

Brazil Education

ENADE Results: challenging across the board with increasing regulatory risk

Industry Overview

Ânima has 19% of institutions among higher grades

The Ministry of Education (MEC) reported today the results of 2022 National Exam of Students Performance (ENADE, in Portuguese). Among listed institutions, Ânima continued to be the top performer with 19% of its institutions rated 5. Cruzeiro do Sul and Afya also performed well, with 14% and 21% of institutions rated 4&5. On the other hand, Cogna has c50% of institutions rated 1&2, which are considered insufficient. However, we highlight the gap between best and worse performers declined over time.

2022 ENADE shows worsening on quality indicators

ENADE is a three-year-cycle assessment of the quality of education provided by higher education institutions at the student level (see 'Quality Indicators' in [DL primer](#) report). 2022 numbers show that only 3% of private courses are rated 5 (the scale goes from 1, the worst, to 5, the best). Among listed institutions, Afya had the largest improvement with an increase of 4pp on institutions rated 4&5 vs. 2018, last comparable results when the same courses were evaluated (human science field). YDUQS remained flat while Ânima had the largest worsening – decrease of 15p.p on institutions rated 4&5.

Quality of DL seems to be declining over time

Distance Learning continued to underperform on-campus institutions, with 18% of institutions rated 4&5 vs. 27% from on-campus. When comparing to 2018 results, DL also had the largest worsening as in the previous exam 25% of the institutions were graded the highest scores, a 7p.p worsening. On-campus score distribution remained flat. On the other hand, when looking at private institutions only, the quality gap is lower with only 21% of them rated 4&5 among on-campus courses vs. 18% for DL.

Minimum of on-campus activities to be required on DL

In the public results conference, the Ministry of Education reinforced concerns over quality of DL courses (see: [DL remains dominant... but regulatory risk is increasing](#)) report. It also highlighted that a minimum of on-campus activities will be required for DL courses. On that, we see higher risks for Cogna, given insufficient results on quality indicators, while most players would struggle with hubs infrastructure if a higher % of activities are indeed required, with Vitru hybrid-like model one step ahead on that front.

Evaluation methods to become more strict

MEC's full package of quality indicators will likely be further complemented by the release of the Preliminary Course Concept (CPC) and General Index of Courses (IGC), assessments at the course and the institution levels, respectively, in which ENADE is a key input. We expect these indicators could also be considered in potential regulation changes. Finally, the Ministry also announced that it plans to create a new regulatory agency to monitor closely the quality of higher education courses.

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DL – Distance learning

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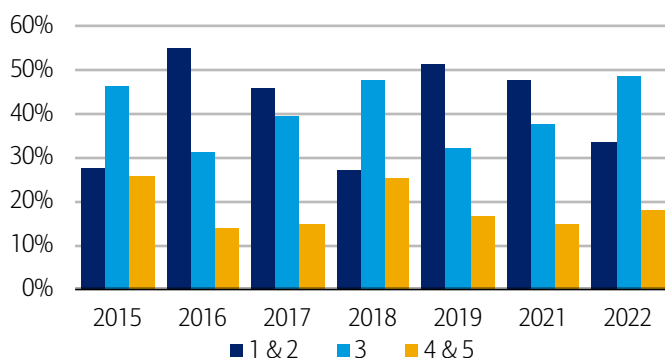
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Exhibit 1: Only 18% of DL institutions have the highest score, vs. 25% in 2018 (last comparable year)

ENADE grades over time – Distance Learning courses

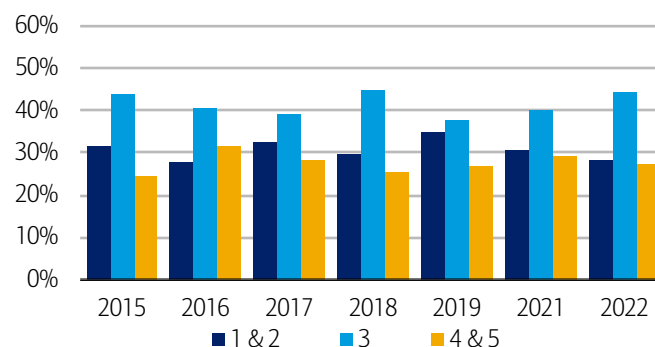


Source: BofA Global Research, INEP

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Exhibit 2: On-campus (OC) results slightly improved with 27% rated 4&5 in 2022 vs. 26% in 2018 (last comparable year)

ENADE grades over time – Distance Learning courses

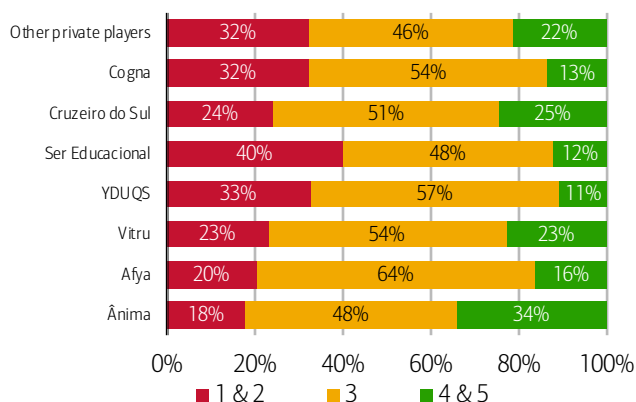


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Exhibit 3: Ânima had 34% of institutions rated 4&5.

ENADE results per listed company - 2018

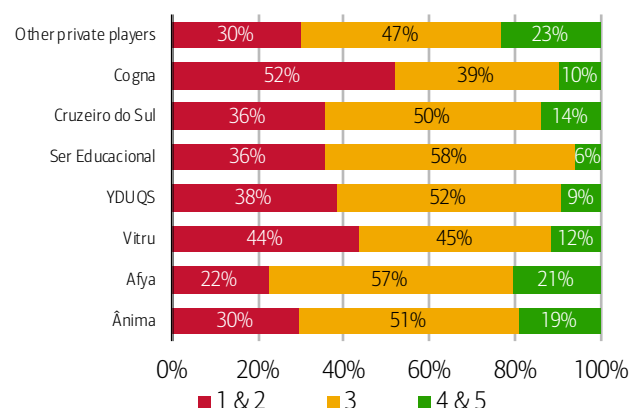


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Exhibit 4: Overall, listed institutions showed worsening on results, with Ânima going to 19% of institutions rated 4&5

ENADE results per listed company - 2022

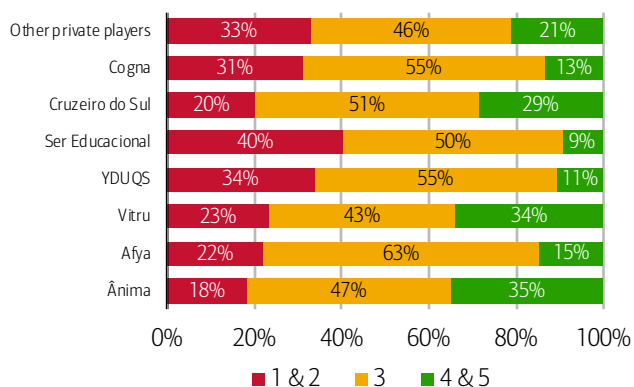


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Exhibit 5: Among listed institutions, Afya, Vitru and Cruzeiro do Sul had the best performance in 2018

On-campus ENADE results per listed company - 2018

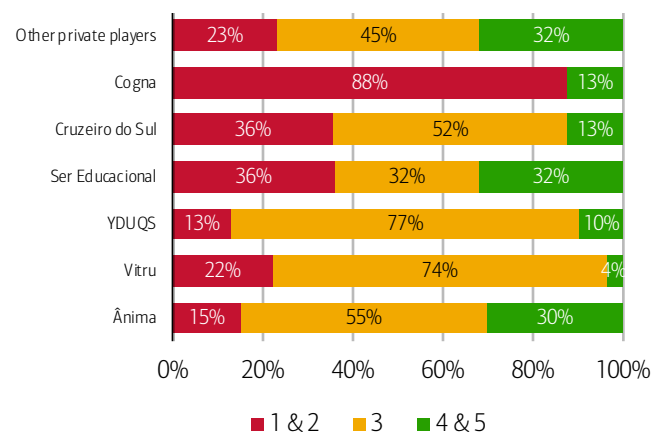


Source: BofA Global Research, INEP

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Exhibit 7: Ânima and Ser Educacional (proforma) were the best rated among listed companies

DL ENADE results per listed company - 2018

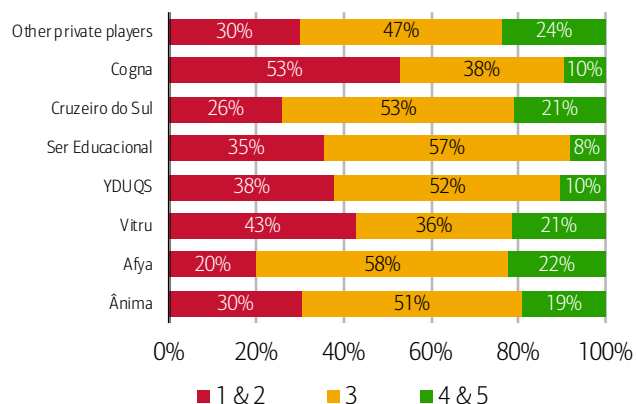


Source: BofA Global Research, INEP

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Exhibit 6: Among OC courses, the gap of best performance from Ânima and Cruzeiro do Sul vs. other listed institutions became smaller

On-campus ENADE results per listed company - 2022

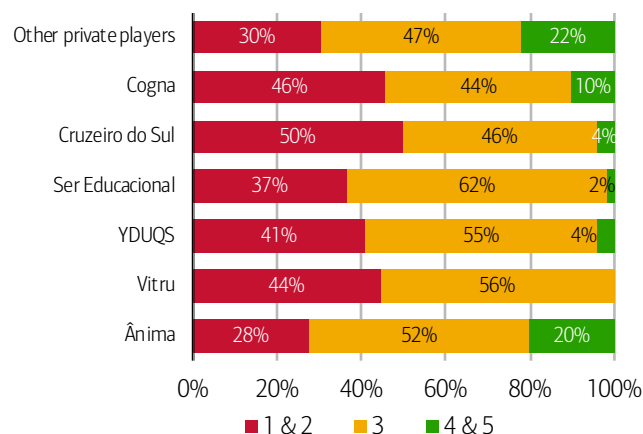


Source: BofA Global Research, INEP

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Exhibit 8: Ânima is still the best rated company but showed a worsening on % of institutions rated 4&5

DL ENADE results per listed company - 2022



Source: BofA Global Research, INEP

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