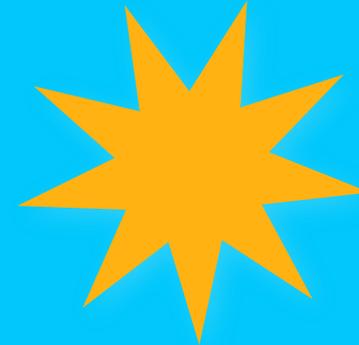
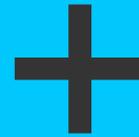


STANDARDS & ACCOUNTABILITY	HUMAN CAPITAL	STRUCTURE & ORGANISATION
<p>LOCALLY BENCHMARKED STANDARDS</p>	<p>RECRUIT GREAT PEOPLE AND TRAIN THEM WELL</p>	<p>EFFECTIVE CENTRAL DEPARTMENTS</p>
<p>DATA AND ACCOUNTABILITY</p>	<p>CONTINUOUS DEVELOPMENT OF PEDAGOGICAL SKILLS</p>	<p>CAPACITY TO MANAGE CHANGE AND ENGAGE COMMUNITIES</p>
<p>EVERY CHILD ON THE AGENDA</p>	<p>GREAT SCHOOL LEADERSHIP</p>	<p>OPERATIONS AND BUDGETS DEVOLVED TO SCHOOL</p>



WHOLE SYSTEM REFORM

SYSTEMIC INNOVATION

= WHOLE SYSTEM REVOLUTION

Different types of finance with different expectations will be needed for innovative education models

Idea development:

- Early stage R&D
- Proves initial efficacy in test setting
- Best for foundations and non profits not expecting a return
- High failure rate
- Early accelerators are effective support

Product testing:

- Product development and market testing
- Begins to prove efficacy
- Best for seed stage investors and impact investors
- Mid failure rate
- Low touch incubators can be helpful

Scale:

- Proven models that can reach scale
- Sophisticated management teams
- Viable business
- Lower failure rate
- Require knowledgeable investors and



Incubators and grant funding

Venture capital

Long-term, we want to provide millions of the world's poorest children with quality education



Long Term Objectives

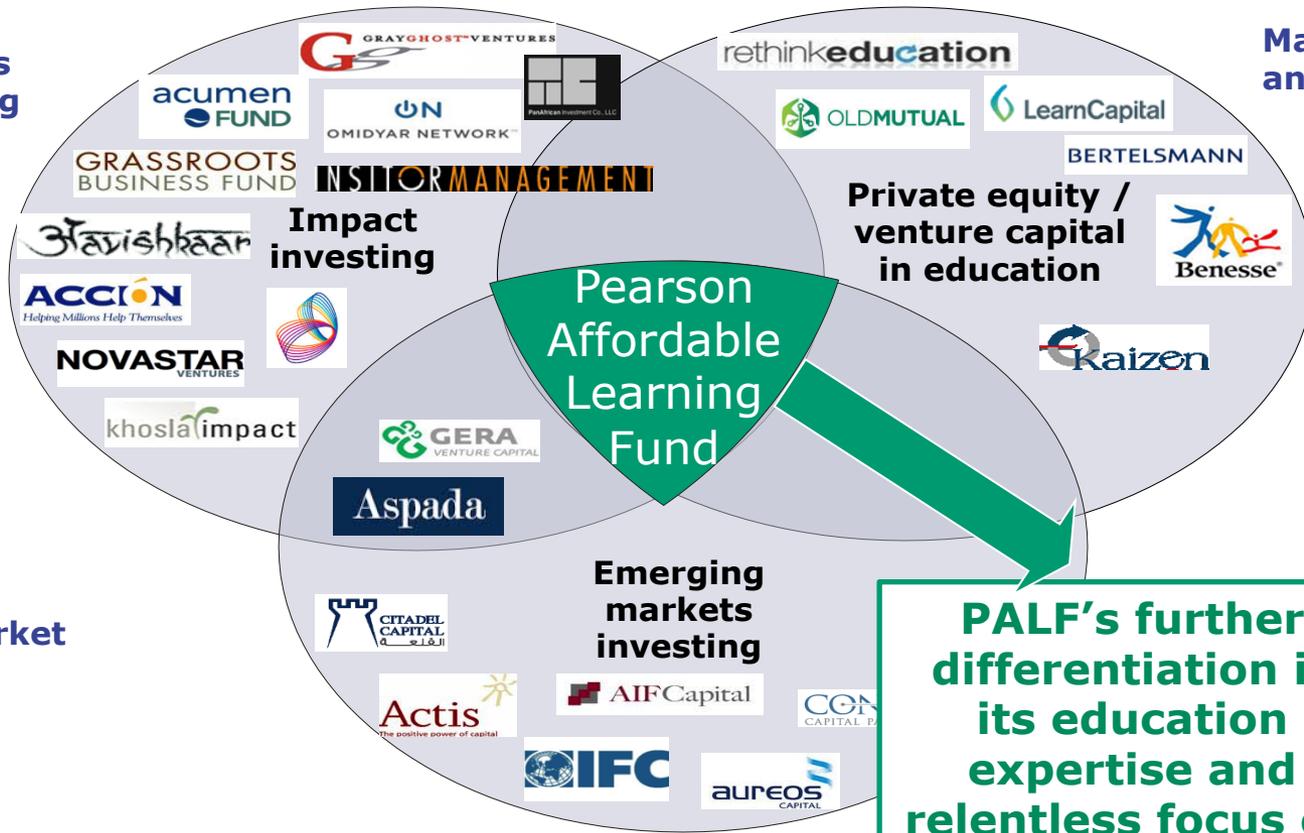
- To help provide **millions** of the **poorest** children in the world with a **quality education**, in a **profitable** and **scalable** manner
- To **demonstrate to governments and donors** that low-cost private education can help educate **the poor** in a **cost-effective** way



PALF sees efficacy as a key differentiator, in addition to its unique market position intersecting three investor types

General Focus on maximising social impact

Maximise profits and scale



Emerging market experience

PALF is a venture fund investing in start-ups that deliver financial returns and high quality education

PALF invests in companies that:

- Demonstrate **sustainable business models** that can generate **market financial returns** over 5-10 years
- Relentless **focus on efficacy** and learner outcomes
- Target **bottom-of-the pyramid/ lower income** consumer markets
- Have **scalable, proven models** and credible management teams



PALF embeds efficacy in every step of our investment process – from diligence to annual reviews

Stage	Actions	Evidence
1 Diligence & Negotiations	<ul style="list-style-type: none"> Efficacy is key area for diligence with all efficacy data reviewed Site visits to see efficacy in action (e.g., school visits) For larger investments, efficacy is KPI for releasing funding 	<ul style="list-style-type: none"> Decision to reject Schools investment due to lack of leadership around efficacy and academics team Omega, APEC and SPARK all had efficacy KPIs in tranches.
2 Post Investment	<ul style="list-style-type: none"> Efficacy data tracked/monitored Ongoing support from Investment Lead to connect with Pearson efficacy leaders 	<ul style="list-style-type: none"> Quarterly Dashboard SPARK Schools support from Connections Academy and Pearson Direct Delivery Leaders
3 Annual Review	<ul style="list-style-type: none"> Annual Efficacy reviews from Pearson Local Teams We occasionally invest in 3rd party efficacy studies for our large investments 	<ul style="list-style-type: none"> Zaya Labs Outcomes Workshop SPARK Schools efficacy review (Amber Green) Omega 3rd Party Efficacy Study

Edupreneur Accelerator Program – Ideas & Product testing

World's only accelerator that is...

- Focused on **education entrepreneurs in the emerging market** providing higher quality education to the lower income
- Delivers an **education-focused curriculum** over 3 months with tailored education mentors
- **Run by two education start-up veterans** with experience in Silicon Valley and India

Edupreneur Program Progress

- **Two programs launched thus far** in India (2013) and South Africa (2014)
- **25 education companies from 7 countries** across Sub-Saharan Africa and India
- Seed investments made in Edupreneur India co-winners Experifun and Sudiksha by PALF and Village Capital



We are also catalyzing affordable education through partnerships, recruiting talent and working with governments

Key Actions

Detail

Building pipeline through new partnerships and increasing scope

- Expanded our investment scope to include earlier stage investments and partner with promising entrepreneurs earlier
- Designed the Edupreneurs programme in India/ South Africa to incubate a new cohort of ventures

Recruiting strong talent to the affordable education space

- Backed strong talent early through the establishment of a new JV in the Philippines
- Leveraged our global network to find strong entrepreneurs (e.g., formal partnership with Ashoka) in the education sector

Developing stronger government relationships

- Developed key regulatory and government relationships
- Worked with the World Bank to help guide their comprehensive research on low cost private schools regulations research

Portfolio: Avanti Learning Centres



- Located in Mumbai, India
- High quality science education company with 1,400 students in 36 learning centers and 4 schools across India
- 15,000 applicants for 450 seats in 2014; ¼ the cost of competition
- >40% of Avanti's student place in the top 1% in college entrance exams
- Established a partnership with Pondicherry government to



Learning Centers

Portfolio: Spark Schools



- Located in Johannesburg, South Africa
- Currently 4 Spark Schools with over 1,350 students
- Plan to reach 64 schools and over 60,000 students
- First private African primary school network to implement blended learning model
- 90%+ of students in youngest grade on track to reach 1.5 years of learning in math and literacy in the first year



Why and how can aid agencies engage with impact investors?

Why should USAID contribute?:

- Private sector innovations have the potential to drive dramatic improvements in quality that **can be scaled in public systems**
- Work on **regulatory issues** governments to leverage and monitor new education tools and services
- 97% of funding goes to public systems, a **small resource allocation** change could have dramatic impact
- Help developing countries **leap frog** to higher education outcomes

How can USAID get involved?:

- Fund and contract **incubators and accelerators** to build next generation education products and services
- Commission **robust research studies** on leading new products to demonstrate efficacy
- Invest in **education focused venture funds** to
- Help governments **evaluate, contract and implement new products and services**

Thank you!

Please learn more:

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