

EDUFINANCE MARKET KNOWLEDGE:

Financing the Affordable Private School Sector in Paraguay

The following report contains research on the Paraguayan 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, teachers, and parents, and to point towards financial solutions that are likely to best serve these potential clients.

Regions interviewed: Asunción, Central, Alto Paraná and Itapúa

Schools

Profile of schools interviewed



114 schools interviewed



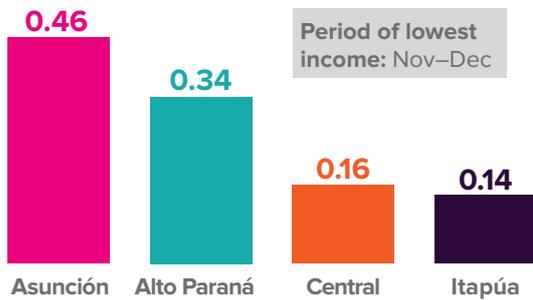
70% get additional income (from uniform 44%, books / school material 33%)



Average enrolment¹
(typically offering 2–3 grades)

Pre-primary: 385
Primary: 391
Low secondary: 421
High secondary: 482

School fees (mns Paraguayan guaraní PYG)



Previous borrowing behaviour



have experience in borrowing for school improvement

Interest in loan



interested in financing school improvement

Loan use



27% construction



40% fixed assets



20% working capital

Size and duration of loan

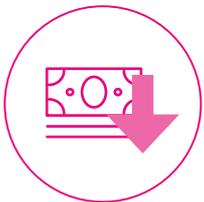


average amount required



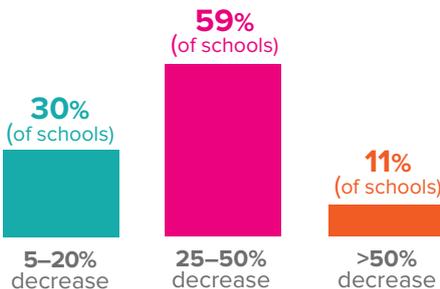
average tenure:
1–2 years

Effects of COVID-19



90% reported income decrease

Percentage decrease in income



3% dropout rate due to Covid impacting most of the last school years



Potential opportunity for school fees collection services with **2–5% fees** depending on region

Estimated market size



SIL – Construction	PYG 13.09bn (USD \$1.9mn)
SIL – Fixed Assets	PYG 10.84 bn / USD \$1.6mn
SIL – Working Capital	PYG 4.65bn / USD \$673.5k
School Fee Collection Service	PYG 39.7mn (USD \$5.75k)

The estimated market size for School Fee Loans is: **PYG \$28.62bn** (USD \$4.18mn)

¹As the interviewed schools generally offer more than one type of education, the calculation of the average number of students was estimated as follows: The total number of students enrolled in the schools of one type of education level (for example, pre-primary), then that figure was divided by the proportion of schools that offer this type of education.

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Parents

Profile of parents interviewed



64 parents interviewed



2 children in education

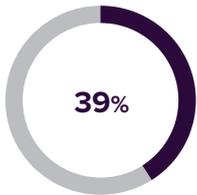


38 years old – average age



56% have slight income variations

School fees

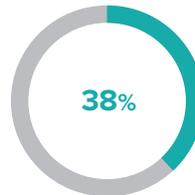


find it difficult to pay school fees on time



due to **20%** income instability and **14%** delay in receiving their salary

Interest in School Fee Loans



would be interested in borrowing for school fees



average amount required



to also cover additional school items such as books (50%)

Savings / EduSave



of parents are not currently saving



are interested in saving for education and school fees collection as an additional service

Estimated market size



The estimated market size for **School Fee Loans** is:

PYG 49.45bn
(USD \$7.16mn)

The estimated market size for **EduSave** is:

PYG 2.51mn
(USD \$363k)

Teachers

Profile of teachers interviewed



55 teachers interviewed



40 years old on average

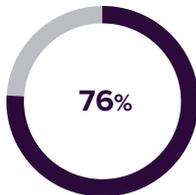


1 child per household on average



76% have a formal job

Previous borrowing behaviour



of teachers have experience of managing debt



14% used the loan to pay school fees

Demand for Teacher Loans



would be interested in borrowing to improve their teaching and to pay school fees



average loan size

Estimated market size



The estimated potential market for **Teacher Loans** is: **PYG 18.33bn** (USD \$2.66mn)

The total estimated potential market size for **Paraguay** is: **PYG 98.9bn** (USD \$14.33mn)