

Education Markets Impact Initiative

Catalyzing a sustainable financial market to educate Africa's lower-income children

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.¹ 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.



\$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

Social Return

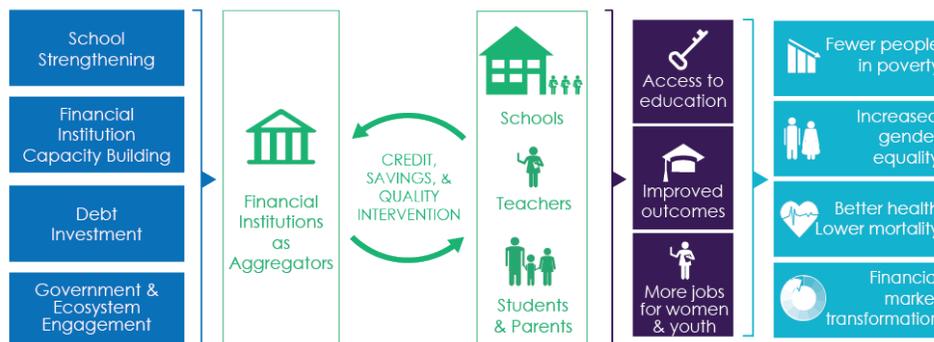
From participating financial institutions, 6 cities

- ✓ **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

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

EDUCATION MARKETS IMPACT INITIATIVE

Proactive Focus On Youth, Women & Girls



EMII Investment	
Education Markets Impact Initiative	US \$31.1 million
Financial Structure	Debt: \$15 million: <ul style="list-style-type: none"> • Tranche A - \$12 million • Tranche B - \$3 million subordinated Capital: \$1.1 million Grants: \$15 million
EMII Manager	CapitalPlus Exchange Corporation
Debt Facility	CapPlus Impact LLC
Legal Structure and Domicile:	Debt: CapPlus 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: <ul style="list-style-type: none"> • 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

Market Facts¹

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

¹ CapPlus market research for all cities except Lagos, which was conducted by DEEPEN

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

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.

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