

Conclusions

Educapital II

INVEU-ICR-0013-2022 – Social Investment and skills window

Short description of the financing or investment operation and its objectives

Name of the Promoter/Financial Intermediary	Educapital II
Country(-ies) of implementation	EU-27, with a particular focus on France.
Implementing partner	EIF

Educapital was founded in 2016 by two female Partners with the ambition to leverage their investment, entrepreneurial and managerial experience to create a venture capital firm that would deliver resilient financial and social impact returns. The Partners identified the education sector as heavily under digitised and standing at the tipping point of its technological transformation.

Educapital is the first impact firm in Europe with a strategy focusing on the skills and education areas. The Fund is the first specialized impact fund in Europe on skills and education, that seeks to achieve social impact, in terms of reach, inclusion and learning outcomes.

The Fund's strategy will target investments into software and hybrid (tech-enabled hardware) solutions that improve learning outcomes, reaches marginalised population segments 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.

Global Assessment and rationale for approval

The Investment Committee of the InvestEU Fund approved the use of the EU guarantee on 11 May 2022 for the above-mentioned operation.

There are short-falls 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 under-digitised 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.

Conclusions

More than 50% of the operation is dedicated to the SME ecosystem , and there is strong focus on key policy priorities for the EU (skills and education and digital).

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

EIF has provided significant structuring input that has contributed to strengthening the proposal. EIF's potential commitment since is deemed to positively influence the Fund's fundraising traction in a much needed area and has had a significant catalytic effect.