

## Brazil Doubles College Loans to 100,000 Students, But Lowers Amount Granted

Contributed by Juliana César Nunes  
Wednesday, 10 August 2005

Beginning this semester, Brazilian students who have difficulties paying tuition at private universities will have more opportunities to participate in the Student Loan program (Fies, Financiamento Estudantil).

In 45 days, Brazil's Federal Savings Bank (Caixa Econômica Federal) is expected to announce the details of the three selection phases for 100 thousand new finance contracts. Up to now the number of loans available each year through the program did not exceed 50 thousand.

The Minister of Education, Fernando Haddad, explains that the increased number of openings in the Fies was only possible after changes in some of the rules of the program. Students will now be able to finance 50% of their monthly tuition payments, instead of 70%.

According to the Minister, this reduction in the percent of financing will cut the default rate in half. After graduation, students are obliged to repay the loans they obtained to cover the costs of their university education. Defaults currently amount to nearly US\$ 87.9 million (200 million reais).

"We have a significant repressed demand; the number of students who request funds comes to around 300 thousand per year. With these changes, we shall provide 100 thousand places with the resources in our budget, instead of 50 thousand, meeting one-third of the demand, instead of one-sixth, as used to be the case," Haddad calculates.

The Minister informs that, in the new contracts, priority will be given to students who scored well on the National Secondary School Examination (Enem) and university students enrolled in courses rated highly by the Ministry of Education or in faculties that subscribed to the University for All Program (ProUni). Students with partial scholarships from the ProUni are also eligible for student loans.

The government spends around US\$ 439 million (1 billion reais) annually on the Fies. The program, which was created in 1999, has already provided financial support to 320,000 students in private faculties. 163,000 students are currently enrolled in the Fies.

Agência Brasil