CapPlus’ Education Markets Impact Initiative (EMII) will unlock the education finance market and drive improved quality by mobilizing finance to low-fee private schools, a vastly underserved small business sector. EMII uses finance as a powerful lever for sustainable and scalable change to benefit over 5 million children – including 2.5 million girls – and transform financial markets to serve this new asset class.

**Market Need and EMII Solution**

In sub-Saharan Africa cities, between 40% and 84% of all children in school are educated by entrepreneurs running thousands of private primary schools, many affordable to all but the very poorest. This small business sector is swelling in response to market demand and the gap left by overburdened government schools. Another 97 million children are not in school at all. Yet these schools cannot grow sustainably, largely due to a lack of finance.

EMII will empower these schools to meet burgeoning demand and improve education quality:
- CapPlus’ core expertise in financial institution capacity building drives EMII, catalyzing a sustainable market in education finance
- Debt to financial institutions provides critical leverage for quality improvements
- Self-interest of parents, schools and financial institutions perpetuate and expand the market
- Loan conditions, incentives, and interventions such as training, new curriculum and ed-tech improve learning outcomes. Girls are rewarded with merit-based scholarships to raise expectations and support transitions to secondary education.

**Social Return**

From participating financial institutions, 6 cities

- **5.14 million children** receiving a better education
- **1.75 million more children** attending school
- **235,000 school jobs** held by 94,000 youth and 158,000 women
- **5,700 women entrepreneurs** receiving financing and services
- **$3.94 billion** in finance leveraged

---

$31.1M Initiative:
$16.1M Impact Capital for on-lending
$15M Impact Grants to strengthen financial institutions’ capacity to successfully serve schools, improve learning outcomes, engage regulators and commission an independent evaluation

1 CapPlus market research http://capplus.org/publications

---

**EDUCATION MARKETS IMPACT INITIATIVE**

Proactive Focus On Youth, Women & Girls

- **School Strengthening**
- **Financial Institution Capacity Building**
- **Debt Investment**
- **Government & Ecosystem Engagement**

**CREDITS, SAVINGS, & QUALITY INTERVENTION**

- **Schools**
- **Teachers**
- **Students & Parents**

**Improved outcomes**

- Fewer people in poverty
- Increased gender equality
- Better health, lower mortality
- More jobs for women & youth

**Financial market transformation**
**Market Facts**

Abuja, Accra, Dar es Salaam, Lagos, Lusaka, Kampala, Nairobi

$4 billion market potential for credit to schools over 3 years

34,000 private schools, many located in informal settlements and other low-income communities

6% - 20% annual growth rate in new school formation

80% of schools have never had a loan; unavailability of credit cited as one of top 3 constraints

69% of schools are 3 years or older

44% ownership by women among surveyed schools

4.8 million students attend private schools

2.6 times larger youth population by 2030

$8-8.5 billion investment opportunity in sub-Saharan Africa according to Caerus Capital

---

**EMII Investment**

<table>
<thead>
<tr>
<th>Education Markets Impact Initiative</th>
<th>US $31.1 million</th>
</tr>
</thead>
</table>

**Financial Structure**

- Debt: $15 million:
  - Tranche A - $12 million
  - Tranche B - $3 million subordinated
- Capital: $1.1 million
- Grants: $15 million

**EMII Manager**

CapitalPlus Exchange Corporation

**Debt Facility**

CapitalPlus Impact LLC

**Legal Structure and Domicile:**

- Debt: CapitalPlus Impact LLC, USA
- Grants: CapitalPlus Exchange, USA

**Use of Proceeds**

- **Debt:** For strategic deployment of financing (alongside TA) to African financial institutions to catalyze on-lending to schools
- **Capital:** Pre-launch development (funded)
- **Grants:**
  - TA to financial institutions and schools
  - Education quality interventions
  - Regulatory engagement
  - Performance measurement & evaluation

**Debt Commitment Period**

3 years from the initial closing

**Debt Type & Term**

Unsecured, non-amortizing debt (bullet) Term: 5 years

**Interest Rates on Debt (Return)**

- Tranche A: 2% p.a.
- Tranche B: Return of capital

**Interest Payments**

Semi-annually

**Minimum Debt Commitment:**

- US$500,000 for individual investors
- US$2 million for institutions

**Loans to Financial Institutions**

US Dollars or local currency hedged and unhedged

---

**Financial Institution Partners in Discussion with CapPlus**

<table>
<thead>
<tr>
<th>Country</th>
<th>Signed MOUs by Asset Size:</th>
<th>MOUs in Pipeline</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>&lt; $250m</td>
<td>$250m-$1b</td>
</tr>
<tr>
<td>Kenya</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Uganda</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Ghana*</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Côte d’Ivoire*</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

---

**About CapPlus**

CapPlus equips financial institutions in emerging economies to profitably deliver finance for social impact by enhancing their ability to serve small and growing businesses, the largest generators of jobs and incomes.

CapPlus has provided capacity building in tandem with capital for 13 years through its partnership with Equator Capital Partners. With an investment of $33.1 million in capacity building and peer engagement, CapPlus’ long-term partner financial institutions produced over $8.8 billion in finance to 13.4 million entrepreneurs benefiting over 60 million workers and their households.

CapPlus has invested over $1.1 million in EMII, including assembling a team of investment and education experts, interviewing scores of financial institutions, and conducting extensive research on low-fee schools in six African cities with new research underway in Abidjan, Côte d’Ivoire.

For additional information contact: Lynn Pikholz, CEO, lpikholz@capplus.org

---

This document is provided for information purposes only and does not constitute an offer or a recommendation to buy or sell any security or financial instrument. The information herein is confidential and may not be reproduced or redistributed.