

Corporación Universitaria Minuto de Dios

COMPANY BACKGROUND

Corporación Universitaria Minuto de Dios, or Uniminuto, is a rapidly growing not-for-profit tertiary education institution established in 1990 in Bogotá, Colombia. Uniminuto offers affordable, high-quality technical, technological and university education. Its largest presence is at the principal Bogotá campus where 30% of its students attend school. Its national network reaches nearly 82,000 students in 48 locations in over 35 municipalities, with over 50% of its students enrolled in distance learning programs.

Country: Colombia

Sector: Education

IFC's Investment: \$8 million in long-term debt financing

DRIVERS FOR UNIMINUTO'S INCLUSIVE BUSINESS MODEL

- Market need for accessible, affordable tertiary education, which aligns with the parent organization's mission to aid the neediest populations
- Insufficient public supply of higher educational institutions and expensive private supply
- Insufficient quality technical and technologically-oriented offerings among other providers to prepare students for employment after graduation

Uniminuto addresses a social need for increased access to tertiary educational services, particularly among lower-income and geographically isolated students. Today, tertiary education opportunities vary greatly based on students' socioeconomic status and proximity to major urban centers. Approximately 1.5 million students are enrolled in tertiary education in Colombia, which is a gross coverage ratio of 34%, lower than other middle-income countries in Latin America. Coverage ratios differ greatly by region and are close to 50% in the capital district of Bogotá compared with 10% in less urban areas. Although there are 283 tertiary education providers in the country, private offerings are concentrated in major urban areas and are expensive. Public offerings are insufficient to meet demand. In addition,

whether public or private, tertiary education in Colombia today largely overlooks the technical and technological skills for which there is a clear need in the labor market—and which would give students an edge in finding full-time employment after graduation.

UNIMINUTO'S INCLUSIVE BUSINESS MODEL

Uniminuto's mission is to offer high-quality, easily reachable, complete and flexible higher education to support the development of highly competent and ethically responsible individuals in Colombia.

Uniminuto offers undergraduate, technical, specialty and master's courses, targeting lower-income students with courses emphasizing employability, affordability, and accessibility through multiple sites around the country and a distance learning platform. It emphasizes social responsibility and human development as integral parts of tertiary education through, for example, community projects in very low income neighborhoods.

Uniminuto operates independently and through formal collaborations with other universities or government entities. It owns seven teaching sites and leases several other sites. It also operates government-sponsored sites in marginal urban or rural areas and two independent community colleges to provide additional educational services. Its main source of revenues is tuition fees, which run between \$400 and \$1,400. Uniminuto has developed in Bogotá a Social Innovation Science Park, a center which provides a collaborative platform for students and others to address social problems via technology. This center focuses on enterprise development, community interventions,

and knowledge management among other areas. It has received support from the Government of Colombia as well as national and international organizations such as The International Association of Science Parks (IASP) and The National Information Society Agency of South Korea (NIA).

Uniminuto's offerings emphasize technology and focus on providing students with the skills needed to find full-time employment after graduation

The organization's courses emphasize quality and flexibility through a modular structure with early, compulsory levels covering core material and later levels covering more advanced material, leading to higher qualifications. This enables individuals to move from level to level, and exit with qualifications at more than one point. Uniminuto meets standards via mandatory quality accreditation and voluntary high quality accreditation. The latter has been granted to several programs and will be granted to the institution in 2014.

Since the end goal is for students to find employment, Uniminuto's offerings emphasize technology and focus on providing students with the skills needed to find full-time employment after graduation. It works with business, government and the non-governmental sector to ensure



that curricula meet potential employers' needs. In fact, more than half of Uniminuto's programs are vocationally-oriented. Course offerings represent key productive sectors in Colombia, including engineering, social services, communication and visual design, agribusiness, education, and technology. They are tailored to reflect regional industry mixes with certain sites offering hotel management and agro-ecology. Short-term courses in skills demanded by prospective employers, such as web design and occupational health, are also offered. Finally, Uniminuto offers programs such as pre-term workshops and basic skills tutoring to support students from lower socioeconomic groups.



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Uniminuto has been able to ensure geographic reach through a network of classroom facilities in different regions and through distance learning. Its Bogotá campus is housed in an urban part of the city close to the surrounding region and serviced by public transportation. In 2007, Uniminuto won a public tender to establish a “virtual campus” in partnership with other local institutions. Today, many of its courses are available through distance and virtual learning. The organization works with experienced universities, such as Mexico's Monterrey Tech, to develop distance learning materials—for example, for teacher training in rural regions.

Another important element of the Uniminuto model is its pricing. Through innovative cost-sharing arrangements and the use of technology, the organization is able to

keep tuition rates affordable. For example, business undergraduate studies are priced at less than \$1,000 a semester compared to an industry average of \$1,450. Rates are also differentiated by site so that they align with ability to pay in different regions. Finally, Uniminuto offers financing through Cooperativa Uniminuto. The cooperative manages longer-term loans provided through Colombia's public student loan agency ICETEX, allocates the organization's own funds to offer additional short- and medium-term financing, and helps students apply for external loans.

RESULTS OF UNIMINUTO'S INCLUSIVE BUSINESS MODEL

- 82,000 students enrolled in 2013, of which 68% are in the lowest income segments of the population
- 26% average annual growth rate in student enrollment from 2006–2012
- 37% annual revenue growth from 2006 to 2012 , with double-digit growth expected to remain through 2018

Uniminuto appears to be addressing a clear market need, with 26% average annual growth in student enrollment from 2006–2012—significantly greater than the average 5–7% growth rate for tertiary education in Colombia. In 2013, the student population reached 82,000 students, 64% of whom were female. That same year, Uniminuto began work to replicate its model in Ivory Coast and Benin in Africa.

Uniminuto's enrollment growth reflects the significant value it is creating for students. World Bank studies estimate that the average Colombian family spends just under 30% of GDP per capita per year on tuition for tertiary education, and 64% for total costs including expenses. This is significantly higher than in high-income countries, where families spend on average 10% for tuition and 19% for total costs.¹ Uniminuto competes well by keeping costs down and facilitating student loan financing. The financing unit, which assists nearly 70% of students in accessing loans, managed the issuance of loans valued at US\$16 million in 2012. That same year, the organization was able to reach over 50,000 students

from the lowest two quintiles of the population by income, and it plans to continue growing this figure.

From 2006 to 2012, Uniminuto's net revenues grew with an EBITDA that represented an acceptable level given the organization's focus on affordability and its expansion into non-traditional regions. It experienced 37% annual revenue growth during this period. Uniminuto is financially sustainable with profit margins comparable to private sector providers.

Uniminuto was recognized as a winner of the G20 Challenge on Inclusive Business Innovation in 2012. Most recently, in 2013, the organization also received the Financial Times/ IFC Sustainable Finance Award for achievements in Inclusive Business.

¹ Murakami, Y. and A. Blom. 2008. "Accessibility and Affordability of Tertiary Education in Brazil, Colombia, Mexico and Peru within a Global Context." World Bank Policy Research Working Paper 451. Washington, DC: The World Bank. Pages 4, 13, 16

IFC'S ROLE AND VALUE-ADD

IFC's Investment: \$8 million in long-term debt financing

Investment Year: 2012

- Fund physical expansion, information and communications technology improvements, and institutional strengthening
- Share expertise in university project implementation and building new partnerships
- Assist with expansion to other emerging markets
- Provide guidance on insurance and environmental management

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For more information, visit ifc.org/inclusivebusiness and uniminuto.edu