

CapPlus' **Education Markets Impact Initiative (EMII)** will unlock the education finance market while driving improved quality, catalyzing finance to low-fee private schools, a vastly underserved small business sector. Our approach, grounded in country-specific research and CapPlus' expertise in development finance, uses finance as a **powerful lever to drive sustainable and scalable change**, delivering a superior education to over **5 million children** and transforming financial markets.



Overwhelming education needs and inequity in sub-Saharan Africa

In sub-Saharan Africa, 34 million primary-aged and 63 million secondary-aged children are not in school¹ and 88% of all children are not achieving minimum proficiency levels.² This situation perpetuates poverty as education is key to earning higher incomes as adults. Africa's challenges will worsen as the youth population is dramatically increasing. Youth unemployment is high, and girls and women struggle for equity.

Local solutions already exist, but need to address market failure

Education entrepreneurs are responding by establishing private schools, filling the gap left by overburdened government schools and complementing the state system. CapPlus' market research found 2,419 private schools in just a few low-income neighborhoods of six sub-Saharan cities.

The schools cannot grow to meet parents' demand, largely due to a lack of finance. CapPlus' interviews with 1,390 school proprietors, 41% who were women, found that 85% of schools had never received a bank loan. Lack of credit was consistently one of the three greatest challenges identified by school proprietors – 61% of proprietors want loans.

Financial institutions are not serving schools due to insufficient knowledge about the market and how to serve it, and a lack of capital to provide the longer-term and affordable loans that schools need – even though schools represent a \$4.5 billion market opportunity in just eight cities.³

Market solution: unleashing high quality affordable schools through financial market transformation

EMII will catalyze a self-sustaining market in education finance, building upon the self-interest of parents, schools and financial institutions and leveraging access to finance to improve learning outcomes on a scalable and replicable basis:

1. **Provide affordable, patient debt** to financial institutions to lend to locally-owned schools with embedded incentives for improving learning outcomes
2. **Spur higher quality** education by piloting a range of traditional and cutting-edge education interventions and incentives to improve learning outcomes, accompanied by rigorous evaluation to learn which are most effective
3. **Equip financial institutions** with both digital and traditional methods to finance schools for infrastructure and quality improvements, as well as parents to increase their economic resiliency, including through digital financial services
4. **Engage education regulators** in shared learning from experimental approaches to drive improved learning outcomes on a sustainable basis

Impact in Abidjan, Abuja, Accra, Lagos, Kampala and Nairobi

5.14 million children would receive a better education
1.75 million more children could attend school as new classrooms are built
235,000 school jobs would be held by 94,000 youth and 158,000 women
5,700 women entrepreneurs would receive credit and nonfinancial services
\$3.94 billion in financing leveraged by the financial sector

By demonstrating sustainability, EMII will inspire other financial institutions to enter the market, magnifying the impact across the region. EMII's learnings will be shared with the industry.

¹ UNESCO Fact Sheet No. 48, February 2018

² UNESCO Fact Sheet No. 46, September 2017

³ CapPlus research, 2016 and 2017; DEEPEN, 2014

Future impact: applying learnings to replicate EMII throughout sub-Saharan Africa

Conclusions from EMII's independent evaluation will be incorporated into EMII's successor initiative which will deploy the most cost-effective approaches to improving learning and will provide debt on a financially self-sustaining scale.

EMII addresses multiple Sustainable Development Goals and benefits the least-advantaged

EMII creates new opportunities for girls, boys and their families, youth, and women. Greater availability and higher quality education (SDG #4) leads to higher incomes as adults and employment opportunities for youth (SDG #1). Girls will be supported by merit-based scholarships to raise standards and support transitions to secondary education. Women especially benefit as schools are often owned by women and hire predominately women (SDG#5). EMII transforms financial markets to serve the unbanked school segment, women proprietors, teacher and parents (SDG#8). It builds partnerships between financial institutions, local education experts, edtech providers, regulators, and organizations committed to youth (SDG#17).

EMII's scale and partners

- Twelve financial institutions in five countries initially: Côte d'Ivoire, Ghana, Kenya, Nigeria, Uganda
- \$31.1 million initiative: Up to \$2 MM per institution in debt to on-lend to schools; grant funding for capacity building, quality of education interventions and school strengthening, regulatory engagement, peer learning and impact measurement
- Local partners to deliver the education and edtech services and multiply benefits for youth and parents

Financial Institution Partners in Discussion with CapPlus				
Country	Signed MOUs by Asset Size			MOUs in Pipeline
	<\$250m	\$250m-\$1b	>\$1b	
Kenya	2		1	1
Nigeria	2		1	3
Uganda	2			3
Ghana*	1			5
Côte d'Ivoire*	1		2	2

*Market research underway or just completed

CapPlus qualifications

CapPlus has equipped financial institutions to successfully promote SME growth with capital and capacity-building for 13 years in its partnership with Equator Capital Partners (ShoreCap Fund). 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.

The carefully assembled EMII management team includes CapPlus CEO Lynn Pikholtz; education expert Dr. Peter Colenso as Director of Education Outcomes; Chief Investment Officer Gerry Monteiro; Peter Hinton; Rula Dababneh; and a pool of experienced consultants.

EDUCATION MARKETS IMPACT INITIATIVE

Proactive Focus On Youth, Women & Girls

