



Student Loan Pilot Call for Ideas

Partnerships and Private Sector engagement

MCA-Georgia

Presentation on Call for Ideas Request

Innovative Student Loan Financing Pilot Program for
Access to Higher Education to Stimulate Diversity and Competitiveness
in the Georgian Workforce

October 5th, 2018



Student Loan Pilot Call for Ideas

Agenda

- Introductions
- MCA-G and Georgia Education Compact
- Review of Call for Ideas Request
- Timeline Considerations
- FAQs
- Open Question and Answer period
- Next Steps



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Introduction

- Georgia II Compact (2014-2019),
- Administered by Millennium Challenge Account-Georgia (MCA-G).
- Focuses on
 - (i) improvement of general education learning environment,
 - (ii) industry-led skills and workforce development, and
 - **(iii) strengthening higher education quality.**
- \$34.35 million investment, Compact has facilitated the creation of San Diego State University-Georgia (SDSU-G) dual degree bachelor's programs,
- delivered in partnership with three (3) Georgian universities (Tbilisi State University, Ilia State University, and Georgian Technical University)
- Increase the number of students earning high-quality STEM degrees



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The Challenge

- Interest to pilot a student financing facility
- Facilitate access to internationally-accredited STEM programs
- Include qualified Georgian students, regardless of their families' income.
- Financing facility fills a critical market gap, provide access to loans under more suitable conditions than currently exist in Georgia.
- Assuming sufficient risk cover and access to low-cost, long-term funds is possible:
 - MCA-G is confident that a student financing facility can be viable.
 - MCA-G is seeking to identify organizations competent to run a student financing facility



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MCA-G has four (4) objectives for this initiative:

1. Pilot a model that can be scaled & student loans have a path to inclusion
2. (a) Support Georgian students pursuing internationally accredited STEM bachelor's degrees through July 1, 2019, with
2. (b) potential to expand to non-STEM internationally accredited and or joint/dual degree bachelor's and master's degree students after July 1, 2019
3. Ensure current and future students of SDSU-G and SDSU's partner universities have sufficient access to finance
4. Support students in certain MCA-G-supported upper level TVET programs established with MCC funding (please see list at: www.iswd.ge)



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MCA-G Program Parameters and Priorities

- MCA-G proposes interested parties incorporate a limited set of terms and conditions most important to MCA-G
- Otherwise, submitting parties are entrusted with designing the facility
- Key parameters from MCA-G's perspective to be considered:
 - Georgian students of internationally accredited STEM degree programs
 - MCA-G-supported upper level TVET programs through July 1, 2019
 - Potential to expand majors and degrees after July 1, 2019
 - Effective interest rate not to exceed ~12%
 - No significant hidden costs or additional fees to the borrower
 - An adequate grace period and repayment period (e.g. of ~6-8 years)



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MCA-G's Contribution to the Student Financing Facility

- Initial \$250,000 can be provided to catalyze a pilot program (tranche one)
- Disbursement will be contingent upon meeting certain milestones
- MCC and MCA-G are interested in expanding the pilot's scope if successful
- Provided funds (both the initial tranche and the potential second tranche) are envisioned for:
 - I. a first loss credit guarantee,
 - II. technical assistance for the administrator and subordinate, lender(s)
 - III. technical assistance for students
 - IV. investment(s) in lending infrastructure, subject to MCA-G agreement
- MCA-G would prefer the guarantee initially focus on STEM-oriented loans
- Respondents should also feel free to include recommendations on beyond STEM focused lending



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To Include:

1. Access to long-term, inexpensive, Lari-denominated funds to a financial institution for on-lending to students, and
2. A reputable financial institution with a social impact investment and human capacity development mandate, such as a bank or micro-finance institution (MFI), to originate and administer student loans,
3. A guarantor to mitigate the risk that is inherent in student lending
4. In addition to these core elements, technical assistance might be required to set up and administer a guarantee program (e.g. work with financial institution(s) to carry out risk analysis or student applicants)



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Criteria

- Seeking innovative approaches to address access to, and cost of, student loan programs in Georgia
- Should integrate local level capacities and resources in the operation
- Pursue support from DFIs/IFIs to help underwrite risks/defray loan loss
- Address the inherently unique risks/challenges to implementation of the proposed approach
- Present new ideas to increase capacity, improve operating effectiveness, and ensure reliability and sustainability
- Driven by local partner organizations
- Leverage best practices and incorporate private sector-driven principles
- Expect the submitted concepts to include ways to generate long-term profitability / sustainability / growth



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Potential Procurement

- MCC plans to utilize these submissions to listen to the market
- Review concepts and facility design submitted by the respondents in accordance with this Call for Ideas
- Incorporate into our design approach
- Build a draft procurement for MCA-G Board approval
- MCA-G envisions the launch of a formal selection process to implement this pilot program and subsequently launch the financing facility before the end of calendar year 2018



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Timeline

- 2 October, 2018 – Request for Information Launched (Window is 21 Days)
- 5 October, 2018 – Market Presentation and Outreach
- 12 October, 2018 – Deadline for additional questions
- 16 October, 2018 – MCA-G publishes responses to questions received
- 22 October, 2018 – Call for Ideas window Closes
- 2 November 2018 – Review of Ideas Complete
- Early December – MCA Board Review and Approval Request
- Late December – Procurement Launch (pending approval)
- Early 2019 – Procurement Award



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Frequently Asked Questions

(posted in a separate file)



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Open Question and Answer Period



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Thank you For Attending

For additional information

Interested organizations may submit questions to MCA-Georgia via email to info@mcageorgia.ge

MCA-Georgia reserves the right to decide whether to answer questions received.

Should MCA-Georgia choose to answer questions, the questions and answers will be consolidated and published in a timely manner and on a reoccurring basis to ensure transparency regarding the Call for Ideas process.