

# EDUCATION MARKETS IMPACT INITIATIVE

CapPlus' **Education Markets Impact Initiative (EMII)** unlocks 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, uses finance as a **powerful lever for sustainable change**, delivering a superior education to over **4 million children**.



EMII builds upon CapPlus' capacity building expertise.

Over the last thirteen years, CapPlus' long-term financial institution partners produced over **\$8.8 billion** in finance to **13.4 million** entrepreneurs benefiting over **60 million workers** and their households.

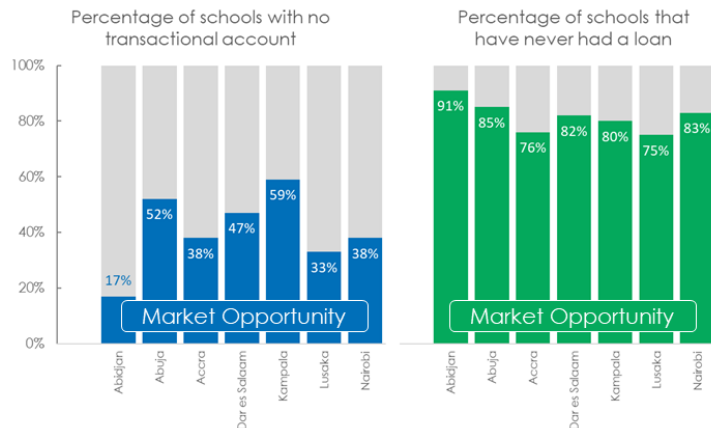
## Low-fee private schools are a large, growing, and untapped market

Sensing a market opportunity for its financial institution clients, CapPlus conducted market studies in seven sub-Saharan cities to understand the size, nature, and opportunity of low-fee private schools. These schools have emerged as education entrepreneurs respond to the gap left by overburdened government schools, complementing the state system.

CapPlus' top-line findings show these schools educate 40% to 86% of all enrolled primary school children, are largely unbanked, and are seeking a total of \$4.5 billion in credit over the next three years. The total investment market for low-fee schools in sub-Saharan Africa is estimated to be more than \$8 billion<sup>1</sup>. This sector is especially attractive for financial institutions expanding their services for small businesses:

- **57%** of schools have been in business 5+ years
- **69-93%** are profitable (varies by city)
- Most have a strong demand for credit

The schools operate primarily with cash transactions, creating a major opportunity for cross-selling account services and innovative payment solutions. Schools also present a unique opportunity to finance others in their value chain, including teachers, parents, vendors, contractors, and transportation companies.



<sup>1</sup> *The Business of Education in Africa*, Caerus Capital, 2017

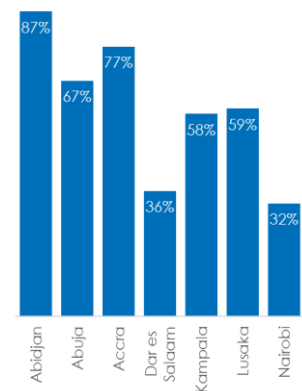
The low-fee school sector is growing and will continue to expand. In sub-Saharan Africa, 34 million primary-aged and 59 million secondary-aged children are not in school and among those in school, learning is far below grade-level expectations. Without intervention, these challenges will worsen due to the youth bulge in many countries.

## Unleashing high quality affordable schools through private capital

EMII's integrated components are designed to benefit the financial institutions, strengthen the schools, and improve students' learning outcomes:

- **Technical assistance (capacity building) to financial institutions** to support their expansion in the affordable education finance market using traditional as well digital methodologies. This is the heart of EMII, and will often commence ahead of the debt being secured, if funding is available.
- **Debt for financial institutions to onlend** to the education sector, primarily schools. Once financial institution partners have been selected, CapPlus will endeavor to raise debt per the negotiated terms.
- **Technical assistance to schools**, including financial management training and interventions to improve education quality. In the market research, schools identified erratic cash flow and the lack of financial management experience as major constraints, as well as limited access to credit. Financial institutions are also concerned about schools' irregular cash flows and associated risks. EMII addresses these issues through this component.
- **Regulatory engagement:** CapPlus will ensure that education regulators are fully informed about the initiative, share regular updates and findings from experimental approaches to drive improved learning outcomes, and confirm that unregistered schools are committed to move towards registration.
- **Monitoring and evaluation**, including rigorous external impact measurement, will begin roughly 12-18 months into the initiative.

Percentage of schools that want to borrow



## EMII's scale and partners

- Ten financial institutions in five countries initially: Côte d'Ivoire, Ghana, Kenya, Nigeria, Uganda
- \$30 million initiative, \$1 - \$3 million per financial institution (up to \$1 - 3 million per institution in debt to onlend to schools; remainder is grants to CapPlus for capacity building, quality of education interventions and school strengthening, regulatory engagement, peer learning and impact measurement)
- Local leaders in education, edtech, youth and employment

## CapPlus qualifications

With a solid track record of delivering results in tandem with investment funds, CapPlus equips financial institutions in emerging economies to deliver finance profitably for social impact. By providing strategic and operational capacity building that increases financial services to small businesses, CapPlus creates sustainable solutions that accelerate job creation, societal benefit and equity. 87% of CapPlus clients attribute improved operational efficiency and 75% attribute increased profitability to CapPlus.

**For more information:**

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