

EDUFINANCE MARKET KNOWLEDGE: Financing the Affordable Private School Sector in Colombia

The following report contains research on the Colombian EduFinance market and has been conducted on behalf of Opportunity EduFinance. 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 the schools, students, and parents, and to point towards financial solutions that are likely to best serve these potential clients.

Interviewed areas: Bogota, Medellin, Bucaramanga, Cali and Barranquilla

School Fee Loans (SFL)

Profile of parents interviewed¹

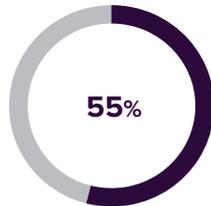


¹Income strata 2–3

Income



parents' average monthly income



of parents had no financial problem paying fees

Savings



of parents are willing to save for school fees



average monthly amount parents willing to save

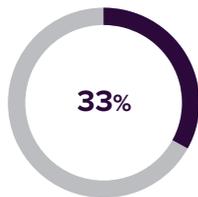
Tertiary Tuition Loans

Profile of students interviewed



*From technical institutions

Income & fees

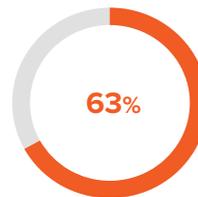


of monthly income goes on tuition payments



average tuition fee amount per semester

Savings



are willing to save to pay for tuition fees



average monthly amount willing to save

Demand for Tertiary Tuition Loans



of students are interested in a loan



Loan range amount required



Uses of loan:
Tuition fees or laptops

Estimated total demand



Estimated potential market for Tertiary Tuition Loans

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School Improvement Loans (SIL)

Profile of schools interviewed²

 **9** schools interviewed

 **200–800** students per school

 **50–100** students expansion capacity

 **CoP 90k–350k** (US\$ 26–100) avg. monthly school fee

Salaries



Teacher salaries average **CoP \$1.5mn** (US \$430)



Salaries are fixed for 10 months

Interest in Loans



Schools use their own sources to fund projects



Schools only access loans to buy land to for new buildings and expansion

Requirements



Robust technological infrastructure needed to strengthen virtual education model for teachers & school administration

Profile of Technical Institutions interviewed²

 **9** technical institutions interviewed

 **300–2k** students per institute

 **Flexible** education programs

 **CoP \$60k+** (US\$ 17+) registration cost

Interest in Loans



Centres are willing to borrow for infrastructure development and regional expansion



CoP \$500mn (US \$143)

average amount required

Requirements



Institutes need to strengthen administrative and financial facilities with a focus on technology

Effects of COVID-19

- Schools not equipped enough with technology to run remote learning.
- Many students moved to public schools, due to the low trust in the virtual education and of parents' job loss or lower income.
- Students did not have facilities to access virtual education.
- Schools automated school fees payments (through bank, web, etc.), however there is an **8–20%** range of arrears.
- There is interest from parents for a loan to reduce the pandemic's impact on household finances, but there is no clear priority to pay children's studies with this fund.

²Due to COVID-19 school closure and social distancing measures, we conducted in-depth interviews for schools and technical institutes.