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

Opportunity EduFinance conducted market research to analyse the needs of affordable private schools in Honduras. The intention of the research was to gain insight into the size and nature of the private education market in low- and middle-income areas in different regions, in order to understand the problems that affect affordable private schools and show financial solutions that are likely to best serve them.

Regions part of the study: Choluteca, San Marcos de Colon, Comayagua, Danli, Santa Rosa de Copan, Gracias.

### School Improvement Loans (SIL)

**Profile**
- 17 Schools interviewed
- >2 years in operation
- 350 Average number of children per school
- HNL 2k (USD $90) Average school fees per month

**Demand for School Improvement Loans**
- 67% of schools interested in construction
- 54% of schools interested in fixed assets
- 25% of schools interested in the professional development of teachers

**Average Budget Required**
- HNL 650k (USD $26k) Construction
- HNL 182k (USD $7.3k) Fixed Assets
- HNL 136k (USD $5.5k) Professional Development

### School Fee Loans (SFL)

**Profile**
- 88 Parents interviewed
- 60% of parents interviewed are women
- 2 children on average in private education
- HNL 6–9k (USD $250–370) annual payment plus 3k (USD $125) monthly

**Demand for School Fee Loans**
- >80% interested in a loan for education
- HNL 50k (USD $2k) Average loan size
- Loan tenure 18 months
- >70% would provide personal guarantors
- 90% interested in receiving financial literacy

**Estimated market size**
- The estimated market size for School Improvement Loans is: HNL 146mn (USD $6mn)
- The estimated market size for School Fee Loans is: HNL 134mn (USD $5.5mn)
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### Teacher Loans

- **85 teachers interviewed**
- **Average loan size**
  - HNL 50k (USD $2k)
- **Average loan tenure**
  - 36 months
- **77% would offer personal guarantee**
- **Average loan tenure**
  - 36 months

### Uses of Teacher Loans

- **72%** Interested in saving for 2 years
- **21%** To support higher education
- **20%** Own education

### EduSave

- **Parents**
  - **80%** To support higher education
  - **40%** Saving for secondary
- **78%** Interested in saving products for education for min 2 years
- **Monthly saving**
  - HNL 600 (USD $25)
- **>75% would prefer an automatic transfer from the bank account to the saving account**

### Schools

- **Monthly saving**
  - HNL 4.5k (USD $190)
- **Average saving goal**
  - HNL 150k (USD $6k)

### Teachers

- **>50%** Interested in saving for 2 years
- **Mainly to support the higher education studies of their children**
- **Saving goal**
  - HNL 30k–100k (USD $1.2–4k) yearly
- **Monthly saving**
  - HNL 200–1k (USD $8–40)

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**Estimated market size**

- **Teacher Loans**
  - **HNL 13mn** (USD $500k)
- **EduSave**
  - **HNL 395mn** (USD $16m)