



Quality Education India Impact Bond

Did real-world experience match up?

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A new Quality Education DIB for India

Description

- The Education Development Impact Bond (DIB) is a **performance-based fund** that supports education providers in India **to improve learning outcomes for over 200,000 primary school students** in India.
- The DIB is developed through a partnership between UBS Optimus Foundation, British Asian Trust and Michael and Susan Dell Foundation.

Objectives

- **Increase financial flows to high-quality programs** that deliver improvements in learning outcomes
- **Maximise educational outcomes** by establishing robust monitoring frameworks and accountability mechanisms
- Demonstrate the benefits of innovative financing mechanisms and operating models to government to **create a systemic change in the Indian educational system**

The DIB Consortium



UBS Optimus Foundation is the foundation arm of UBS with a mission to ensure children are safe, healthy and educated

They are leading the process for **engaging with risk investors**, including UBS clients



British Asian Trust aims to empower disadvantaged people across South Asia to transform their lives, for example by ensuring equitable access to quality education

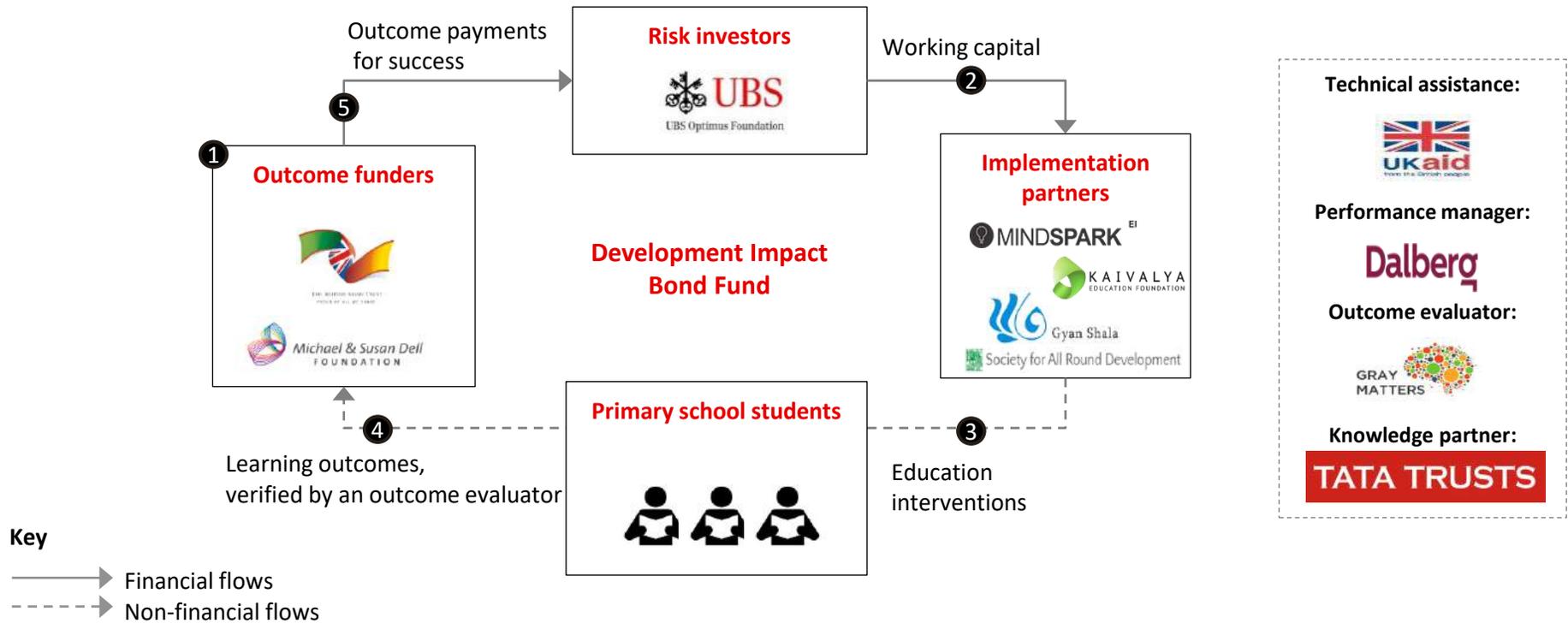
They are leading the process for **engaging with outcome funders**, including foundations and High Net Worth Individuals that fund education programs in India



MSDF aims to help children living in urban poverty, for example by improving the quality of education in India

They are the **anchor outcome funders** for the Education DIB

Partners and structure



- 1 Outcome funders commit \$9.2M over 4 years**
- 2 Investors commit up to \$3M of capital, which will be deployed to Implementation partners on an ongoing basis**
- 3 Implementation partners deliver education interventions to improve learning outcomes of primary school students**
- 4 Learner outcomes are measured and verified by an outcome evaluator annually**
- 5 Achievement of outcomes triggers outcome payments to ultimately repay investors¹**

Notes:
 1 If outcome targets are exceeded, further amounts of outcome funding will be provided to implementation partners as an incentive payment.

The Quality Education India DIB outcomes are above target

1 After one year of the program, 30% more children are learning at their expected level

- Overall outcomes are 290% of target and are a function of learning gains per student and number of students
- Learning gains differed across intervention models
- Enrollment varied across models

Intervention partner	Total learning outcomes (% achievement (actual/target outcome units ¹))	Learning gains per student (% achievement (actual/target avg. scale score))	No. of students (% achievement (actual/target))
Kaivalya	590%	590%	100%
Gyan Shala	359%	451%	79%
SARD (Direct)	100%	100%	100%
SARD (Indirect)	6%	5%	124%
Overall learning outcome	290%		

Legend

- Greater than 115%
- 85% — 115%
- 50% — 85%
- > than 50%

2 Active management of intervention models in transition to Year 2

- Addition of a promising new intervention model based on education technology (Mindspark) in Year 2
- Discontinuation of the SARD indirect intervention model due to insufficient learning gains, despite strong enrollment numbers. The expectation is that this model cannot achieve targeted learning gains
- Expansion of well-performing Kaivalya with funding freed-up from discontinued intervention

3 Going forward: Increasing overall learning gains by ensuring broad based learning gain

- Year 1 gains were largely achieved by getting beginner students to foundational levels. Getting these students to advanced levels will be more difficult as experience in year 1 shows
- Intra-model adaptation to achieve broader learning gains by giving attention to :
 - Customizing of delivery as per learning levels of individual students and schools
 - Geographic areas (rural) that are underperforming
 - Boys underperformance vs girls e.g. through increased presence of boys in school during harvest

The Impact bond has allowed a focus on actual improvements in learning and a focus on what models work, bringing more efficiency and transparency to the education sector

Advice for Impact Bond partners

Investors

- Expect to invest more time than initially foreseen, handholding of various partners might be needed as DIBs are still very new to most
- Be clear to outcome funders that day-to-day involvement will not be needed or feasible

Outcome funders

- Be clear on the reasons for choosing an impact bond
- Don't try to run your impact bond like a grant – step back and enjoy the ride
- Help your colleagues in more operational roles to understand an impact bond will be managed differently to a grant and requires different support from them

Intermediaries

- Bring specialist skills to an impact bond for added value – otherwise investors can choose to work with generic consultants
- Think beyond regular fixed term staffing modalities –longer term / lighter touch engagement and support is needed

Independent verifier

- Limit this role to verification only. Process evaluation should be contracted separately and ideally with a different partner

All partners

- Resolve issues quickly! The DIB structure encourages this – so make use of it.