

**IEOF**

India  
**Education Outcomes Fund**



# **Social Finance India & India Education Outcomes Fund Business Plan**

**Revised Draft**

May 14, 2018

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**This draft document aims to solicit stakeholder feedback on the design of the Fund. We request all readers to please send their feedback to [realimpact@gsgii.org](mailto:realimpact@gsgii.org) by 30 June 2018. After this window of feedback, the GSG team will work with all the suggestions, alongside its partners, to finalize the Fund design and release the formal Business Plan and Information Memorandum in Q3, 2018 for action and subscription.**

# Index

## **SECTION 1:**

Need for intervention in  
Indian Education

## **SECTION 2:**

Outcome funds, SIBs and DIBs  
as catalyst for reforms

## **SECTION 3:**

Proposed India Education  
Outcomes Fund (IEOF)

## **SECTION 4:**

SFI as an Impact Investment  
intermediary



# Index

## **SECTION 1:**

Need for intervention in  
Indian Education

## **SECTION 2:**

Outcome funds, SIBs and DIBs  
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Outcomes Fund (IEOF)

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## India's education base is large



9.7  
million

Total number of K-12  
teachers in 2015

260  
million



Students enrolled in  
the K-12 school system

~61  
million

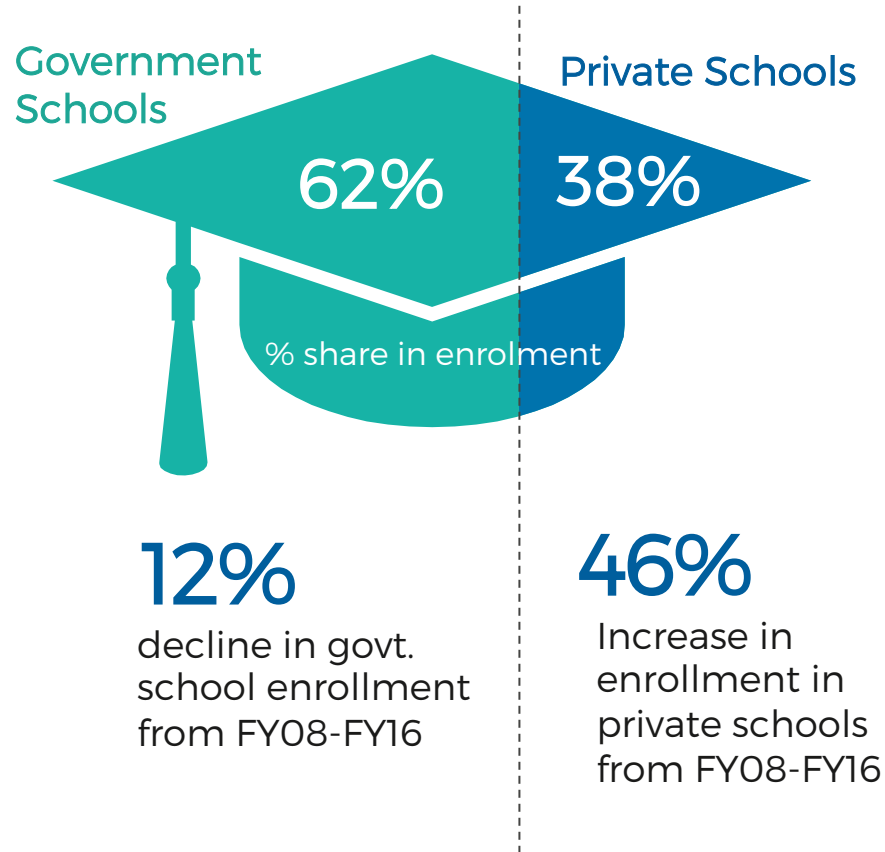


Out-of-school  
children

1 1 INR = 0.015 USD

2 Includes expenditure by government and the private sector

# Despite decline in govt. school enrolment, public sector continues to be significantly larger



# Public, private and non-profit players are putting fragmented efforts focused on the K-12 educational landscape in India

- ▲ Provide the regulatory and social infrastructure according to national priority
  - ✓ \$70 bn spend
  - ✓ Large scale coordination efforts between NGOs, donor agencies and social/ for-profit enterprises

- ▲ Provide funds for mission driven programs
  - ▲ E.g.
    - ✓ USAID
    - ✓ World Bank
    - ✓ Central Square Foundation
    - ✓ MSDF



- ▲ Deliver education services at grass-roots to different communities
  - ▲ E.g.
    - ✓ Pratham
    - ✓ Akanksha
    - ✓ Teach For India
    - ✓ Naandi
    - ✓ Kaivalya

- ▲ Innovate education services with social purpose while using business lens
  - ▲ E.g.
    - ✓ EkStep
    - ✓ Educational Initiatives
    - ✓ Vedantu
    - ✓ Hippocampus
    - ✓ TotSmart

## Focus of investment has been on metrics with low correlation with learning outcomes

Infrastructure

▲ No correlation to gain in learning

Teacher training<sup>1</sup>

▲ No correlation with improved learning

Teacher quantity

▲ Modest positive effect, more for lower classes

Student inputs

▲ Providing MDM, books, uniforms, has not had an impact on learning

<sup>1</sup> Pre-job teacher training e.g. B.Ed.

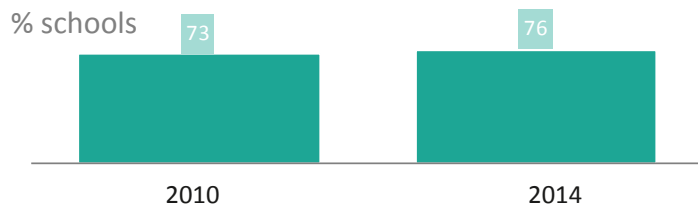
Source: Priorities for Primary Education Policy in India's 12th Five Year Plan by Prof. Karthik Muralidharan



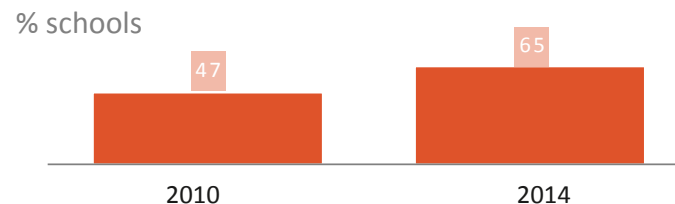
Thus, while infrastructure and teacher quantity has improved...

## Infrastructure

### Drinking water facility

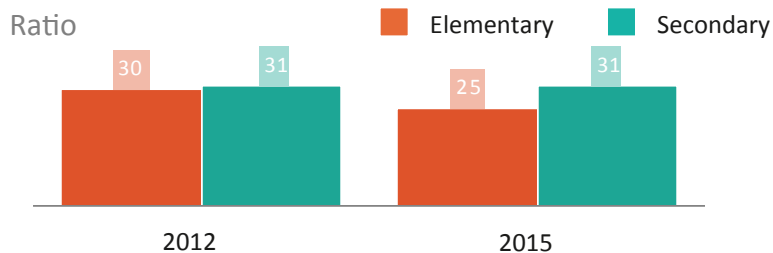


### Toilet available and usable

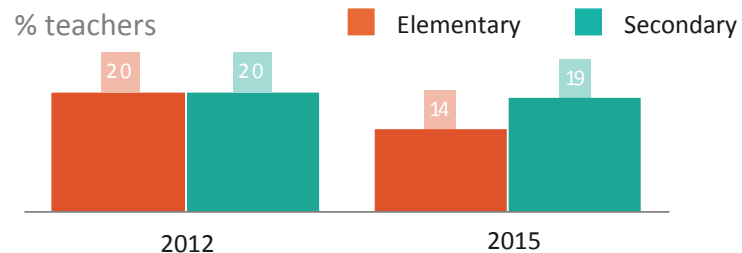


## Teachers

### Average pupil-to-teacher ratio



### Teachers without professional training



<sup>1</sup> Computed based on the projected population provided by the Office of the Registrar General of India (pre-2011 census data)

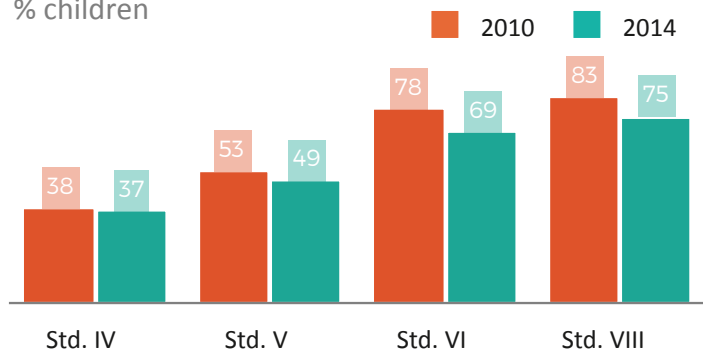
SOURCE: Annual Status of Education (ASER) report 2014; DISE, AISHE

# ...learning outcomes have declined

Reading

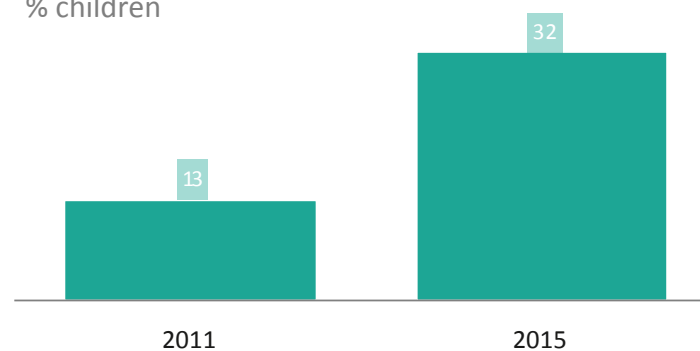
## Standard level

Children who can read Std. II level text by class,  
% children



## Bare Minimum level

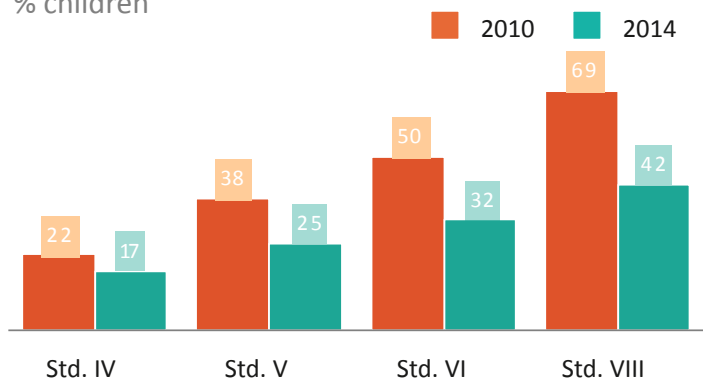
Children in Std. II who cannot recognize letters  
% children



Arithmetic

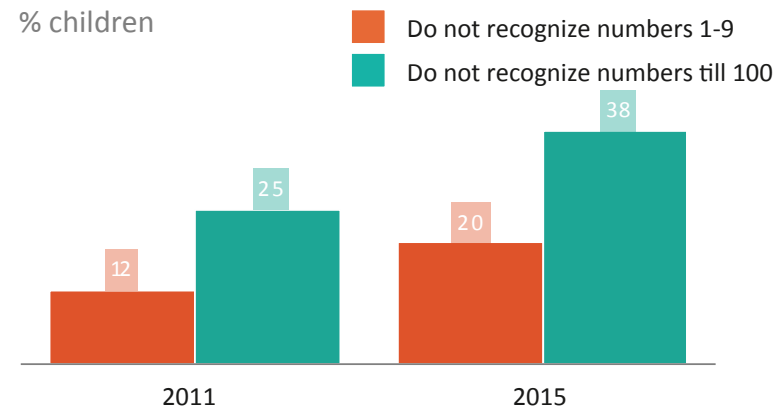
## Children who can do division by class

% children



## Children in Std. II & III who do not recognize numbers

% children



# Catalyst needed to drive next generation of education reforms focused on outcomes

Outcomes matter most

- ▲ Clear top-down message from government

Proven programs will get traction

- ▲ Government commitment to support replication and nation-wide scale up of innovations successful at state level

Private investment needed

- ▲ Private / social sector capital needed for experimentation to identify programs which work
- ▲ Reduce upfront risk for government investment

Catalyst needed

- ▲ Need for catalyst to bring together private, social and government sectors

# Index

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Indian Education

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as catalyst for reforms

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Outcomes Fund (IEOF)

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# What are Social Impact Bonds/ Development Impact Bonds?

Social Impact Bonds (SIBs)/ Development Impact Bonds (DIBs) employ private investment capital to pay for early intervention programs delivered by nonprofit service providers

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SIBs/DIBs monetize social/ development outcomes by capturing the value between the cost of prevention now and the price of remediation in the future

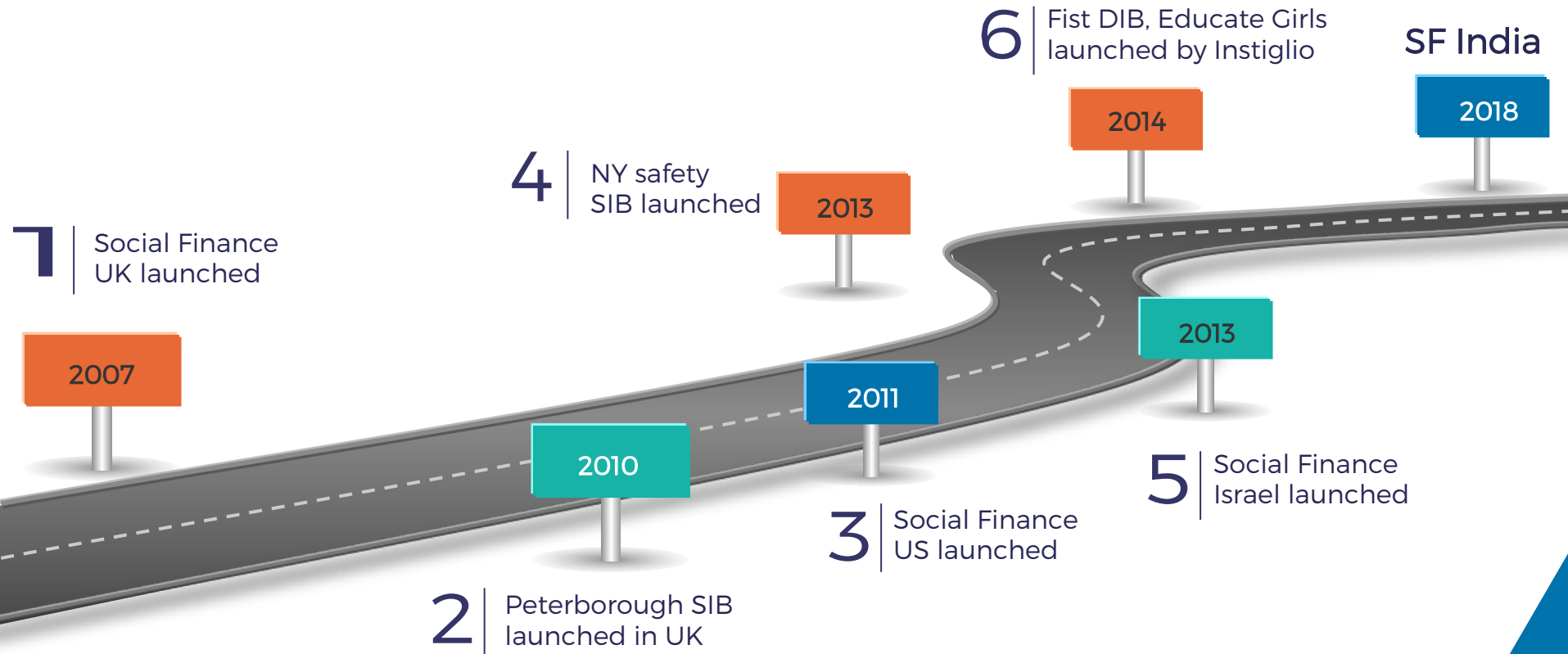
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The outcome funders pay investors their principal and a rate of return only if programs achieve predefined results

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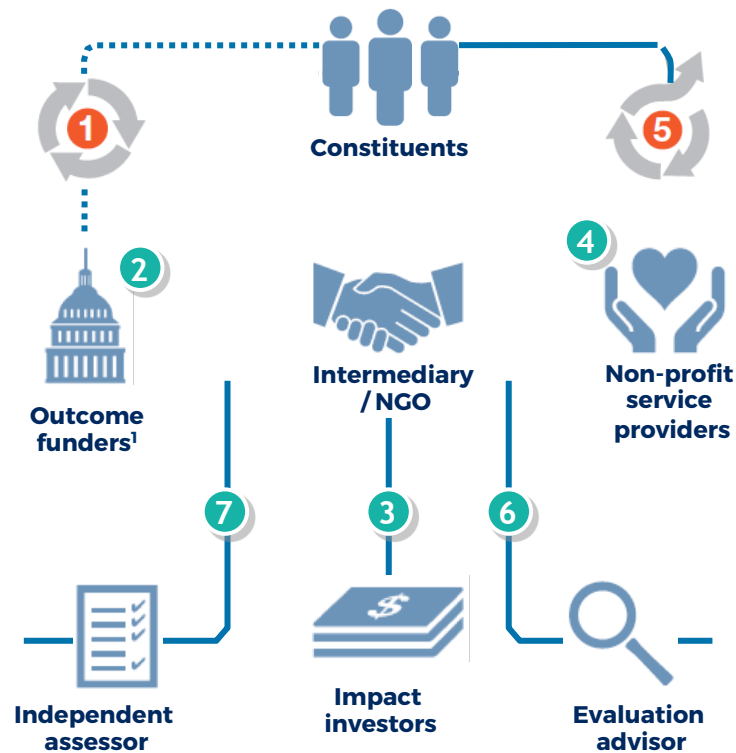
The distinguishing feature of a SIB is that the outcome funder is a government entity

Social Finance pioneered the idea of SIBs in UK in 2010, and since then 108 Impact Bonds have been launched in 25 countries



# SIBs/DIBs bring together the public, private and social sector for expanding social programs by recalibrating incentives and investments

## SIBs : Stakeholders and processes



- 1. Current state:** Outcome funders provides social/developmental **programs** for constituents
- 2. Inception of SIB/DIB:** Outcome funder contracts an intermediary to **deliver programs**
- 3. Upfront funding from investors:** Investors fund programs after conducting diligence on the **type of program and intermediary involved**
- 4. Project management:** Intermediary **uses investor capital** to select / **manage nonprofit service providers**, retain an **evaluation advisor** and **independent assessor**
- 5. Implementation:** Service providers **conduct program implementation** during a pre-determined time frame
- 6. Evaluation:** Evaluation advisor monitors ongoing progress, working with the intermediary and service providers to **refine program based on interim results**
- 7. Impact Investor receives returns for successful programs:** Independent assessor determines if predetermined **performance targets are met**, after which **outcome funder repays impact investors with their capital + agreed return**

<sup>1</sup> Typically governments in case of SIBs and private investors in case of DIBs

# Globally, Private funds and Governments are the “Outcome Funders” and Impact Investment Funds and Philanthropic Foundations are the “Impact Investors” in SIBs/DIBs

## Outcome funders

United Kingdom



Department for Work & Pensions



Department for Communities and Local Government



Cabinet Office



UBS

UBS Optimus Foundation

- ▲ Social Outcomes Fund - The Cabinet Office
- ▲ Various Local Govt. Bodies / Counties

## Impact funders



JPMORGAN CHASE & CO.



- ▲ Deutsche Bank Social Investments
- ▲ Department of Health Social Enterprise Investment Fund

United States



Mass.gov



Department of Labor

- ▲ Goldman Sachs' Social Investment Fund
- ▲ J.B. Pritzker Family Foundation
- ▲ Goldman Sachs' Urban Investment Group



REINVESTMENT FUND



THE KRESGE FOUNDATION



# Motivations in participating as an outcome funder

-  Demonstrate leadership position in adopting innovative impact delivery mechanisms
-  Isolating operating risks from philanthropic commitments
-  Gain access to and support a network of effective operating agencies
-  Active support to capacity development
-  Support operating models that lead to price discovery for delivery at scale
-  Contribute to development of frameworks leading to higher levels of effectiveness

# SIBs – Global examples

	Colombia Workforce SIB (2017)	Work After Prison SIB (Netherlands, 2016)
<b>Social issue</b>	<ul style="list-style-type: none"> <li>▲ High rate of unemployment (Bogota, Cali, Pereira)</li> </ul>	<ul style="list-style-type: none"> <li>▲ Rehabilitation and employment of released prisoners – 49% recidivism in 2 years after prison; 46% require social benefits after prison</li> </ul>
<b>Intervention</b>	<ul style="list-style-type: none"> <li>▲ Skill training</li> <li>▲ Psychosocial support</li> <li>▲ Intermediation service for job placement and retention</li> </ul>	<ul style="list-style-type: none"> <li>▲ Work-/study program tailored to individual needs</li> <li>▲ Counselling</li> <li>▲ Network of dedicated employers</li> <li>▲ Quality monitoring system</li> </ul>
<b>Outcome metric</b>	<ul style="list-style-type: none"> <li>▲ Job placement (50%)</li> <li>▲ Job retention for 3 months (50%)</li> <li>▲ 10% bonus for job retention over 6 months</li> </ul>	<ul style="list-style-type: none"> <li>▲ 25-30% decrease in social benefits issued</li> <li>▲ 882 more months of active labor participation vs. control group</li> <li>▲ 10% reduction in recidivism by target group</li> </ul>
<b>Target population</b>	<ul style="list-style-type: none"> <li>▲ High school graduates between ages 18-40; unemployed at start of program</li> <li>▲ Who score below rated poverty measure/ registered as extremely poor/ internally displaced victims of armed conflict</li> </ul>	<ul style="list-style-type: none"> <li>▲ 150 adult prisoners</li> <li>▲ 3-12 months of imprisonment</li> </ul>
<b>Outcome funder</b>	<ul style="list-style-type: none"> <li>▲ Government's department of social prosperity</li> <li>▲ SECO – Govt. of Switzerland</li> <li>▲ IDB/MIF</li> </ul>	<ul style="list-style-type: none"> <li>▲ Ministerie van Veiligheid en Justitie</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>▲ Fundación Corona,</li> <li>▲ Fundación Bolívar Davivienda, and</li> <li>▲ Fundación Mario Santo Domingo,</li> </ul>	<ul style="list-style-type: none"> <li>▲ ABN Amro</li> <li>▲ Start Foundation</li> <li>▲ Oranje Fonds</li> </ul>
<b>Investment terms</b>	<ul style="list-style-type: none"> <li>▲ ~USD 765K capital commitment</li> <li>▲ 2 year tenor</li> <li>▲ Maximum return 8%</li> </ul>	<ul style="list-style-type: none"> <li>▲ EUR 1.2mn</li> <li>▲ 2.5 year tenor</li> <li>▲ Maximum return 10%</li> </ul>

# DIBs – Global examples

	Cameroon Cataract Development Impact Loan (2017)	Coffee and Cocoa DIB Peru
<b>Development issue</b>	<ul style="list-style-type: none"> <li>▲ Improving availability and quality of cataract surgery services</li> </ul>	<ul style="list-style-type: none"> <li>▲ Sustainable cocoa and coffee production – restoration of growing plots and improvement of collection and post-harvest techniques</li> </ul>
<b>Intervention</b>	<ul style="list-style-type: none"> <li>▲ Investment and support of Magrabi ICO-Cameroon Eye Institute – a new hospital with and efficiency and financing modeled on Aravind Eye Hospitals</li> </ul>	<ul style="list-style-type: none"> <li>▲ Restoration of 20 ha of coffee plots lost to leaf rust disease</li> <li>▲ Better infrastructure for post-harvest process</li> <li>▲ Building nurseries to plant disease resistant crop</li> </ul>
<b>Outcome metric</b>	<ul style="list-style-type: none"> <li>▲ 18,000 cataract surgeries over 5 years</li> <li>▲ Improvement of local capacity and skill development</li> </ul>	<ul style="list-style-type: none"> <li>▲ &gt;20% increase in sales</li> <li>▲ &gt;15% increase in productivity</li> <li>▲ &gt;35MT annual sales of cocoa</li> <li>▲ 40 farmers installing 0.5 ha of improved coffee varieties</li> </ul>
<b>Target population</b>	<ul style="list-style-type: none"> <li>▲ Backlog of 115,000 cataract surgeries</li> </ul>	<ul style="list-style-type: none"> <li>▲ 100 farmers of Ashaninka community in Kemito Ene</li> <li>▲ Impoverished due to lack of infrastructure</li> <li>▲ 70% crop affected by leaf rust disease</li> </ul>
<b>Outcome funder</b>	<ul style="list-style-type: none"> <li>▲ Conrad N. Hilton Foundation</li> <li>▲ The Fred Hollows Foundation</li> <li>▲ Sightsavers</li> </ul>	<ul style="list-style-type: none"> <li>▲ Common fund for commodities</li> </ul>
<b>Investors</b>	<ul style="list-style-type: none"> <li>▲ Overseas private investment corporation</li> <li>▲ Netri Foundation</li> </ul>	<ul style="list-style-type: none"> <li>▲ Schmidt Family Foundation - US</li> </ul>
<b>Investment terms</b>	<ul style="list-style-type: none"> <li>▲ USD 2mn</li> <li>▲ 5 year tenor</li> <li>▲ Maximum return of 8%</li> </ul>	<ul style="list-style-type: none"> <li>▲ USD 110K</li> <li>▲ 2 year tenor</li> </ul>

# SIBs/DIBs are an effective tool to coordinate social sector and government efforts into organized and sustainable programs

Scale proven social interventions and sustain impact

- ▲ Focus on outcomes
- ▲ Achieve scale
- ▲ Bring a culture of monitoring and evaluation
- ▲ Sustain impact

Support government's goal of performance transformation

- ▲ Crowd-in private funding
- ▲ Invest in prevention
- ▲ Reduce risk for government
- ▲ Drive performance management
- ▲ Incentivize collaboration

Reward social sector investment in what works

- ▲ Prioritize proven programs
- ▲ Foster innovating in delivery

## Situation is ripe for SIBs/DIBs in India

1

SIBs/DIBs are uniquely positioned to tackle challenges in scaling up outcome focused social programs in India

2

SIBs/DIB have already proven effective globally; SIBs/DIBs piloted in India

3

Philanthropic capital inflow has increased esp. from global investors

4

Service and assessment providers have piloted a number of high-impact programs



# SIBs/DIBs are uniquely positioned to tackle challenges in scaling up outcome focused social programs in India

	Challenges	Role of SIBs/DIBs
Uncoordinated efforts by multiple agencies	<ul style="list-style-type: none"> <li>▲ Limited government support</li> <li>▲ NGOs lack influence and funding</li> <li>▲ Philanthropy has limited resources</li> </ul>	<ul style="list-style-type: none"> <li>▲ <b>Aggregate fragmented interventions</b></li> <li>▲ Harness the <b>power of multi-stakeholder partnerships</b> to deliver high-impact results</li> </ul>
Focus on activity vs. outcomes	<ul style="list-style-type: none"> <li>▲ Existing government social programs focused on remediation</li> <li>▲ Impact assessment is challenging</li> </ul>	<ul style="list-style-type: none"> <li>▲ <b>Direct resources towards prevention</b></li> <li>▲ <b>Bring in discipline</b> in data collection and evaluation of impact</li> <li>▲ Encourage government to fund programs which work</li> </ul>
Shortage of committed capital	<ul style="list-style-type: none"> <li>▲ Number of high-impact programs piloted</li> <li>▲ NGOs lack multi-year capital</li> </ul>	<ul style="list-style-type: none"> <li>▲ <b>Bring private investment money to social causes</b> by providing returns on investment</li> </ul>
High costs of impact	<ul style="list-style-type: none"> <li>▲ High cost of funding social programs</li> <li>▲ Need of a low-risk mechanism</li> </ul>	<ul style="list-style-type: none"> <li>▲ <b>Reduce operating costs</b></li> <li>▲ Structured to <b>reduce risk of achieving outcomes</b> and impact</li> </ul>

# 2

## SIB/DIB activity in India has begun; Educate Girls launched World's first DIB in education and a few more are already in the making

	Educate Girls DIB (2015)	Rajasthan Maternal and New Born Health (MNH) Impact Bond (In making)
Social issue	<ul style="list-style-type: none"> <li>▲ Girl student <b>drop out and poor learning outcomes</b></li> </ul>	<ul style="list-style-type: none"> <li>▲ Reducing maternal and newborn mortality</li> </ul>
Intervention	<ul style="list-style-type: none"> <li>▲ <b>Community engagement</b> - village leaders as champions</li> <li>▲ <b>Multi-channel engagement</b> with household</li> <li>▲ <b>Teacher trainings</b> in activity based pedagogy</li> <li>▲ <b>Formalizing and training school management committees</b></li> </ul>	
Outcome metric	<ul style="list-style-type: none"> <li>▲ <b>Learning outcomes (80%)</b>: Student performance on ASER test in a randomized controlled trial</li> <li>▲ <b>Enrollment (20%)</b>: Percentage of out of school girls aged 7-14 who are on school rosters</li> </ul>	<ul style="list-style-type: none"> <li>▲ <b>4000 infant deaths averted</b></li> <li>▲ <b>500 maternal deaths averted</b></li> </ul>
Target population	<ul style="list-style-type: none"> <li>▲ <b>18000 children, including 9000 girls, in 166 schools in Rajasthan</b></li> </ul>	
Outcome funder	<ul style="list-style-type: none"> <li>▲ <b>Children's Investment Fund Foundation (CIFF)</b></li> </ul>	<ul style="list-style-type: none"> <li>▲ <b>Potential - Govt. of Rajasthan, USAID, Merck</b></li> </ul>
Investors	<ul style="list-style-type: none"> <li>▲ <b>UBS Optimus Foundation (UBSOF)</b></li> </ul>	<ul style="list-style-type: none"> <li>▲ Potential - Unitus Capital, Intellectap, UBS, Zurich</li> </ul>
Investment terms	<ul style="list-style-type: none"> <li>▲ <b>~USD 267K capital commitment</b></li> <li>▲ <b>3 year tenor</b></li> <li>▲ <b>Maximum return 15%</b></li> </ul>	<ul style="list-style-type: none"> <li>▲ <b>~USD 35mn</b></li> <li>▲ <b>5 year tenor</b></li> </ul>

While globally, the cost of impact is higher, Indian funds are targeting to benefit a large student population at much lower costs

## Per-bond per-person cost

SIB/DIB	METRIC	COST PER STUDENT
Utah High quality preschool program (USA)	▲ Improvement in school performance (avoidance of special education services, remedial services)	▲ USD 2600
Children parent centre pay for success initiative (USA)	▲ Kindergarten readiness ▲ Avoided use of special education services ▲ Third grade literacy	▲ USD 6400
Junior code academy (Portugal)	▲ Improvement in school performance ▲ Improvement in logical thinking and reasoning	▲ USD 2600
Utah High quality preschool program (USA)	▲ Improvement in school performance (avoidance of special education services, remedial services)	▲ USD 2600

### India – Educate Girls DIB

- ▲ At an investment of USD 270,000, Educate Girls DIB is targeting a population of 15000 students
- ▲ Impact metrics:
  - ✓ 5592 additional ASER learning levels in 3 years
  - ✓ 80% of eligible out of school girls on school rosters enrolled

## Social outcome – unit cost (per individual, per year)<sup>1</sup>

Absenteeism	▲ USD 2870
Exclusion	▲ USD 17500
School readiness*	▲ USD 1600
Level 2 Qualifications*	▲ USD 1100
Level 3 Qualifications*	▲ USD 1400
Level 3 Qualifications*	▲ USD 4500

### India – India Education DIB

- ▲ At an investment of USD 2.4mn over 4 years, targeting to impact
  - ✓ 200,000 primary school students in Gujarat, Rajasthan and Delhi
  - ✓ Improvement in literacy and numeracy outcomes



# Table of Contents

## **SECTION 1:**

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Indian Education

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Outcomes Fund (IEOF)

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## IEOF: what are we aiming to do?

Accelerate the scale up of Impact Bonds to achieve better educational outcomes (from school readiness to employability)

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Build up an evidence base of “what works?” as different service providers test different intervention models for same set of outcomes

---

Foster price discovery and establish benchmarks for pricing outcomes using the transactions supported by the fund over time

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Broaden the marketplace of service providers through technical assistance and capacity building support

# IEOF will pilot an 'Outcomes Rate Card' Approach to scale Impact Bonds in India

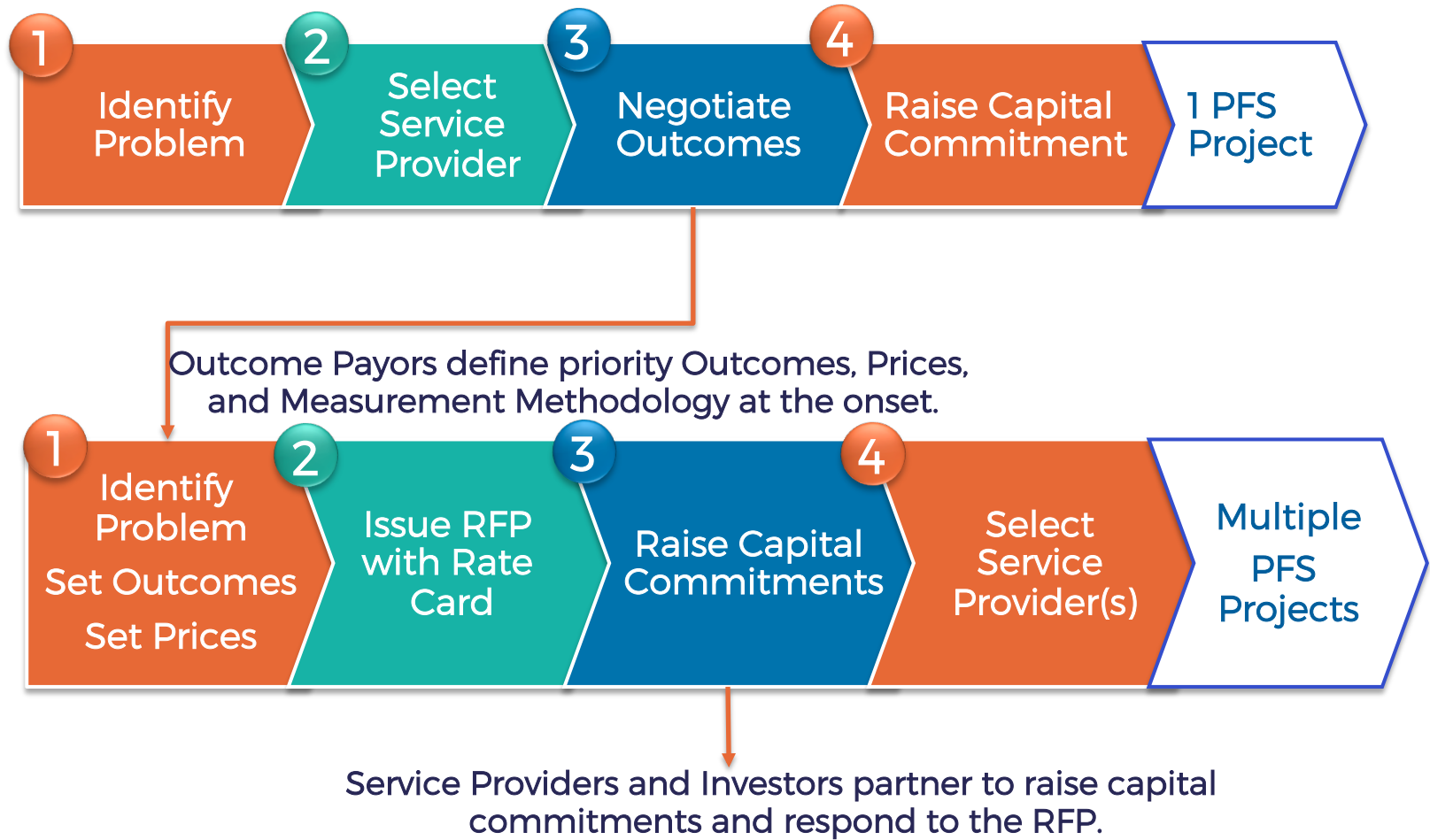
An outcomes rate card is a **procurement tool** through which **Outcome Payors** define:

- **a menu of outcomes** they wish to “**purchase**”, and
- the amount they are willing to pay for each outcome achieved.

## ILLUSTRATIVE RATE CARD Employability Outcomes

OUTCOME Per youth	Maximum Outcome Price
Completed Level 1 Certification	\$\$
Completed Level 2 Certification	\$\$
Entry into Employment	\$\$
Employment Retention	\$\$

# Outcomes Rate Card RE-ORDERS the Impact Bond Development Process



# Outcomes Rate Card: Experience in the UK

## UK INNOVATION FUND

- ▲ The first UK rate card pilot initiative launched by the Dept. for Works & Pensions in 2011.
- ▲ Aimed to support disadvantaged young people considered to be NEET (not in education, employment or training)

From a **single rate card**, the Innovation Fund:

- ▲ Served up to **17,000 at risk youth** ages 14 -24
- ▲ Deployed ~ **£30 million of capital**
- ▲ Prompted over **130 interested service applicants**
- ▲ Finalized **10 contracts with 6 providers** across the UK
- ▲ **All 10 Innovation Fund pilots have been deemed successful by project partners**

## YOUTH ENGAGEMENT FUND & FAIR CHANCE FUND

### Youth Engagement Fund (YEF):

- ▲ Launched in 2014, the **£16.5m** YEF builds on the existing DWP Innovation Fund. Supports education and employment outcomes for 8,000 disadvantaged individuals.
- ▲ 39 bids were submitted and 4 were selected for contracting.

### Fair Chance Fund (FCF):

- ▲ Launched in 2015, the **£15m** FCF was designed to help 2,500 vulnerable youth by assisting them into housing, education, training or sustained employment.
- ▲ Over 150 organizations submitted bids and 7 were selected for contracting.

# Outcomes Rate Card Design: Key considerations

## 1 Selecting Outcomes

- ▲ Range of outcomes
- ▲ Incentivize early programmatic milestones

## 2 Pricing

- ▲ Real cost of providing services
- ▲ Value to the Payor

## 3 Measuring success

- ▲ Counterfactual
- ▲ Track achievement against a goal  
(Target setting / expected performance level)

## 4 Service Provider Funding

- ▲ External funding (Impact Bond Fund, etc.)
- ▲ Self fund

## 5 Payouts: Threshold, Caps & Frequency

- ▲ Annual vs. bullet payout
- ▲ Cap on Outcomes Payment
- ▲ Payout scale to be developed; No threshold
- ▲ Tariffs for harder-to-serve segments

## We have identified a long-list of focus areas for potential interventions

Focus Areas	Target Outcomes
Primary learning	Improving learning outcomes in literacy and numeracy for children in grades 1-3 studying in government and affordable private primary schools
Ed-tech for upper-primary & secondary learning	Closing achievement gap in Mathematics by using education technology for children in grades 6-10 (upper-primary and secondary sections)
Dropouts of girls in secondary	Improving completion rate of girls till class 10 in government and affordable private schools
School readiness	Enhancing school readiness and introducing a smoother transition to Class I through an accelerated early learning package
School to workforce transition	Enabling and facilitating a successful transition from school to workforce for students in government & affordable private secondary schools
Disability inclusion - enrolment	Improving enrolment rates for Children with disabilities/ special needs
Disability inclusion-retention	Improving completion rate of students with disabilities till class 12
Disability inclusion-workforce transition	Successful transition from education to workforce for Persons with Disabilities

# We have created potential product profiles to assess feasibility of focus areas

Thematic Group 1	1 Primary learning outcomes	2 Ed-tech for upper-primary & secondary learning	3 Dropouts of girls in secondary
Enabling conditions for scale	<ul style="list-style-type: none"> <li>▲ Increasing focus on primary learning outcomes (SEQI, Padhe Bharat Bade Bharat)</li> </ul>	<ul style="list-style-type: none"> <li>▲ Increased interest from governments to rethink the utilisation of CAL/ ICT2 budgets; creation of RMSA Innovation Fund<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>▲ Increased focus from Centre (Beti Bachao Beti Padhao), as well as from multiple State governments</li> </ul>
Target group	<ul style="list-style-type: none"> <li>▲ Children in grades 1-3 in government and affordable private schools</li> </ul>	<ul style="list-style-type: none"> <li>▲ Children studying in grades 6-10 in government and affordable private schools</li> </ul>	<ul style="list-style-type: none"> <li>▲ Girls in grades 9 studying in government and affordable private schools</li> </ul>
Outcome metric	<ul style="list-style-type: none"> <li>▲ Increased proportion of children at the end of grade 3 achieving minimum proficiency level in reading and mathematics (# of children scoring &gt;X)</li> </ul>	<ul style="list-style-type: none"> <li>▲ Mastery of grade level content (# of children scoring above X% in their grade level exams)</li> <li>▲ Remediation (# of students who have improved by 1-2 Learning Levels in 1 AY)</li> </ul>	<ul style="list-style-type: none"> <li>▲ Increase in % of girls going from class 9 to class 10</li> <li>▲ Improved cohort survival rate (increase in # of girls entering class 1 who complete class 10)</li> </ul>
Potential interventions to be funded	<ul style="list-style-type: none"> <li>▲ Principal and teacher training</li> <li>▲ Direct school management</li> <li>▲ Remedial programs</li> </ul>	<ul style="list-style-type: none"> <li>▲ Personalised learning solutions</li> <li>▲ Tech for building critical thinking</li> <li>▲ Digital classrooms</li> </ul>	<ul style="list-style-type: none"> <li>▲ Enablers to increase access/ reduce travel time</li> <li>▲ Community engagement</li> <li>▲ Skill development</li> <li>▲ Need-based scholarships</li> </ul>
Potential service providers	<ul style="list-style-type: none"> <li>▲ STiR Education; KEF; ISLI; India; SARD; Gyan Shala; Pratham</li> </ul>	<ul style="list-style-type: none"> <li>▲ Educational Initiatives (Mindspark); Funtoot; Convergenius; Nalanda</li> </ul>	<ul style="list-style-type: none"> <li>▲ Educate Girls; Naandi Foundation (Nanhi Kali); CARE India</li> </ul>
Existing instruments to measure the outcome	<ul style="list-style-type: none"> <li>▲ Assessments such as ASER, ASSET, CAF and IPAS1</li> </ul>	<ul style="list-style-type: none"> <li>▲ Assessments such as ASER, ASSET, CAF and IPAS1</li> </ul>	<ul style="list-style-type: none"> <li>▲ U-DISE/ SD MIS data</li> </ul>

1. Annual Status of Education Report (ASER) by Pratham; Assessment of Scholastic Skills through Educational Testing (ASSET) by Ei; Common Assessment Framework (CAF) by Ei; Indian Progressive Achievement Scales (IPAS) by Gray Matters India 2. Computer Aided Learning (CAL) scheme, Information and Communication Technology (ICT) scheme 3. Rashtriya Madhyamik Shiksha Abhiyan (RMSA) Fund



# We have created potential product profiles to assess feasibility of focus areas

Thematic Group 1	4 School readiness	5 School to Workforce Transition	6 Disability inclusion
Enabling conditions for scale	<ul style="list-style-type: none"> <li>▲ MWCD has passed the national ECCE policy and there is talk of greater focus on PSE in Anganwadis</li> </ul>	<ul style="list-style-type: none"> <li>▲ Recently Revised Scheme for Vocationalization of Secondary/ Higher Secondary Education (2014)</li> </ul>	<ul style="list-style-type: none"> <li>▲ Increased focus from Government right from improving accessibility to setting up a skill council</li> </ul>
Target group	<ul style="list-style-type: none"> <li>▲ Children just entering Class I in government schools</li> </ul>	<ul style="list-style-type: none"> <li>▲ Students in grades 9 to 12 in government schools</li> </ul>	<ul style="list-style-type: none"> <li>▲ Children and youth with disabilities</li> </ul>
Outcome metric	<ul style="list-style-type: none"> <li>▲ Improved school readiness / increased proportion of children have attained sufficient pre-literacy and pre-numeracy skills</li> </ul>	<ul style="list-style-type: none"> <li>▲ Increased proportion of students getting employment / enrolment in a relevant workplace/ higher education course</li> </ul>	<ul style="list-style-type: none"> <li>▲ Enrolment in schools</li> <li>▲ Lower dropout rates/ increase in students completing grade 12</li> <li>▲ Higher number of job seekers with disabilities getting jobs</li> </ul>
Potential interventions to be funded	<ul style="list-style-type: none"> <li>▲ School readiness camps</li> <li>▲ Parent engagement and resources</li> </ul>	<ul style="list-style-type: none"> <li>▲ Career Guidance and Counselling</li> <li>▲ General Employability Skills Programs</li> <li>▲ Career Fairs</li> </ul>	<ul style="list-style-type: none"> <li>▲ Engagement with parents, schools and community</li> <li>▲ Scholarships to support cost of disability</li> <li>▲ Training; employer engagement</li> </ul>
Potential service providers	<ul style="list-style-type: none"> <li>▲ Akshara Foundation; Pratham Education Foundation; Bodh Shiksha Samiti; Save the Children India</li> </ul>	<ul style="list-style-type: none"> <li>▲ Quest Alliance; Idream Career; Antarang Foundation</li> </ul>	<ul style="list-style-type: none"> <li>▲ Enable India, Sarthak, Samarathanam, v-shesh, Youth4Jobs, NDS Society, NISH, Kalasilingam University</li> </ul>
Existing instruments to measure the outcome	<ul style="list-style-type: none"> <li>▲ Assessments by SRI International, ASER, IDELA, ECERS, IECEI</li> </ul>	<ul style="list-style-type: none"> <li>▲ Number of job connections</li> <li>▲ Retentions</li> </ul>	<ul style="list-style-type: none"> <li>▲ Number of job connections</li> <li>▲ Retentions</li> </ul>

1. International Development and Early Learning Assessment (IDELA) conducted by Save the Children; Early Childhood Environment Rating Scale (ECERS); India Early Childhood Education Impact Study (IECEI)

# We have created a comprehensive framework for target states selection

	Indicator	Data source	
		Pre-primary	Grades 1-12
Target group	1) State educational profile		
	▲ Total number of schools by management (government/ aided/ private schools)	▲ ASER	▲ U-DISE
	▲ Total student enrolment (in relevant grades) and by management (pvt/ govt.)	▲ ASER	▲ U-DISE
	▲ Total number of teachers	▲ ASER	▲ U-DISE
	▲ Per-child spend on education		▲ Accountability Initiative/ MHRD/ CBGA
Need	2) Need		
	▲ Learning levels for the State (relative to others)	▲ NA	▲ NAS, ASER
	▲ Drop out rates/ transition rates for the State (by type of school/ level of education / community)	▲ NA	▲ U-DISE
Demand from/ willingness of state	3) Demand from/ willingness of State		
	▲ Political openness to reform (especially in education)	▲ NA	▲ Interviews with State officials / experts
	▲ Bureaucratic openness to reform (especially in education)	▲ NA	▲ Interviews with State officials / experts
	▲ Number of partnerships in the last 12 months	▲ NA	▲ Interviews with State officials / experts
	▲ Nearness to election/ keenness on reform based on election dates	▲ NA	▲ Interviews with State officials / experts
	▲ Alignment of DIBs with the state's priorities	▲ NA	▲ Interviews with State officials / experts
	▲ % of State GSDP spent on education		▲ Budget Reports/ RBI
	▲ % of State budget spent on education		▲ Budget Reports/ RBI

Continued...

# We have created a comprehensive framework for target states selection

	Indicator	Data source	
		Pre-primary	Grades 1-12
Supply	4) Supply		
	<ul style="list-style-type: none"> <li>▲ Availability of school systems to partner for relevant focus area</li> <li>▲ Willingness of providers to partner with the State/ relocate in the State</li> </ul>	<ul style="list-style-type: none"> <li>▲ NA</li> <li>▲ NA</li> </ul>	<ul style="list-style-type: none"> <li>▲ Interviews with State officials / experts</li> <li>▲ Interviews with NGOs / Impact Orgs</li> </ul>
Govt. capacity to deliver	▲ 5) Govt. capacity to deliver		
	▲ <Need to think of a good indicators to measure ed department's. capacity to delivery>		

# We have identified potential service providers

## Primary learning outcomes

-  **KAIVALYA**  
EDUCATION FOUNDATION
-  **Akshara**  
Foundation  
EVERY CHILD IN SCHOOL AND LEARNING WELL
-  **Pratham**  
KEEP CHILDREN IN SCHOOL AND LEARNING WELL
-  **STiR**  
education
-  **educate girls**
-  **Save the Children**
-  **care**
-  **Naandi**
-  **Bridge**  
INTERNATIONAL ACADEMIES
-  **The Teacher Foundation**
-  **AKANKSHA**  
Aspire. Achieve. Be the Change.
-  **ISLI**  
INDIA SCHOOL LEARNING INSTITUTE
-  **Both Shiksha Samiti**
-  **EnglishHelper™**  
Learn at your pace, in your context
-  **HUMANA**  
PEOPLE TO PEOPLE INDIA
-  **Gyan Shala**
- SARD**
- River-Tide**

## Edtech

-  **ENGLISH**
-  **E1**  
educational initiatives
-  **funtoot**  
Learning Personalized
-  **ConveGenius**  
Edutainment for all
-  **Nalanda**  
UNIVERSITY
-  **KHANACADEMY**
-  **KING'S**  
LEARNING
- Avanti**








## Dropouts of girls in secondary

-  **educate girls**
-  **Naandi**
-  **care**
-  **Room to Read™**
-  **STUDY HALL**  
EDUCATIONAL FOUNDATION

## School readiness

-  **Akshara**  
Foundation  
EVERY CHILD IN SCHOOL AND LEARNING WELL
-  **Pratham**  
EVERY CHILD IN SCHOOL AND LEARNING WELL
-  **Both Shiksha Samiti**
-  **Save the Children**
-  **50**  
1968-2018

## School to workforce transition

-  **QUEST ALLIANCE**
-  **IDC**  
INDIAN INSTITUTE OF DISTANCE EDUCATION
-  **SAF**  
SKILLS ACQUISITION FOUNDATION  
INDIA
-  **Aparajitha**
-  **Learning Curve**  
EDUCATIONAL FOUNDATION
-  **pravah**
- Dream a Dream Foundation**
-  **Lend-A-Hand India**

## Disability inclusion

-  **Gharkul**  
SCHOOL FOR SPECIAL CHILDREN  
NATURE EDUCATION IMPROVISE
-  **GRI's ABC**  
GRI'S ABC
- mimansa**
-  **Logo**
-  **EnAble India™**  
To empower people with disabilities
-  **Indian Association for the Blind™**
-  **sarthak**  
EDUCATIONAL TRUST  
Empowering the differently abled
-  **VIDYA SAGAR**  
EDUCATIONAL TRUST

# Product 1: Primary Learning Outcomes

## Enabling conditions for scale

- ▲ Govt. focus on primary learning outcomes (SEQI, Padhe Bharat Bade Bharat)

## Target group

- ▲ Children in grades 1-5

## Outcome metric

- ▲ Learning gains in numeracy and language

## Intervention models

- ▲ **Direct:** Remedial programs; Computer aided learning, etc.
- ▲ **Indirect:** Teacher Training; School Leadership, etc.
- ▲ Indicative cost per child p.a.: Rs.150-250 (indirect); Rs. 1-2.5K (dir.)

## Outcomes Evaluation Methodology

- ▲ Standardized assessments
- ▲ Difference in differences (Treatment vs. Control)
- ▲ Sample of students to be tested both at baseline and endline.

## States / Districts

- ▲ M.P., Gujarat, Karnataka, Rajasthan, Maharashtra and Chhattisgarh.

## Product 2: School Readiness

### Enabling conditions for scale

- ▲ MWCD has passed the national ECCE policy; greater focus on preschool education in Anganwadis

### Target group

- ▲ Children in preschool age group (1-5 yrs.)

### Outcome metric

- ▲ School readiness indicators (e.g. pre-numeracy, story telling & imagination, phonological awareness, early reading skills, motor skills)
- ▲ Preschool teacher effectiveness

### Intervention models

- ▲ Partnership with Govt. (ICDS Anganwadis); Community balwadis
- ▲ Integrated programs (Capacity Building, Teacher and student kits, Community participation, Monitoring support etc.)
- ▲ Indicative Cost per child p.a.: Rs. 500-2,500 (Govt. ICDS); Rs. 5-7k (community balwadis) .

### Outcomes Evaluation Methodology

- ▲ Different instruments for 2-4 yr. group, and 4-6 yr. group.
- ▲ Formal and informal assessments

### States / Districts

- ▲ M.P., Gujarat, Karnataka, Rajasthan, Maharashtra and Chhattisgarh.

## Product 3: Upper Primary & Secondary school learning

### Enabling conditions for scale

- ▲ Increased interest from govt. to rethink the utilization of CAL/ ICT<sup>1</sup> budgets; creation of RMSA Innovation Fund<sup>2</sup>

### Target group

- ▲ Children in grades 6-8

### Outcome metric

- ▲ Learning gains in numeracy and language
- ▲ Mastery of grade level content (# of children scoring above X% in grade level exams)

### Intervention models

- ▲ Computer aided learning / personalized learning solutions
- ▲ Remedial programs
- ▲ Indicative Cost per child p.a.: Rs. 1,000 -1,500

### Outcomes Evaluation Methodology

- ▲ Standardized assessments
- ▲ Difference in differences (Treatment vs. Control)
- ▲ Sample of students to be tested both at baseline and endline.

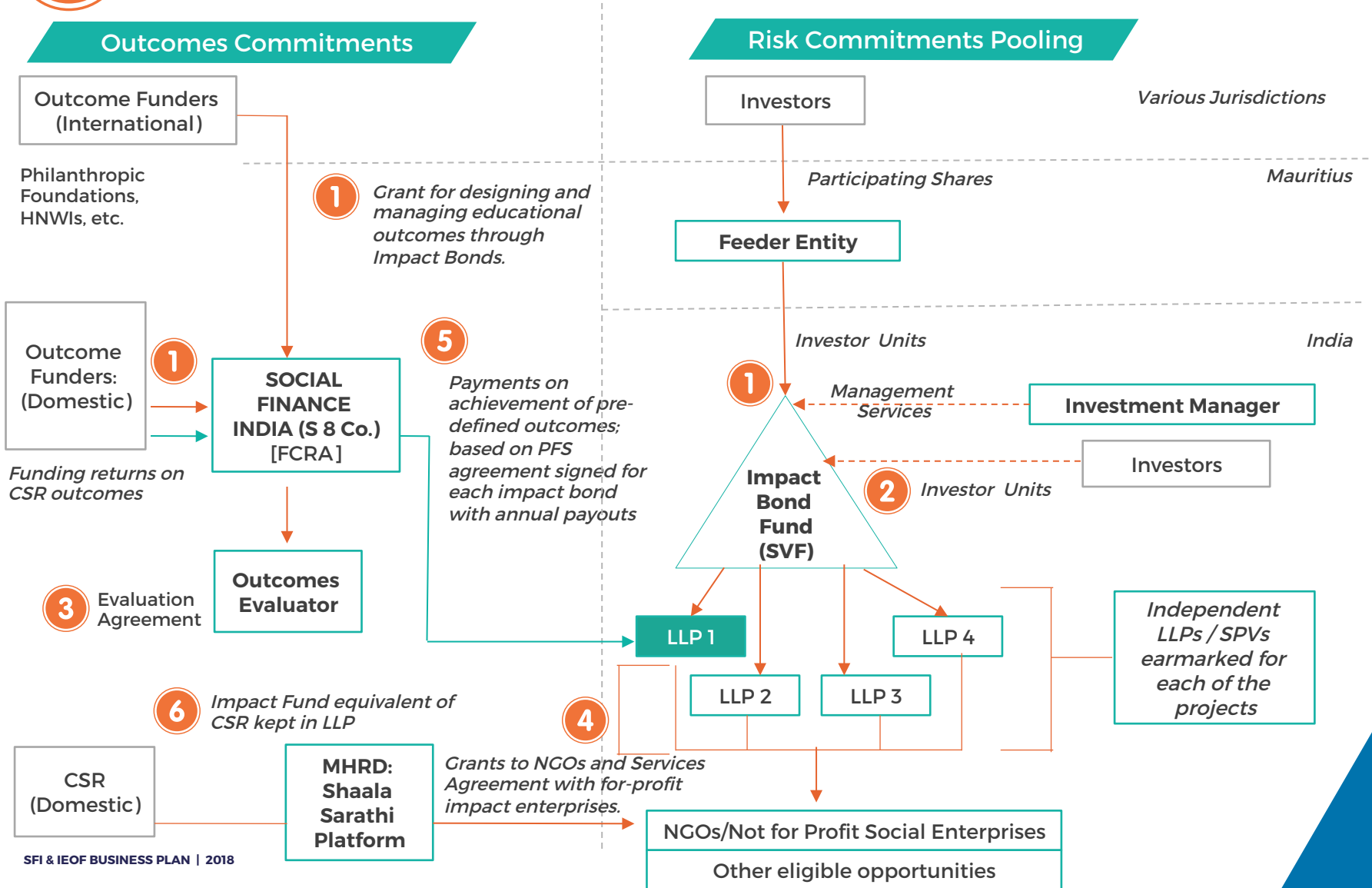
### States / Districts

- ▲ M.P., Gujarat, Karnataka, Rajasthan, Maharashtra and Chhattisgarh.

1. Computer Aided Learning (CAL) scheme, Information and Communication Technology (ICT) scheme

2. Rashtriya Madhyamik Shiksha Abhiyan (RMSA) Fund

# 1 Possible Structure 1





# 1

## Implementation Steps:

**Steps 1** Global Outcome funders (overseas + Indian residents) pool-in grant and provide funds to the Section 8 Company. The Section 8 Company is to be FCRA compliant and [with required tax-exemption certifications]. The Section 8 company can also leverage domestic funds from domestic funders by way of grants and CSR allocation

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**Steps 2** Off-shore investors (from various jurisdictions) pool capital and make investments into a feeder entity in Mauritius; At On-shore level, an Impact Bond Fund is set up where domestic investors would directly contribute to the Onshore Fund/SVF whereas overseas investors will pool their investments in an offshore vehicle which, in turn, invests in the Impact Bond Fund (“SVF”)

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**Steps 3** The Section 8 Company for the purposes of evaluation may engage outcome evaluator(s) by way of service agreement

---

**Steps 4** The SVF may make investments in project specific entities (new LLPs earmarked for each impact bond). The LLP may give grants to NGOs and enter into Services Agreement with for-profit impact enterprises.

---

**Steps 5** The Section 8 Company may enter into a Payment for Success Agreement for each impact bond with the LLP. The Section 8 Company disburses payments to LLPs on successful achievement of outcomes.

# 2 Possible Structure 2

## Outcomes Commitments

Philanthropic Foundations, HNWIs, etc.

Outcome Funders (International)

Grant for designing and managing educational outcomes through Impact Bonds.

4

6

Payments on achievement of pre-defined outcomes; based on PFS agreement signed for each impact bond with annual payouts.

**SOCIAL FINANCE INDIA (S 8 Co.) [FCRA]**

5

Evaluation Agreement

Outcome Funders: (Domestic)

6

6

**Outcomes Evaluator**

CSR (Domestic)

**MHRD: Shaala Sarathi Platform**

## Risk Commitments Pooling

Investors

Various Jurisdictions

Participating Shares

Mauritius

**Feeder Entity**

Investor Units

India

1

Management Services

**Investment Manager**

Investors

2 Investor Units

**Impact Bond Fund (SVF)**

**LLP 1**

**LLP 4**

*Independent LLPs / SPVs earmarked for each of the projects*

**LLP 2**

**LLP 3**

3

**NGOs/Not for Profit Social Enterprises**  
Other eligible opportunities

*Grants to NGOs and Services Agreement with for-profit impact enterprises.*

## 2

## Implementation Steps:

**Steps 1** Off-shore investors (from various jurisdictions) pool capital and make investments into a feeder entity in Mauritius; At On-shore level, an Impact Bond Fund is set up where domestic investors would directly contribute to the Onshore Fund/SVF whereas overseas investors will pool their investments in an offshore vehicle which, in turn, invests in the Impact Bond Fund (“SVF”)

---

**Steps 2** The SVF may make investments in project specific entities (new LLPs earmarked for each impact bond).

---

**Steps 3** The LLP may give grants to NGOs and enter into Services Agreement with for-profit impact enterprises. The Section 8 Company, for the purposes of evaluation and over-sight, may engage outcome evaluator(s) by way of service agreement

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**Steps 4** Global Outcome funders (overseas + Indian residents) as well as domestic outcome funders may provide grants to Social Finance India for designing the Impact Bonds.

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**Steps 5** Social Finance India for the purposes of evaluation may engage outcome evaluator(s) by way of service agreement.

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**Steps 6** Global Outcome funders (overseas + Indian residents) as well as domestic outcome funders may enter into a Payment for Success Agreement for each impact bond with the LLP, and disburse payments to LLPs on successful achievement of outcomes.

# Index

## **SECTION 1:**

Need for intervention in  
Indian Education

## **SECTION 2:**

Outcome funds, SIBs and DIBs  
as catalyst for reforms

## **SECTION 3:**

Proposed India Education  
Outcomes Fund (IEOF)

## **SECTION 4:**

SFI as an Impact Investment  
intermediary



## SFI will be an impact investing intermediary bringing together stakeholders for social impact



SFI will join the global network of SF UK, SF USA and SF Israel, on the **mission to bring capital to solve social challenges**

SFI-IEOF will **partner with the government, social sector and financial community** to find better ways in tackling social problems in India

SFI-IEOF will **fund both profits and non-profit enterprises**, making use of innovative instruments for India market, with **focus on pay-for-performance**

SFI India will start with a **focus on education sector**

# SFI will provide overall SIB project management – creating instruments and products and providing management services

## 1 Instrument

- ▲ \$1bn India Education Outcomes Fund

## 2 Products

- ▲ Innovations with high correlation with education outcomes

## 3 Services

- ▲ Origination-to-exit lifecycle services on instruments
- ▲ Project management tools
- ▲ Capability building

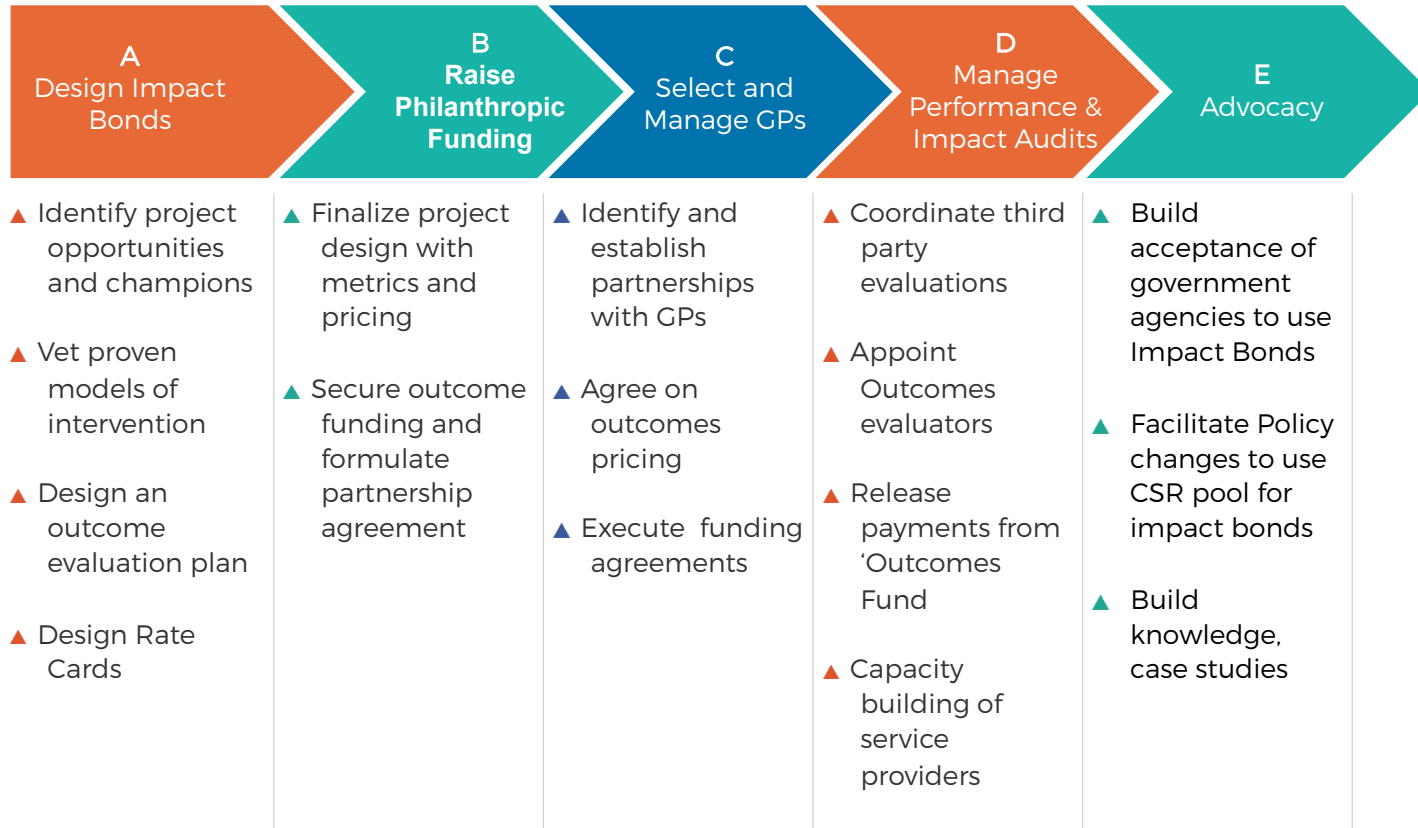
## 4 Governance

- ▲ Accomplished board
- ▲ Competent team with multi-disciplinary expertise
- ▲ Partnership with Social Finance global network

## 5 Legal Structure

- ▲ Allow for non-profit and for-profit impact capital
- ▲ Pay for success project contracts

# SFI will provide origination-to-exit lifecycle services on its instruments



# SFI will be overseen by a board constituted of eminent social sector personalities

## Advisory Council:

- Sir Ronald Cohen
- David Hutchison (CEO, SF-UK)
- Tracy Palandjian (CEO, SF-US)
- Vivek Pandit (McKinsey)
- Nishith Desai (NDA)

Board of Directors

## Board of Directors:

- Dr. Rajiv Lall, Chair
- Ashish Dhawan
- Vikram Gandhi
- 6 Others To be decided

Managing Partner & CEO

Partner  
IEOF

Partner  
IIF

Rohit Bhatia  
CFO

Associate  
Partner 1

Associate  
Partner 2

Associate  
Partner 3

Manager, Legal  
& Finance

Program  
Manager

Program  
Manager

Program  
Manager

Admin.  
Assistant



# IEOF Timelines: We plan to launch IEOF alongside GSG Impact Summit 2018 in October

## FEB 2018

- ▲ Identify and finalize the leadership team and anchor investors
- ▲ Pre-test the idea with stakeholders through meetings/ workshops
- ▲ Finalize and commit to the flagship project
- ▲ Announce its plans in the marketplace

## JUNE 2018

- ▲ Incorporate Social Finance India
- ▲ Assemble a distinguished and accomplished Board of Directors
- ▲ Hire a full-time CEO
- ▲ Complete feasibility on SIB/ DIB instruments
- ▲ Establish Strategic Partnerships with Govt. agencies, Foundations.
- ▲ Launch an Investment Memorandum for Fund Raise

## OCT. 2018

- ▲ Complete due diligence of first set of Service Providers
- ▲ Design and outline its initials SIBs/DIBs
- ▲ Secure \$50 - \$100 million commitment for Outcomes Fund
- ▲ Make an announcement alongside GSG Impact Summit 2018

# IEOF Timelines: We plan to launch IEOF alongside GSG Impact Summit 2018 in October

DEC 2018	MARCH 2019	SEPT. 2019	DEC 2019
<ul style="list-style-type: none"> <li>▲ Complete feasibility on a minimum of three SIB instruments</li> <li>▲ Finalize the framework of at least one SIB under the IEOF</li> <li>▲ Secure Outcome Funding and Risk Capital for the first close</li> <li>▲ Sign MoUs with partner State governments</li> <li>▲ Host a Convening</li> </ul>	<ul style="list-style-type: none"> <li>▲ Launch the first set of SIBs/DIBs for 2019-20 academic year</li> </ul>	<ul style="list-style-type: none"> <li>▲ Complete feasibility on a minimum of six SIB instruments</li> <li>▲ Issue two white papers documenting learnings in SIB issuance</li> </ul>	<ul style="list-style-type: none"> <li>▲ Announce the next close and start a cycle of announcing annual closings and launch the SIBs/DIBs in the next academic year</li> </ul>

# SFI-IEOF will breakeven in year-3

## SFI - INCOME STATEMENT

\$1Billion Education Outcome Fund with Rolling Closings; 3 Closings considered FY2019 (USD 50Mn), FY2021 & FY2023 (USD 75Mn)

1 USD = INR 65

FY 2019 = Financial Year April 2018 - March 2019

Average outcome payment USD 4 Mn per impact bond against average deployment of ~USD 3 Mn.

Amounts in USD

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	5 Year Total
<b>Revenue</b>						
IEOF 1% Management Fee	125,000	500,000	687,500	1,250,000	1,312,500	3,875,000
IIF 0.1% Management Fee	25,000	100,000	100,000	300,000	300,000	825,000
Grants	730,000	730,000	740,000	-	-	2,200,000
<b>Total Revenue</b>	<b>880,000</b>	<b>1,330,000</b>	<b>1,527,500</b>	<b>1,550,000</b>	<b>1,612,500</b>	<b>6,900,000</b>
<b>Costs</b>						
Salaries & Benefits	361,731	647,149	755,382	908,423	970,670	
Outsourced Services	215,946	147,438	149,208	150,592	152,054	815,238
Consulting Services from SF Network	75,000	150,000	150,000	75,000	-	450,000
Other G&A	200,756	356,158	385,834	425,029	446,666	1,814,443
<b>Total Costs</b>	<b>853,433</b>	<b>1,300,746</b>	<b>1,440,424</b>	<b>1,559,044</b>	<b>1,569,390</b>	<b>6,723,036</b>
<b>Net Surplus/Deficit (Cumulative)</b>	<b>26,567</b>	<b>55,821</b>	<b>142,897</b>	<b>133,853</b>	<b>176,964</b>	<b>176,964</b>

# Potential risks

## Risks relating to investors/ pools of capital

- ▲ Inadequate interest among outcome funders/ investors

## Risks related to sector and operating environment

- ▲ Education is a sensitive sector and a large scale change may lead to resistance
- ▲ Changes in operating environment - in (a) geography (b) local governance (c) regulations
- ▲ Regulatory risk(s) - across entities (SFI, investors, issuers, outcome payers)
- ▲ Political risk - geography / relating to education as a sector
- ▲ Reputational risk - due to multiple layers in execution
- ▲ Issuer are unable to absorb capital of this scale

## Risks related to Mission

- ▲ Theory of change does not play out
- ▲ Capital goes to established players and replication of existing efforts
- ▲ IEOF crowds out investment in competing ideas
- ▲ Perception that Education in India is 'over-funded'

# Potential risks

## Risks relating to SFI, products, processes and management

- ▲ People risk - SFI is unable to hire (or retain) suitable talent to run SFI
- ▲ Process risk - SFI may not build/ adhere to suitable processes
- ▲ Issuer related risks - SFI is not able to pick suitable issuers
- ▲ Tenure - tenure is too short to deliver change/ extent of desired
- ▲ Charter/ focus areas - focus areas become out of bound from execution stand point
- ▲ Pricing - inability to project pricing/ costs correctly as this is the first such attempt
- ▲ Risk due to limited ability to forecast changes on the ground
- ▲ Costs - SFI needs more money to run than originally estimated
- ▲ Managing expectations of multiple participants

# Annexures

## **SECTION 1:**

Framework for identifying  
focus areas

## **SECTION 2:**

Service Providers –  
screening criteria, examples

## **SECTION 3:**

Approach to pricing  
outcomes



# Annexures

## **SECTION 1:**

Framework for identifying  
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outcomes



# We have used a comprehensive process framework to analyze the focus areas for short-listing

Validated by team from SF UK

Category	#	Criteria for selection of thematic areas
Good to have	1	<b>Social need and relevance to stakeholders</b>
Good to have	1.1	What is the problem area attempted to being solved?
Good to have	1.2	Alignment with the UN SDGs
<b>Essential</b>	1.3	Alignment with outcome funders on the issue area (is it a priority area?)
Good to have	1.4	Alignment with the impact/ risk investors on the issue area (interest in funding)
Good to have	1.5	Alignment with the government on the issue area (government priority, probability that the government will scale the most promising intervention)
<b>Essential</b>	2	<b>Target Group</b>
<b>Essential</b>	2.1	Target group/ Is there a target group with historically bad outcomes?
<b>Essential</b>	2.2	Can the target group be objectively defined?
<b>Essential</b>	2.3	Is the target group optimally sized/ large enough?
<b>Essential</b>	3	<b>Target outcomes</b>
<b>Essential</b>	3.1	Can clear outcome metrics be defined/ What would be the outcome metric? (e.g.; # of children with improvement in test scores above X; improved average test scores measured against a target effect size)
Good to have	3.2	Existing objective measures/ instruments of the outcome which could be used? (e.g. assessments such as ASER, ASSET, CAF)
Good to have	3.3	Probability of achieving outcomes?



# We have used a comprehensive process framework to analyze the focus areas for short-listing

All interventions will be in targeted States, so their impact is not diffused

Category	#	Criteria for selection of thematic areas
<b>Essential</b>	<b>4</b>	<b>Interventions</b>
<b>Essential</b>	4.1	Are there proposed interventions which could be funded? (e.g.: remedial programs, teacher training)
<b>Essential</b>	4.2	Are the proposed interventions viable? (to be checked in 5 for each intervention separately)
<b>Essential</b>	<b>5</b>	<b>Viability of interventions</b>
Good to have	5.1	Is the intervention well understood/ aligned with stakeholders' interest?
Good to have	5.2	Is there evidence of the effectiveness of the intervention?
Good to have	<b>5.3</b>	<b>Has an independent evaluation of the intervention been undertaken?</b>
Good to have	5.4	Will the intervention lead to a significant change in the target outcome? If yes, give quantifiable data (e.g.: 1.0-1.5x improvement above control schools (CAF))
<b>Essential</b>	5.5	Cost of the intervention (total and per beneficiary) within acceptable range?
<b>Essential</b>	<b>6</b>	<b>Availability of potential supply side / service providers</b>
Good to have	6.1	Are there enough proposed organizations which could be funded in the intervention? (Pre-screen criteria: <ul style="list-style-type: none"> <li>▲ Operating at regional or national level/ Ability to scale</li> <li>▲ Main focus on primary education for low-income populations</li> <li>▲ Ability to receive international funding</li> <li>▲ Existing govt. relationship</li> <li>▲ Org capabilities / performance)</li> </ul>

# Annexures

## **SECTION 1:**

Framework for identifying  
focus areas

## **SECTION 2:**

Service Providers–  
screening criteria, examples

## **SECTION 3:**

Approach to pricing  
outcomes



# Service Providers- screening criteria

## SCREENING CRITERIA

- ▲ Education is a sensitive sector and a large scale change may lead to resistance
- ▲ Operating at regional or national level
- ▲ Main focus on education for low-income populations
- ▲ Ability to receive international funding
- ▲ Strategic alignment
- ▲ Track record
- ▲ Ability to scale
- ▲ Organization-wide capabilities
  - ✓ Historic performance
  - ✓ M&E capabilities
  - ✓ Cultural fit
  - ✓ Financial standing, etc.
  - ✓ Project-specific capabilities
  - ✓ Suitability for DIB Fund
  - ✓ Execution capability
  - ✓ Sustainability
  - ✓ Impact
  - ✓ Cost-effectiveness
  - ✓ Govt. relationships, etc.

## Data Collection from Service Providers

Organisation details	Intervention/ Project details	Evaluation / Impact	Funding	Strategic Alignment
Type of Intervention	Operating model of the intervention/ how is the project implemented	Evidence of the effectiveness of the intervention (in general)	Current funders	Willingness to participate in DIBs
Target Group (Govt/ Aided/ Affordable private/ private schools/ out of school children)	State/ geography of the project	Independent evaluation of the intervention/ project done?	Eligibility/ capacity to absorb international funding	Future Plans
State/ Geography which the organization is currently operational in	Total cost per annum for the project	Result of evaluation (Effect size in terms of SD)	...	Other comments
State/ Geography which the organization is interested in scaling	Scale/ Number of beneficiaries (current)	If not available, internal data on impact of the intervention	...	...
Scale/ number of schools/ students impacted	Cost per beneficiary per annum	...	...	...

# Akshara Foundation

**Intervention** Remedial teaching and support programmes

**Focus Area** Primary learning outcomes

**Target group** Government primary schools

## Overview

- ▲ Started in 2000 with a goal of Every Child in School and Learning Well
- ▲ Range of programs providing robust solutions for universalizing elementary education
- ▲ Programmatic efforts include:
  - ✓ complete package for preschool education including scientifically designed teaching/ learning material, training to use the material effectively, and, children’s assessments based around the material
  - ✓ remedial teaching and/or support programs to cover reading, English and Math skills
  - ✓ Library program to ensure that every child in every government primary school has access to good content and exciting activities around books

## Organization

Model	Not for profit organisation
HQ	Bengaluru
Revenue	7 crores in 2017-2018
Founded in	2000
Employees	90

## Geographic footprint

Currently, 12 districts in Karnataka and 2 districts in Odisha

# Akshara Foundation

## DETAILS OF INTERVENTIONS

- ▲ The Akshara Foundation math initiative – christened Ganitha Kalika Andolana (GKA) – has the following components:
  - ✓ Government buy-in: In addition to formal Government Orders (GOs) approved by the state cabinet, there is also a significant government investment
  - ✓ Strong methodology and curriculum
  - ✓ Teacher training is key and backed by sharing all training modules in a DVD/website/YouTube
  - ✓ Effective rollout monitoring process: On a daily basis, when the state Cluster Resource Persons (CRPs) and Akshara personnel visit schools they send out an SMS in a simple format and capturing data which can be actionable
  - ✓ Assessments of children using an Android-based application and on a working day we test between 300-400 children. The results are visible on KLP as a dashboard
  - ✓ Engaging the community and mandated local government institutions

## IMPACT

- ▲ The GKA programme has cumulatively impacted over 900,000 children across 12,500 schools in Karnataka and 4500 schools in Odisha
- ▲ Close to 20,000 teachers have been trained in the GKA programme methodology.
- ▲ Attractive and colourful math teaching learning material is being used and enjoyed by children in 17,000 schools.

## CURRENT SCALE

- ▲ Schools : 29,216 schools
- ▲ Districts : 20 districts
- ▲ Children : 1.4 million in grades 4 and 5 only

# Educational Initiatives

<b>Intervention</b>	Personalized learning program for level appropriate learning for all											
<b>Focus Area</b>	Ed tech for upper-primary & secondary learning											
<b>Target group</b>	Govt & private schools											
<b>Overview</b>	<ul style="list-style-type: none"> <li>▲ Educational research company founded in 2001 and based in India</li> <li>▲ Designs and administers international, national- and state-level assessments in math, language, science, and social studies.</li> <li>▲ Developed and implemented an adaptive learning software that personalizes instruction for children to learn language and math in vernacular languages.</li> <li>▲ Expertise in both pedagogy and technology</li> <li>▲ 40 education specialists that are a mix of PhDs, experienced teachers, researchers and bright young talent</li> <li>▲ Does fundamental research on how students learn and develop questions and learning modules in-house</li> <li>▲ Team of 40 software engineers and data analysts that utilize the data emanating from Mindspark (personalized learning software) for research purposes to better strengthen the way children learn.</li> </ul>											
<b>Organization</b>	<table border="1"> <thead> <tr> <th>Model</th> <th>For Profit company</th> </tr> </thead> <tbody> <tr> <td>HQ</td> <td>Ahmedabad &amp; Bangalore</td> </tr> <tr> <td>Revenue</td> <td>Rs 50 Cr</td> </tr> <tr> <td>Founded in</td> <td>2001</td> </tr> <tr> <td>Employees</td> <td>300</td> </tr> </tbody> </table>	Model	For Profit company	HQ	Ahmedabad & Bangalore	Revenue	Rs 50 Cr	Founded in	2001	Employees	300	
Model	For Profit company											
HQ	Ahmedabad & Bangalore											
Revenue	Rs 50 Cr											
Founded in	2001											
Employees	300											
<b>Geographic footprint</b>	Worked with about 25 state governments in India with its global footprint reaching Bhutan, UAE, Ethiopia, Vietnam, Kuwait, Singapore and USA											

# Educational Initiatives

<b>PARTNERS</b>	J-PAL; Government of Rajasthan
<b>FUNDERS</b>	Global Innovation Fund, Proctor and Gamble's CSR Initiative, Porticus, MacArthur Foundation, Oxford University, Michael & Susan Dell Foundation, World Bank, UNICEF and international governments like the Govt of Bhutan
<b>BOARD &amp; TEAM</b>	<ul style="list-style-type: none"> <li>▲ Sridhar Rajagopalan (co-founder, Chief Learning Officer)</li> <li>▲ Sudhir Ghodke (co-founder, National Sales Manager)</li> <li>▲ Venkat Krishnan (co-founder, head of Finance)</li> <li>▲ Srini Raghavan (CEO)</li> </ul>
<b>FUTURE PLANS</b>	<ul style="list-style-type: none"> <li>▲ Expanding Mindspark to all Hindi speaking states in India to improve student learning for over 1 lakh students</li> <li>▲ EI aims to do fundamental research on student learning through a cross-disciplinary approach titled "Science of Learning"</li> </ul>
<b>DETAILS OF INTERVENTIONS</b>	<ul style="list-style-type: none"> <li>▲ 'Mindspark' developed by EI is a technology-based, personalized and adaptive learning program for math and language</li> <li>▲ EI sets up Mindspark labs in partner schools where there are sufficient number of computers (based on enrolment this can vary from 10-40). Through the government's ICT policy, many schools have hardware that can support Mindspark</li> <li>▲ EI installs an offline server with the learning content at each school and students come to the lab about 2-3 periods per week for each subject and use the systems either individually or in pairs</li> <li>▲ This program's adaptive logic creates unique remediation paths based on student performance provides ability-based instruction through this platform</li> <li>▲ Teachers use student data for tweaking lesson plans and supporting students who are struggling on the platform.</li> <li>▲ Impact : J-PAL conducted a randomized evaluation of Mindspark in Delhi which showed 200-250% gains in learning outcomes when children from low-income backgrounds did Mindspark for Math and Hindi. <math>0.36\sigma</math> in math and <math>0.22\sigma</math> in Hindi</li> </ul>
<b>CURRENT SCALE</b>	13,000 students in government schools (plus an additional 100k in private schools)





# Pratham

**Intervention** Personalized learning program for level appropriate learning for all

**Focus Area** Primary Learning outcomes

**Target group** Children in primary grades (3 to 5)

**Overview**

- ▲ Established in 1995 with the mission of “Every child in school and learning well”
- ▲ Aims to address gaps in education through its high-quality, low-cost, replicable interventions
- ▲ Started out by establishing community pre-schools in the urban slums of Mumbai
- ▲ Grown both in scope and geographical coverage, catering to all age group of students from pre-school till young adults.
- ▲ Read India, Pratham's flagship program, introduced in 2007 with the objective of improving the reading, writing and basic arithmetic skills of children in the 6-14 age group
- ▲ Read India program is implemented through learning camps which are intense short burst of teaching learning activities that are repeated several times a year.

<b>Organization</b>	<b>Model</b>	Not for profit organisation
	HQ	Mumbai
	Revenue	NA
	Founded in	1995
	Employees	112 permanent, 134 consultants, 5459 contractuel

**Geographic footprint** 23 states and union territories



# Pratham

<b>PARTNERS</b>	Partners Pratham Books, ASER Centre, JPAL Funders UBSOF, ITC Limited, Skoll Foundation, Accenture, Wrigley Company Foundation
<b>BOARD &amp; TEAM</b>	Ajay Piramal, Arvind Sanger, Dinyar Devitre, Madhav Chavan, Neerja Birla, Pramit Jhaveri, Ramesh Mangaleswaran, Rukmini Banerji, Sanjay Nayar, Vibha Paul Rishi, Vilas Gadkari, Vijay Goradia
<b>FUTURE PLANS</b>	<ul style="list-style-type: none"> <li>▲ To reach maximum number of beneficiaries while simultaneously experimenting and innovating to make the program better</li> <li>▲ Pratham will also explore how digital content can better be used in the schools and communities to facilitate learning</li> </ul>
<b>DETAILS OF INTERVENTIONS</b>	<p>Pratham works primarily in two models to implement Read India</p> <ul style="list-style-type: none"> <li>▲ Direct work through Learning Camps:</li> <li>▲ intense short burst of teaching-learning activities (5-10 days at a stretch) repeated several times in the same village/school during the year</li> <li>▲ Conducted by Pratham local staff with the assistance of the community (volunteers, parents and teachers)</li> <li>▲ Camps are held in a government school, usually during school hours</li> <li>▲ Groups children by learning level rather than by grade; Each group taught with appropriate methods and materials.</li> <li>▲ Partnership work with government:</li> <li>▲ Partnerships with state, district and city governments</li> <li>▲ Pratham acts as a "catalyst", introducing, incorporating and integrating its techniques for assessment as well as teaching-learning methods and materials into government school teachers' everyday practice</li> </ul>
<b>IMPACT</b>	<p>The preliminary results of the study by JPAL</p> <ul style="list-style-type: none"> <li>▲ Endline Hindi scores of students in 10 day camp program on an average 0.71 SD higher than the control group; 0.61 SD higher in the 20 day camp program</li> <li>▲ Endline Math scores of students in the 10 day camp was on an average 0.69 SD higher than the control group; 0.61 SD higher in the 20 day camp program</li> </ul>
<b>CURRENT SCALE</b>	Approximately 175,214 children across the country through learning camps and 14,867 villages through community based children's groups

# V-shesh Learning Services Private Limited



<b>Intervention</b>	Disability inclusion - Education and workforce transition	
<b>Focus Area</b>	Disability Inclusion	
<b>Target group</b>	Children, jobseekers	
<b>Overview</b>	<ul style="list-style-type: none"> <li>▲ An award winning impact enterprise that assists Persons with Disabilities in education, training and accessing high quality jobs and organisations</li> <li>▲ Listed on inaugural Global Diversity List (supported by The Economist)</li> <li>▲ Recognised with National Award for Empowerment of Persons with Disabilities from President of India in December 2016</li> <li>▲ Recognised as United Way Chennai Champion (2015)</li> <li>▲ Recipient of NCPEDP-Mphasis Universal Design Award (2014) and NCPEDP Helen Keller Award (2013)</li> <li>▲ V-shesh's education sector work has been selected as an awardee by Millennium Alliance</li> <li>▲ Part of Government of India's flagship disability inclusion effort - Accessible India Campaign and worked with a range of prestigious public, private and education sector organisations.</li> </ul>	
<b>Organization</b>	<b>Model</b>	For Profit company
	HQ	Chennai
	Revenue	NA
	Founded in	2009
	Employees	35
<b>Geographic footprint</b>	Chennai, Bangalore, NCR/ Delhi, Mumbai and rural Tamil Nadu and has served clients in 20+ locations in India	

# V-shesh Learning Services Private Limited



<b>PARTNERS</b>	British High Commission, CRISIL Foundation, Millennium Alliance, Nasscom Foundation, USAID, Wadhvani Foundation et al
<b>CLIENTS</b>	Clients includes Accenture, ANZ Group, L'Oreal, Societe Generale, Standard Chartered Bank Synchrony Financial, Tata Group firms and other top tier employers.
<b>TEAM</b>	With the ability to communicate in 14 languages, v-shesh's team is a picture of diversity in age, gender, disability, education and experience. Team members count Carnegie Mellon, Indian School of Business, Jadavpur University, Loyola College, NMIMS as their Alma Mater and have worked with organisations like ABN AMRO, American Express, JICA, TCS etc
<b>FUTURE PLANS</b>	<ul style="list-style-type: none"> <li>▲ Education services - (i) expand to larger number of deaf students (ii) develop services that work in low resource environments (iii) training to prepare for exams for higher education</li> <li>▲ Skills and jobs - (i) expand existing services to larger set of employer clients (ii) add new products like training job seekers for mainstream certification (language/ office skills etc)</li> <li>▲ Disability inclusion - accelerate disability inclusion in organisations across locations/ sectors</li> </ul>
<b>SERVICE PORTFOLIO</b>	<ul style="list-style-type: none"> <li>▲ Education - English language learning classes for deaf students held at schools for deaf children</li> <li>▲ Training for job seekers - at accessible locations; open programmes as well as customised programmes aligned with employer's requirements</li> <li>▲ Disability inclusion - employer organisations - at client site, assessment of job roles, engagement with leaders, managers, recruiters, peers and facilities staff</li> <li>▲ Disability inclusion - inclusion assessment and access audits - at client locations involves physical walkthrough, measurements, interactions with staff, visitors, users etc</li> <li>▲ Disability inclusion - financial literacy and inclusion - in partnership with financial services organisations</li> </ul>
<b>IMPACT</b>	<ul style="list-style-type: none"> <li>▲ In last 5 years v-shesh has assisted             <ul style="list-style-type: none"> <li>▲ 1500+ Persons with Disabilities access high quality jobs</li> <li>▲ 100+ organisations in a range of disability inclusion efforts like improving accessibility, hiring persons with disabilities, financial inclusion etc</li> </ul> </li> <li>▲ Job seekers trained and placed by v-shesh are employed by companies like Bank of America, Barclays Group, Deloitte, Mercer, IndusInd Bank, Infosys, JP Morgan, Royal Bank of Scotland, etc</li> <li>▲ During FY18 v-shesh served 600+ persons with disabilities with providing financial literacy</li> <li>▲ v-shesh is working with 200+ deaf students and would make 500+ job connections during the current year.</li> </ul>

# Annexures

## **SECTION 1:**

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Approach to pricing  
outcomes



# We have identified approaches for pricing outcomes: EdTech example

## Primary Learning outcomes

- ▲ Two proven models of tech enabled improvement of learning outcomes in mathematics (Pratham and Media Pro) have been considered as potential options for service delivery

## Ed-Tech for UP and Secondary Learning

- ▲ We constitute a balanced portfolio (50:50) of the two models, and assess projected returns

## Dropout of Girls in Secondary

- ▲ Based on historical costs, we fix a success fee of INR 5000 per student per unit SD increase of math scores. This works out to a per student cost of ~ INR 1400

## School Readiness

- ▲ Benchmarking this with the Rashtriya Madhyamik Shiksha Abhiyan (RMSA), RMSA median per student cost was ~ INR 2800 (FY17). It is hence clear that at this price point, the outcome fund offers a significant discount to legacy costs, while guaranteeing outcomes (pay for success)

## School to Workforce Transition

## Teacher Absenteeism

## We have identified approaches for pricing outcomes: EdTech example

- ▲ At the set level of pricing, we consider the costs and returns of the portfolio of service providers
- ▲ The models are seeded with probabilities of success which will be functions of historical consistency and estimated risk of markets where these will be implemented (illustrated here)

### Portfolio and Return Projections

Head	Figure
Total portfolio size	\$1 mn
Model 1 (Pratham) weight	50%
Model 2 (Media Pro) weight	50%
Total # students impacted	> 50,000
Est. Increase in score	0.3 SD

Item	1. Pratham	2. Media Pro
Level	Grade 4	Grade 2, 3
Scale	100 schools	60 schools
Per student cost/year	~ \$18	~ \$18
Score increase (Standard Deviations)	0.35	0.48

Probability	Minimum Return
90%	10%
75%	12%
50%	17%
25%	20%
10%	25%

## IEOF Task force members

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## SFI & IEOF Partners



### About GSG ([www.gsgii.org](http://www.gsgii.org))

The GSG is an independent global steering group catalyzing impact investment and entrepreneurship to benefit people and the planet. The GSG was established in August 2015 as the successor to and incorporating the work of the Social Impact Investment Taskforce established under the UK's presidency of the G8. The GSG currently has 15 countries plus the EU as members. Chaired by Sir Ronald Cohen, the GSG brings together leaders from the worlds of finance, business and philanthropy.



### About McKinsey & Company, Inc. ([www.mckinsey.com](http://www.mckinsey.com))

McKinsey & Company is a global management consulting firm, deeply committed to helping institutions in the private, public, and social sectors achieve lasting success. For 90 years, our primary objective has been to serve clients as our clients' most trusted external advisor. With consultants in over 110 locations in over 60 countries, across industries and functions, we bring unparalleled expertise to clients anywhere in the world. We work closely with teams at all levels of an organization to shape winning strategies, mobilise for change, build capabilities, and drive successful execution.



### About Central Square Foundation ([www.centalsquarefoundation.org](http://www.centalsquarefoundation.org))

Our vision is that all children in India, regardless of their social or economic status, receive a high quality school education that prepares them to be responsible and productive citizens. Our mission is to ensure quality school education for all children in India. We support exceptional social entrepreneurs with powerful ideas, provide a platform for the sharing of innovation and highlight learning and knowledge that can influence public policy.



### About Nishith Desai Associates ([www.nishithdesai.com](http://www.nishithdesai.com))

Nishith Desai Associates (NDA) is a research-based Indian law firm with offices in Mumbai, Silicon Valley, Bangalore, Singapore, Mumbai BKC, Delhi and Munich that aims at providing strategic, legal and tax services across various sectors; some of which are IP, pharma and life-sciences, corporate, technology and media. NDA continues to be ranked consistently as one of the top 5 law firms in India. Founder and Managing Partner, Nishith Desai spent extensive time studying management styles of top global law-firms prior to setting up Nishith Desai Associates in 1989.

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**IEOF task force**

Thank you

