

I&P EDUCATION TO EMPLOYMENT (IP2E)

A blended finance programme
to improve the employability of African youth



THE CHALLENGE: BUILD RELEVANT AND QUALITY HUMAN CAPITAL FOR THE AFRICAN JOB MARKET

450 million young women and men will enter the African job market by 2050. This unprecedented challenge calls for a massive mobilization to build quality and relevant Human capital in Africa. The growth rate of the continent, its competitiveness and inclusiveness massively depend on the capacity to offer quality and relevant education, and **training accessible to the greatest number.** On the other end, the **shortage** of skilled youth is perceived as huge by all African businesses, either multinationals, local private businesses, SMEs, start-ups... the shortage of craftsmen in all areas of service is also critical in the daily life.

The entire chain of **education needs quantitative and qualitative improvements** to address this challenge and promote a **better access to jobs and entrepreneurship to this new generation of Africans.** But government and international assistance funding address mostly the primary and secondary level issues, and will continue to do so for many years, while **higher education, technical and professional training suffer from public under-investment**, starving the economy from skilled workers and executives, and maintaining out of job many young women and men, unable to fit the job market.

Despite an improvement in recent years, the **gender gap in education remains very wide in Africa.** However, access to quality education for girls and women is a prerequisite for access to economic opportunities enabling their emancipation and empowerment. **It is essential to fight the cycle of poverty and to ensure equal opportunities for all in a more inclusive society.**

Yet **new emerging economic models in private education, often developed by African entrepreneurs** can be supported and scaled up to address efficiently this issue while directly creating local jobs. These can be vocational training centers, local schools or universities and other businesses in ancillary activities such as printing and publishing companies or Ed techs. We believe that **a blended finance approach combining an investment fund and a grant-based fund can together promote relevance, quality and access of education and contribute to improve the employability of African youth.**

The Covid-19 pandemic and its management is disrupting the education sector and could lead to longer-term human capital issues for African economies. The shift towards emergency remote teaching/learning and digital offerings is particularly challenging in a region where public education resources are limited, and access to connectivity is not a given. While several relevant solutions have emerged, **the need to increase support to the education system is urgent to mitigate the lasting impacts of this crisis on youth education and employment**

→ The new “I&P Education to Employment” program will aim to improve African youth’s employability, through a better access to quality and relevant education and training, in order to build an inclusive and performing economy in Africa.

THE SOLUTION: AN INNOVATIVE BLENDED FINANCE APPROACH, TO ADDRESS QUALITY OF, AND ACCESS TO POST-SECONDARY EDUCATION AND TRAINING

BLENDED FINANCE

AN IMPACT INVESTMENT FUND

AN ACCESS FUND



GEOGRAPHY

▶ Focus on **Western Africa**, including the Sahel, **Central Africa** and the **Indian Ocean** as well as **North Africa** and **selected Anglophone countries** where I&P has strong networks (e.g. Ghana, Kenya, Uganda).



TARGETS

- ▶ Education businesses in **higher education** and **TVET** (2/3 of the fund)
- ▶ Innovative education providers in other education cycles and ancillary sectors (1/3).
- ▶ **SMEs** in their expansion stage (2/3) but **also startups** (max 1/3)
- ▶ Early stage or informal education businesses for them to become investment ready
- ▶ **Vulnerable students** in fragile and least developed countries and/or rural areas, in particular girls and young women



TOOLS

- ▶ Mix of **equity** (and quasi equity) and **debt**, with a **minority stake approach**.
- ▶ Tickets sizes ranging from €300k to €5M with a holding period of 5 to 7 years
- ▶ Seed funding, **repayable grants**, **grant funding for scholarships** and sustainable scholarships mechanisms, incubators, student loans, **technical assistance**, early-stage grants



KEY TERMS

- ▶ Target size: **€50M**
- ▶ Target size: **€20M**
- ▶ Based on **grant funding**

The Access Fund will **deepen and sustain the impact performance** of the project by providing the Impact Investment Fund investees with additional grant resources but also by **supporting a variety of stakeholders within local education ecosystems.** I&P will generate data based on **evaluation** of results and impact, and research on private sector engagement and outreach in education. I&P will use its experience in **advocacy** to promote the dialogue with NGOs and the civil society, and join forces with local public authorities to promote good practices. This ecosystem leadership role will be fulfilled hand in hand with public education providers and local authorities.

IP2E CAN RELY ON UNIQUE ASSETS TO CONDUCT THIS INNOVATIVE AND SYSTEM-CHANGE PROGRAM

A Solid Track Record

- ▶ **17 years of experience in SME financing** in Sub Saharan Africa and a pool of 100 investees, joined together in a club of entrepreneurs.
- ▶ **Deep know-how of managing mixed and blended instruments** depending on the size, maturity and needs of small growing businesses, with dedicated programs by donor agencies or foundations.
- ▶ **A well-established track record in education through 8 direct deals** in the sector and the management of an Education Impact Fund promoted by the Jacobs Foundation.

A Franco-African Experienced Team

- ▶ **A deep African footprint** with 35 staff located in 7 African countries, for better sourcing and close support to the companies.
- ▶ **A seasoned team**, managing 4 funds with €200M under management.
- ▶ **A group of high-level supporters:** Monaco as a sponsor of the fund, FERDI as the academic partner and a Strategic Council to guide and advise the team.

A Commitment to System-Change Solutions

- ▶ **B-Corp™ certification**, among the best performers of the **Principles for Responsible Investment**, early adopter of the IFC's Operating Principles for Impact Management.
- ▶ Design and implementation of **innovative impact management tools:** Impact Plan Agreement, Ethics Charter, Lean Data...
- ▶ **Proactive advocacy policy** to promote the recognition of SMEs as vectors of change and the implementation of appropriate financing solutions in Africa.



Focus: The Education Impact Fund in Côte d'Ivoire

In addition to the 8 investments in education with its generalist funds, I&P and the Ivoirian impact fund Comoé Capital have conducted an **Education Impact Fund (EIF)** program with the Jacobs Foundation in Côte d'Ivoire. EIF made 6 investments in high-impact early-stage SMEs, illustrating the possibility to support deep changes in African training and education private systems and the existence of promising businesses in the sector.

WHAT ARE THE NEXT STEPS ?

The Initial partnership is composed of the **Government of Monaco** as a sponsor and funder, providing a €1M grant to set up and raise the impact fund, Investisseurs & Partenaires – I&P as an operator, and the **FERDI** as an academic partner, conducting the feasibility study. A **Strategic Council** has been set up to guide and advise the team, and ensure the external coherence of the project, so that the fund provides a relevant intervention, complementary to public policy instruments implemented in the target countries.



JANUARY 2019

Q3 2019

Q1 2020

Q3 2020

H2 2021

H1 2023

Feasibility study and design stage

Fundraising, structuring and pipeline building

Initial investments

Partnership agreement between Monaco and I&P

Conclusions of the feasibility study
Start of the fundraising process

Launch of IPAS, the seed funding component of IP2E, funded by the EU

Launch of the Access fund

First close of the Impact Investment Fund at €30m

Last close of the Impact Investment Fund at €50m

ABOUT INVESTISSEURS & PARTENAIRES

Investisseurs & Partenaires (I&P) is a family of impact funds fully dedicated to the African continent. **I&P is a pioneering actor in the African impact investing sector.** With **€200M** under management, I&P has invested in 100 small and medium-size companies across 16 countries. I&P brings long-term financing (ranging from €30k to €3M) as well as strategic, managerial and technical support to its investees. I&P's team consists of **50 people based in Paris and in 7 African offices** (Senegal, Ivory Coast, Burkina Faso, Ghana, Cameroon, Niger and Madagascar), and in 5 country-focused investment funds (Sinergi Niger, Sinergi Burkina, Teranga Capital, Comoé Capital and Miarakap). Read more: www.ietp.com

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