the close exchange and cooperation between the investment team and the investee can be used to launch the reporting project, which should help the investee to report at ease from the outset.

Finally, the investment manager must have dedicated resources to work with the Fund's investees in accordance with a defined, proven and well-stablished intervention framework. This will enable a smooth and standardised onboarding process to commence in parallel with the closing of the loan agreement and to be followed up thereafter.

Annexes

Annex 1: TrainingMaterials

Annex 2: QoE list of indicators and scoring

Annex 3: AoE measurement approach

Annex 4: Platform Screenshots & reporting examples

Annexes are available upon request.
Please contact our team via info@blueorchard.com.

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