

Press Release**Embargo 12.00 noon (IST) Tuesday 11 September****World's largest Education Development Impact Bond launched in India**

Global leaders come together to raise initial \$11m
to improve quality of education in country

New Delhi, 11 September 2018

Today, a coalition comprising HRH Prince Charles's British Asian Trust, the Michael & Susan Dell Foundation, UBS Optimus Foundation and Tata Trusts, together with the Comic Relief, the UK Government's Department for International Development (DFID), the Mittal Foundation, and British Telecom, launched the world's largest education development impact bond: **"Quality Education India" Development Impact Bond (DIB)**.

The first phase of the fund raised USD 11 million and the consortium wants to use this as a springboard to double the DIB in size in the coming years. To date, this is the largest DIB globally for education and the largest DIB in India with a potential to be significantly scaled up further. With this new and innovative social finance tool, the consortium aims to improve literacy and numeracy skills for more than 300,000 children, drive focus towards outcomes in the development sector and transform the way education is funded in India. While traditional funding streams are under severe pressure, innovative financing mechanisms such as DIBs, are a complementary tool to attract new private capital and will also play a major role in bridging the financing gap to achieve the UN's ambitious Sustainable Development Goals.

Commenting on the launch, **Shri Arun Jaitley, Honourable Union Minister of Finance and Corporate Affairs, Government of India**, said, "I am delighted by the launch of the Quality Education India DIB. This is a very serious group of organisations and people with the shared aim to improve education in India. This landmark financial instrument applies an entrepreneurial approach to philanthropy and is likely to change the lives of over 300,000 children in India by driving up standards in literacy and numeracy. If the potential of this type of funding is unleashed, it could improve the lives of generations to come too. This Government strives to see the best possible outcomes for the money invested. Every rupee to be spent in this DIB aligns with one goal: improving the quality of education. This type of outcome-based funding is fundamental for driving quality and improving learning outcomes in the education sector. Very good luck and I look forward to seeing the successes of this in the years to come."

DIBs are results-based finance mechanisms. The 'outcome funders' only pay for successful results. If the outcomes are not achieved, the funders do not pay. The working capital that enables the organisations to deliver the programmes comes from 'risk' investors who can recover their capital and earn a return if the programme is successful – in this case, if pre-determined education outcomes are met. The risk investor's return is recycled again for social good. The outcomes to be measured are agreed upon at the outset and independently verified. This applies efficiency and discipline to development funding.

This DIB focuses on the quality of education through the delivery of specific measured outcomes of improved literacy and numeracy among children in India, as opposed to simply measuring the number of children in schools. India has achieved a 99% rate of school access, but quality of learning has remained poor. A typical Indian student is at least two grades behind the level that is expected for their age. It is critical that the attention is now turned to improved learning levels.

Gyanshala, Kaivalya Education Foundation, a Piramal initiative, and the Society for All Round Development – all *selected for their diverse and proven interventions* – will work within the DIB mechanism to improve learning outcomes for thousands of children. UBS Optimus Foundation is the risk investor that will provide the working capital for the programmes and will be repaid by the outcome funders once verified outcomes have been achieved. The outcome funders are the Michael & Susan Dell Foundation, with Tata Trusts, The Mittal Foundation, British Telecom and Comic Relief providing funding through British Asian Trust.

Outcomes of the programme will be assessed by an independent evaluator, Gray Matters India. Dalberg Global Advisors serves as programme manager and will work together with local NGOs to maximise outcomes. The UK Government, through the Department for International Development (DFID), is also providing technical assistance to the programme, including funding for programme management, legal advice, learning and evaluation.

Phyllis Costanza, CEO, UBS Optimus Foundation, said: “We’re delighted to be involved with this innovative project, applying our experience from the successful Educate Girls pilot DIB. The Quality Education India DIB will achieve greater scale and also provide scope for innovation by comparing different education programs. DIBs align incentives between different actors. And so they have the potential to shift the development sector to focus on results and bring in substantial new capital to create social impact at a far greater scale, a key aim of UBS Optimus Foundation.”

Manoj Badale, Chairman, British Asian Trust, said: “By bringing together an impressive collection of public and private sector partners for the first time, this DIB has the potential to transform education outcomes in India. Our intention is to double the DIB’s size in the coming years.”

Geeta Goel, Country Director, India, Michael & Susan Dell Foundation, said: “Outcome-based funding models – which incentivize a more targeted focus on improving outcomes – are ideally suited to driving quality in education. The DIB’s ambition is to drive meaningful improvement in learning outcomes at scale, while also leveraging our learnings to help government and other funders make informed policy and spending decisions.”

R Venkataramanan, Managing Trustee, Tata Trusts, said: “Our participation in the DIB is in line with our focus on innovation to create meaningful and measurable impact. We are pleased to be part of such pioneering initiatives and believe such instruments will enhance outcomes in the sector and attract significant resources to the sector.”

Aditya Natraj, Founder and CEO, Kaivalya Education Foundation, said: “The DIB is providing crucial resource to allow us to train principals and teachers in integrated schools and drive up the quality of education for children in Gujarat. By aligning investment in projects with outcomes achieved, this type of outcome-based funding ensures maximum impact for the money spent, and promises a sustainable long-term source of income for effective interventions like our own.”

Anna French, Deputy Head, Department for International Development India, said: “The United Kingdom has been at the forefront of social finance instruments, and we’re pleased to be providing technical assistance to the programme. Our involvement in this DIB further cements the UK’s leadership in this area and our commitment to international collaboration to help solve key global development challenges.”

Notes to editors

This DIB consists of an international coalition of public, not for profit and private sector organisations.

NGOs: Kaivalya Education Foundation, Gyanshala and Society for All Round Development

Funders: HRH Prince Charles's British Asian Trust, Michael & Susan Dell Foundation, Tata Trusts, Comic Relief, the Mittal Foundation, and British Telecom

Investors: UBS Optimus Foundation

Technical experts: Dalberg Consulting and Gray Matters India

Technical assistance partner: UK Government's Department for International Development

The funding in year one will be invested into three education NGOs:

- Kaivalya Education Foundation (KEF): A School Leadership Development Programme in Gujarat which trains principals and teachers in integrated schools.
- Society for All Round Development (SARD): Two programmes in the north of Delhi – A teacher training programme which provides government teachers with the skills to handle multi-skill classes so that separate remedial classes are not required (indirect intervention) and a remedial intervention programme (direct intervention).
- Gyan Shala: New privately-operated free schools for out-of-school primary school-aged children in urban slums in Gujarat.

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