

## InvestEU Scoreboard<sup>1</sup>

### Presentation of the financing or investment operation:

Implementing Partner: European Investment Fund (EIF)

Name of the Operation: Educapital II ("Educapital" or the "Fund")

Type of approval: Individual financing or investment operation

Name of the financial intermediary (for intermediated operations): Educapital II

Country(-ies) of implementation of the operation: EU-27, with a particular focus on France

Short description of the financing or investment operation:

The Fund's strategy will target investments into software and hybrid (tech-enabled hardware) solutions that improve learning outcomes, reach marginalised population segments and enhance human capital. It will span all age groups, from toddlers to adults.

It aims to address the lack of quality educational outcomes, poor student engagement, and the digital skillset gap in the EU-27, all of which are particularly acute among socio-economically or otherwise marginalised segments of the population.

### Public Statement

Eligible area for the operation in accordance with Annex II to the InvestEU Regulation:

#### Item 12 of Annex II of the InvestEU Regulation:

*social investments, including those supporting the implementation of the European Pillar of Social Rights, in particular through demand for and the supply of skills and education, training and related services, including for adults*

In particular, the Fund's strategy is focused on the Target Area of Skills and Education. The Fund will therefore invest in impact-driven enterprises pursuing activities related to education and training, covering early childhood and lifelong education and training as well as related services, which facilitate the development of new skills and the strengthening of established skills including projects promoting:

- i. Digital tools and tech solutions based on software and/or hardware devices and encompassing, inter alia, Virtual Reality/Artificial Intelligence/Cloud platforms, lab/ high tech/ 3D simulations;
- ii. Content-oriented activities or companies providing educational services/training at all levels to enterprises or individuals.

EIF's commitment in the Fund is a unique opportunity to contribute to the establishment of the first impact manager focused on Skills & Education in Europe, enhancing the access of impact driven enterprises to funding sources in an underserved sector.

The investment will be in the form of equity, which in turn will allow the Fund to promote equity and quasi-equity investments at the level of each underlying company, therefore investing in new companies and start-ups with significant growth potential.

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<sup>1</sup> This Scoreboard of indicators reflects the information presented to the InvestEU Investment Committee (IC) for its decision on the use of the EU guarantee for this operation. Therefore, the document does not take into account possible developments that could have occurred after this decision.

The operation addresses a clear market failure. There are flaws in Europe's education and training offering: 20% of 15 year olds in the EU-27 have poor reading skills, c.13% of EU-27 students drop out of school, in science costly laboratory equipment creates an equity gap among schools according to their spending capacity and 40% of adults in the EU-27 lack basic digital skills.

Moreover, the education sector is underdigitised and poised for its digital transformation: in 2020 only 2.5% of global education spending was digital, vs. 20% for retail and 50% for media.

The deficiencies in the educational and lifelong training spaces, call for innovation, which is best spawned by start-ups that either enable traditional actors (e.g. governments, schools, publishers, companies) to move online and scale their current offering or disrupt the incumbents.

Against this backdrop, there are only few specialised Edtech investment firms in Europe. Educapital has the ambition to become the first Edtech specialist committed to impact in Europe.

The scale of financing expected to be made available by the financial intermediary to final recipients (i.e. leverage) is estimated in the range of c. 5-6x factor, in accordance with the "InvestEU Leverage and Multiplier Effect Calculation Methodology" as approved by the InvestEU Steering Board.

With respect to the benefits generated by the operation for the final recipients, it is worth highlighting in particular the following key features: (i) the provision of equity financing; (ii) the longer holding period (within up to 12 years term of the fund); (iii) contribution to the diversification of funding sources for final recipients; and (iv) besides the pure investment aspects, the provision of business development advice by the financial intermediary to the final recipients, with access to know-how and network.

In relation to the impact of the operation on the ecosystem: the dissemination and the scaling up of social impact businesses remains very challenging without access to suitable intermediaries to cover their financing needs. The unmet demand is therefore a direct consequence of lack of specialised impact-driven investors in the market, which often face difficulties in reaching critical mass themselves. The EIF commitment in the Fund aims at contributing to the establishment of the first education technology impact fund in the EU, improving access to quality capital and incentivising the creation of new social impact business models focussing on the emerging edtech vertical.

**Pillar 3** - Market failure or sub-optimal investment situation addressed by the financing or investment operation (**Excellent**)

**Pillar 4** - Financial and technical contribution by the Implementing Partner (**Very Good**)

**Pillar 5** - Impact of the financing or investment operation (**Very Good**)

**Pillar 7** - Complementary indicators<sup>2</sup>

**Operation-specific indicators**, estimated on the "InvestEU Leverage and Multiplier Effect Calculation Methodology" as approved by the InvestEU Steering Board.

- (a.1) Leverage effect: Indicatively 5.7x
- (a.2) Multiplier effect: Indicatively 14x

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<sup>2</sup> The InvestEU methodology is used in order to calculate figures presented in this document. The financial intermediary's estimates may differ.