PRIVATE EDUCATION IN EMERGING MARKETS
An Investor’s Perspective

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As we approach the close of what has been a momentous year for IFC in education, we lead this issue with a focus on the World Bank Group (WBG)’s Human Capital Project, which was unveiled at the Annual Meetings in Bali in October. One of the Project’s core components is a new Human Capital Index, which seeks to answer the question: if a country proceeds with ‘business as usual,’ what percentage of its potential income will it lose due to underinvestment—or poorly targeted investment—in human capital? The Human Development Index shows how well countries are doing on investing in their most precious resource, human beings.

Now that the Project and Index have been rolled out, we start the conversation on the next step. IFC Global Lead for Education, Salah-Eddine Kandri explains how IFC’s education team will integrate the Project’s goals into its strategic priorities and heed World Bank President Jim Kim’s urgent call to mobilize more resources for human capital investment. In an interview, Tomasz Telma, Director and Global Head of Manufacturing, Agribusiness, and Services at IFC, explains how the Project to a large extent already aligns with IFC’s investments in this space and what realignments may be necessary.

Perhaps more than any other region, ramping up smart investments in human capital in Africa is a priority. That is why, earlier this year, we chose Cape Town to host the IFC 8th Global Private Education Conference, which drew 400 participants for great networking and discussions around the conference theme, Learning for the Jobs of Tomorrow. Read our Cape Town recap to learn more.

This issue also features an interview with Shelley Osbourne, Head of Learning and Development at Udemy, a leading online education provider, who provides insights into where this fast-expanding market is headed and how it is adapting to the equally fast-changing labor market. Echoing this theme, IFC Education Specialist Juliana Guaqueta Ospina highlights in a Blog how traditional, campus-based universities are responding to the surge in online education.

As always, you will find a roundup of recent IFC investments in education and the latest case study; this time we share with you a story of the IFC client, Byju’s, an amazingly successful app developer in India that uses multimedia technologies to help kids learn math and science.

Happy Reading!
The launch of the Human Capital Project (HCP) at the World Bank Group (WBG) annual meetings in Bali in October will have significant implications on how countries perceive and invest in human capital. The HCP, along with the WBG’s new Human Capital Index, will create momentum for countries to invest more—and more smartly—in their most precious resource, human capital, just as the WBG’s flagship ‘Doing Business’ report has triggered over 3,200 regulatory reforms since it was first published in 2003.

What is the Human Capital Project?

The HCP is a global effort to accelerate investments in people and to better target them with the overarching goals of generating greater equity and economic growth. Currently, there is a major gap between the developed and developing countries in this area. While human capital accounts for 68 percent of wealth created in developed countries, it accounts for only 41 percent in developing countries. This underinvestment creates a huge economic loss as billions of people miss out on big opportunities in life, whether they are economic, intellectual, or cultural.

The HCP has three pillars: (i) developing a new Index that measures this underinvestment; (ii) launching a program to strengthen research and data on human capital-related indicators; and (iii) supporting countries’ efforts to tackle the biggest barriers to investing in human capital. The HCP assesses how well existing approaches to developing human capital are working, identifies barriers holding back better outcomes, and supports countries in formulating national strategies for transforming human capital outcomes.

How is the Human Capital Index derived?

The Index is a summary measure of the amount of human capital that a child born today can expect to receive by age 18, given the risks of poor health and poor education that prevail in the country where they were born. It is an effort to quantify the productivity of the next generation of workers relative to the benchmark of complete education and full health.
It answers the question: if a country were to proceed with ‘business as usual,’ what percentage of their potential income would they be losing due to poor investment in human capital.

The Index has three core components: (1) survival: the probability that a child born today survives until age 5, when their formal schooling begins. After all, children who don’t survive beyond childhood don’t grow up to become future workers; (2) the amount of quality-adjusted years spent at school—a component that combines enrollment data (quantitative) with measures of actual learning at school (qualitative); and (3) the health of future workers as indicated by adult survival rates (defined as the fraction of 15-year-olds that survive until age 60) and the stunting rate for children under age 5. Stunting occurs when children fall well below the average height for their age due to poor nutrition and repeated infections. It afflicts nearly one in four children and is a largely irreversible condition that causes both cognitive and physical deficits.

In its first iteration, the Index has scored 157 countries, providing an overall index and ranking, and rankings for each of the core components, enabling easy country-by-country comparisons. For example, the Index’s school enrollment indicator reveals some big differences between countries’ performances, including countries from the same region. An average child in Ghana receives 11.6 years of schooling, whereas an average child in neighboring Niger receives just 5.3 years. Children in India experience an average of 5.8 years of quality-adjusted years of schooling, compared to 9.7 years in China.

The Index has disaggregated the data by gender where such data is available (currently for 126 out of 157 countries). This provides a detailed picture of existing gender gaps by country. Such gaps remain, even though in many countries they are closing, and in some cases, girls have surpassed boys on both enrollment and learning metrics. More datasets will be added as the Index develops further. The Index complements the existing UNDP Human Development Index with both measures strengthening the economic case for investing in people.

How is IFC accelerating human capital investment in emerging markets?

- IFC will focus on creating markets for increased privately provided solutions in early childhood education and in basic education to ensure that children stay in school and learn foundational skills that equip them for the jobs of the future in our digital age.

- Through its investments in EdTech, IFC actively supports the development and adoption of technologies that improve the quality of schooling and learning.

- IFC’s Employability Tool helps measure the value of post-secondary education and training in terms of skills acquisition and linkages to jobs, thus increasing outcome orientation. The value of tertiary education and skills acquisition is yet to be captured by the Index.

- Through a combination of online, blended, and in-person training models, IFC will help build the capacity of health care workers that can support mothers and provide care at different levels, promoting access to Universal Health Coverage.

Next Steps

At the Bali Annual Meetings, ministers from 30 pilot countries presented initial ideas on how to accelerate investment in human capital. The HCP will continue to expand the number of countries involved and datasets measured. For IFC’s part, we stand 100 percent behind this initiative, which dovetails well with our investments and advisory services in the education and health care sectors of emerging markets. The end goal is clear: a world where all children begin school well-nourished and ready to learn; where they experience real learning; and where they complete their education in full health and equipped with the skills and knowledge they need to thrive in the 21st century economy.
"TO HAVE A MEANINGFUL IMPACT ON HUMAN CAPITAL DEVELOPMENT, WE WILL NEED TO WORK MUCH CLOSER WITH THE BANK."

As the World Bank Group President Jim Kim commented recently, “The world today faces a ‘human capital gap’ and the workforce is unprepared for the future that is unfolding, and countries have to get ready for it in a hurry.” But governments will not be able to do it alone and will need private solutions to complement their efforts. To understand the human capital development opportunities in emerging markets, Mohammed Ali Khan, Senior Education Specialist recently caught up with Tomasz Telma, Senior Director for Manufacturing, Agribusiness and Services (MAS) at IFC to talk about the recently announced Human Capital Project (HCP) by the World Bank Group, and its implications for IFC’s education strategy.

**Q:** How does the Bank’s HCP align with IFC’s mission of creating markets and helping the private sector to grow?

It is a very timely and appropriate response, particularly considering the recent World Development Report 2019 on the future of work. We need to evaluate how to scale up our investments in human capital and how to prioritize countries. To do this, we can use independent data from the Human Capital Index to determine a country’s ranking and its level of engagement. We believe that all countries would want to improve their human capital standing, and this will help us to engage globally, which is what the World Bank Group wants us to do. Depending on a country’s level of engagement and commitment to making reforms, we can adapt the nature of our interventions. The Human Capital Project is very relevant in this context as it raises our profile and puts more pressure on IFC to react.

**Q:** What are the linkages between creating markets and HCP?

Since IFC is focusing on creating markets, we can use the human capital project to hone in on some priority areas such as learning outcomes in the early years of learning as well as using better metrics on employability through IFC’s Employability Tool to drive investments in education where they are most needed.

**Q:** How can IFC through its education investments have a bigger impact on human capital in emerging markets?

There are a few things that IFC can do. One obvious one, which I just mentioned is using our employability tool and helping to elevate the quality of partners. Another is to help reframe the debate on degrees versus certifications in a way that can result in creative solutions for driving scale and impact as people look for more flexible options to acquire job-relevant skills. We can also engage with employers in diverse sectors and encourage them to work with our partners to customize their curricula to employers’ needs. Finally, we can create greater access to education by looking for innovative, technology-led solutions in the digital space.

INTERVIEW

Tomasz Telma
Senior Director for Manufacturing, Agribusiness and Services, IFC
How might HCP lead IFC to realign its investment priorities?

What we do know through research is that the most formative learning takes place during the early years, and its impact on the development of human capital in later years is huge. That is why we need to look at investment opportunities in early childhood education for ages 3-7 years and focus on the role and training of teachers who are the critical providers of student learning, especially in the early years.

How can IFC support innovative partners to maximize the impact of our investments?

We have looked at several innovative models and have invested in a few as well, e.g., our partner Bridge Academies in Edo state, Nigeria is leveraging technology to empower thousands of public sector teachers to improve their students’ learning. Through the STAR program (Supporting Teachers to Achieve Growth), gains in learning outcomes are being recorded already within 6-7 months. We need to look at replicating some of these practices in the world’s poorest markets. Similarly, in the tertiary space, we have investments like Coursera that have achieved huge scale. One aspect we must be conscious of is to work closely with our World Bank colleagues on using an evidence-based approach that relies on data rather than anecdotes.

As traditional firm boundaries get blurred, new business models are emerging. How will IFC look for opportunities in the education space to invest in these new, agile structures?

So, we already have some excellent examples like Andela, Byju’s, and Coursera that all utilize the scalability of technology-enabled platforms to maximize their student reach. Looking forward, our risk appetite may not increase dramatically but with the Human Capital Project, we believe that we will have a greater license to operate, and we will focus on growing our business and measuring our successes in a more tangible way.

How can IFC strengthen collaboration with the World Bank to achieve the shared objectives of human capital development?

If we are going to have a meaningful impact on human capital development, we will need to work much closer with the World Bank, especially at the upstream level, and use the Cascade (WBG’s approach to prioritize solutions that crowd in private providers) and MFD (WBG’s approach to systematically leverage all sources of finance, expertise and solutions to support sustainable growth in emerging markets) in a strategic way. We already have tangible examples of the MFD in our infrastructure business, and we intend to apply those lessons to our health and education investment approaches.

What synergies do you see with the rest of IFC’s MAS sector?

One of the great synergies between education and the rest of MAS is that all our partners in the other MAS verticals are also employers. This means that they have an abiding self-interest in the development of human capital since they are affected by the skills gap and recognize the need for quality and better learning outcomes. I think this creates opportunities for IFC to play a coordination and thought leadership role on the jobs of the future, as highlighted in our education conference in Cape Town this year. We can provide the forums where employers and providers can have a wide-ranging discussion on credentials, certification, customization of curricula, and hybrid modes of learning. We need to encourage more interaction across MAS.

Any Final Thoughts?

Although our investment footprint in health and education is not large as compared with other industries, we are global leaders in supporting the private sector in this space and many other multilaterals come to us for advice and to learn from our experience. We will build on this and use the HCP platform to help us open new doors through the Cascade and MFD and to find solutions that marry both approaches, especially in early childhood education.
EVERYONE NEEDS TO CONTINUE LEARNING TO STAY COMPETITIVE

In an interview with IFC, Shelley Osborne, Head of Learning and Development at the U.S.-based online education provider Udemy, shares her insights into current and future market trends. An IFC client through our investment in the Learn Capital private equity fund, Udemy’s fastest-growing market is Latin America, where it has recently opened an office.

What motivates people to take a course on Udemy?

Udemy provides lifelong learners with the resources to continue learning both hard and soft skills long after the end of their time in a traditional classroom. As in-demand skills change more quickly than ever, it’s increasingly important to adopt a lifelong learning mindset. You may feel equipped to do your job today, but the skills needed for tomorrow are guaranteed to shift. Everyone is going to need to continue learning to keep up and stay competitive.

How does Udemy differ from other online education platforms that charge for their courses?

Only Udemy is a truly open and global marketplace for learning and teaching online. Because we’re a marketplace where any expert can create a course and share their knowledge, we are able to provide students with access to more content on more topics and in more languages than anyone else. We’re firm believers that the best teachers aren’t always found in a classroom, so our instructors are real-world practitioners who hone their craft every day. This allows Udemy students to learn skills that can be applied right away in the workplace or in their personal lives.

How many of your users are in emerging markets? Is this where you expect your future growth?

Two-thirds of our 24 million students live outside of the United States, and we’re dedicated to meeting the unique needs of our students and instructors in those global markets.

INTERVIEW WITH UDemy

Shelley Osborne
Head Of Learning And Development, Udemy
In June, we opened our office in our fastest-growing Udemy market in Latin America—São Paulo, Brazil. It’s exciting to get on the ground, and we look forward to our continued growth around the world.

**Q:** Through Udemy for Business, you’ve made employee training partnerships with companies like Lyft and Pinterest. How did this come about and how are they working out?

Udemy for Business is our curated learning platform of over 2,500 top-rated Udemy courses to help organizations continuously upskill their workforce and foster a culture of learning. Udemy for Business is on a mission to help employees to do whatever comes next—whether that’s tackling the next project, learning a new skill, or mastering a role. Companies like Lyft and Pinterest rely on Udemy for Business as a tool for managers to grow their teams’ skill sets, host recordings of in-person training sessions for employees, and scale onboarding processes. After implementing Udemy for Business, Pinterest experienced a 10 percent improvement in employee career development scores.

**Q:** In today’s labor market, with more people freelancing and switching jobs more often, how does this affect your business?

Udemy instructors are able to teach on their own schedule, in a format that works best for them. Because of this flexibility, experts have made teaching on Udemy their side hustle, and many have even turned it into a full-time job. More experts teaching on Udemy means more courses in a variety of categories, allowing students to get the skills they need to get better at their current role or land the next one.

**Q:** What are your biggest challenges for growth and for the overall industry?

Historically, employers focus heavily on educational background when reviewing resumes and interviewing job candidates. It’s time to shift that mindset. Skills are changing so rapidly that no curriculum can keep up. It’s time to focus on candidates who are constantly learning and upskilling through resources like online learning. In this new world, how a job candidate acquires their skills is less important than their ability to demonstrate competency and a willingness to commit themselves to lifelong learning.

“Two-thirds of our 24 million students live outside of the United States, and we’re dedicated to meeting the unique needs of our students and instructors in those global markets.”
few months have passed since we said goodbye to one another in Cape Town at the 8th IFC Global Private Education Conference. We have received very positive feedback from participants about how they benefited from two extraordinary days of debate and sharing of insights with some of the most innovative people in global private education. Strategically, we thought it was important to bring this conference to Africa for the first time, where so many companies and educational institutions are trying to benefit from the significant demographic dividend that the region will be enjoying in the next few decades.

As mentioned by Tomasz Telma, our Senior Director and Global Head for Manufacturing, Agribusiness and Services (MAS) in his closing remarks, learning for better personal and professional lives is what drives us to work harder and think more creatively about the future of our children's generation. Close to 400 participants were able to put their busy agendas aside and come to Cape Town for a few days to reflect on the challenges and solutions for the Future of Work and Future of Learning in emerging markets. Our conference built on previous IFC education conferences including in Hong Kong, San Francisco, and Dubai. At Cape Town, we explored how to develop a new learning and employability agenda as the Fourth Industrial Revolution dawns. We saw great illustrations on how new jobs will be created even as existing ones are displaced and on how to promote workers' productivity. Most importantly, we also enjoyed two days of networking and catching up with old friends. The topic of the conference aligned nicely with the just-released World Bank flagship World Development Report 2019, which provides an in-depth analysis on the Changing Nature of Work and its implications for education systems.

Our global education conference underscored how education remains a key strategic sector for the World Bank Group (see separate article on Human Capital Project and Index). A key part of IFC's strategy is to support clients as they expand regionally and through South-South collaborations, exporting success at home to other countries in the region. At the conference, Roy Douglas, CEO of ADvTECH, South Africa’s education leader explained that his company was already doing this through its “Rest of Africa” expansion strategy, where it has set for itself the ambitious target of generating 30 percent of revenue from outside South Africa. In Asia, private education companies in the Philippines are also starting to expand into other ASEAN countries. We see similar regional expansion plans in Latin America and in the Middle East. IFC is also promoting innovation in education through two different strategies—by promoting early stage innovation with ed tech companies through a venture capital approach, and by helping more established private education providers undergo a digital transformation so they can reach more learners.

Finally, we would not have been able to make this event possible without our amazing sponsors who provided invaluable support in the preparation of the conference.

- **Gold:** Laureate Education, Luminus Education, LEK Consulting
- **Silver:** Macmillan, Pearson, Yuhua Education Group
- **Dinner:** ADvTECH
- **Other Sponsors:** Adtalem Global Education, Aliat Universidades, Anima Educaçao, Honoris United Universities, Kaizen Private Equity, Learn Capital, S Chand Group, Sabis, Ser Educacional

We really hope to see you all in 2020 at the 9th edition of IFC's Global Private Education Conference in Latin America!
Jubair Anasari yearned to learn more. But the vibrant eighth grader, whose arms were malformed since birth, was from the State of Jharkhand, a region that suffers from the greatest poverty, illiteracy, and overpopulation in India. According to Jubair, “Education often ranks very low in a parent’s priority list in the village of Giridith.” While the schools in his village met the most basic education requirements, he always dreamed of studying in a better school.

His father, a farmer, sent Jubair and his four sisters to school in the city, where the quality of education was better. But they could not afford to send their youngest to school. Jubair explains, “In a village where people have to walk 4 to 5 kilometers to get to the nearest hospital, education is a luxury.” Seeing his interest in education, his grandfather invited him to live with his family of ten to attend the Sardar Patel public school in Jamshedpur, the Steel City of India. Jubair lived with them for almost 12 years.

Jubair loved biology and math. Although he was studious, he struggled at school. Jubair’s grandfather heard about “BYJU’S The Learning App” (BYJU’S) and gave him the gift of a one-year subscription. The app completely changed the way Jubair viewed complex topics. Jubair said, “It helped me to unlearn and re-learn topics. I never imagined that topics in math could be explained through animation and 3D objects. To me, math was always something that had to be written down and practiced; I rarely understood the basics of any concept. With the BYJU’s app, I can visualize problems and see the logic behind each topic. The app eased my learning process. It gave me a new perspective about how loving what one is learning can change a learning journey.”

When he grows up, Jubair hopes to become an Indian Administrative Service Officer, which is the premier civil service in India where positions are highly competitive. He wants to help make education more accessible for children in rural areas. He believes that if children from lower-income families get an equal chance at education and learning, there is a higher chance of them living better lives.

Byju Raveendran, the founder and CEO of BYJU’S The Learning App explains how his product plays an important role in making Jubair’s dream a reality, “BYJU’S has been the stepping stone for millions of such students by making education affordable and accessible in all parts of the country. At BYJU’S, we believe that a level playing field for all students will enable them to learn better.”

Quality learning is important to prepare students to succeed in the jobs of tomorrow. Yet across the world, a “learning crisis” is unfolding. Globally, enrollment gaps between high and low-income countries have narrowed significantly in basic and secondary education. But the World Bank’s 2018 World Development Report sounded the alarm; students in many communities are not learning basic skills while in school. “Schooling is not the same as learning. Even after several years in school, millions of students lack basic literacy and numeracy skills.” Further, in math and science, students in low-income countries perform worse than 95 percent of students in high-income countries. India is not immune to the problem. Almost half of fifth graders cannot read second grade texts. “In rural India, just under three-quarters of students in grade 3 could not solve a two-digit subtraction, such as 46 minus 17, and by grade 5, half could still not do so.” In 2009, the last time India participated in the global Program for International Assessment (PISA), it ranked 74 out of 75. Good quality teachers are expensive and tend to be concentrated in large cities where there are more resources. In March 2015, there was a shortage of half a million teachers and the government recruited untrained teachers at a lower pay grade to fill the gaps. Student teacher ratios are high at 1 teacher to every 35 students. School infrastructure is crumbling, adding to challenges for student learning. In addition, the learning culture is geared toward memorization to pass exams. BYJU’S hopes to bridge the learning gap and help students not only to pass the test, but also to develop a deeper level of understanding of complex math and science subjects.

It created the app with a team of about 2,300 employees, including top performing teachers, media specialists, and technology developers. About 40 percent of its employees are female.

BYJU’S launched the app in August 2015. In only two and a half years, students from 1,700 cities in India and the Middle East have downloaded the app 15 million times. As of January 2018, 900,000 users have paid the annual subscription of $160. Data show students spend an average of 53 minutes per day on the app, without a dip in engagement, even after a prolonged use. A survey of 20,000 parents found that 92 percent reported an improvement in their child’s grades. This result feeds a renewal rate of 85 percent. By the end of its fiscal year in March 2018, it is expected to have generated $85 million in revenues. In December 2016, IFC acquired a minority equity stake valued at $9 million to help the company expand its technology development and increase its offerings across India and internationally. Since 2016, it has obtained about $245 million from marquee investors. It was the first investee in the Asia region by the Chan Zuckerberg Initiative (the Facebook philanthropic arm), and raised funds from Tencent, Sequoia, Lightspeed, TimesInternet, Verlinvest and Sofina. In August 2017, it entered an elite group, becoming a “unicorn” company—a startup that has grown to a value of over $1 billion. It is the eleventh technology start-up to cross that threshold in India.

### Top Three Success Factors

BYJU’S is demonstrating that its philosophy, largely differentiated product, and strong sales mechanism can make it possible to bring quality education to millions of students.

#### Philosophy

BYJU’S philosophy toward learning is fundamentally different from the type of studying currently most common in India. Education, particularly at the end of grade 8 and into high school, is largely driven by memorization, which is motivated by fear of failing life-changing examinations. Teachers are teaching to the exams. Students can be robotic, memorizing material as if in a trance, only to regurgitate it on command for the exam and then forget it weeks later. Byju Raveendran was troubled by this phenomenon and aspired to drive a cultural change to transform how students learn and make it a positive experience. He created a powerful tool to inspire students to learn through a different strategy—learning for the love of learning. The app is helping students gain deeper conceptual clarity of math and science. Once students can form a deeper knowledge base and become good at a subject, they tend to develop the self-confidence that leads to better grades and positions them for the jobs of the future.

#### Differentiated Product

BYJU’S is solving a core challenge in education by providing widespread access to good quality teachers. It’s “Rockstar” teachers take complex subjects, simplify them, and explain with clarity. By providing everyday examples that students can connect with, the material takes on a more tangible dimension. Students can internalize the information more easily, because it is relevant to them. The content is deconstructed and split into five-minute modules, allowing for alignment with all three curriculums in use in India. The material is brought to life by the media team, which adds special effects, such as two dimensional objects that move animation and gamification. The technology allows for personalization of the experience. The format is conducive to connecting with students and their different learning styles, whether they are contextual, visual, or theoretical learners. Students are periodically tested for mastery of the material. Based on those results, it can help students who need additional reinforcement cover remedial content, and it can provide curious minds access to more advanced levels. The format allows students to learn at their own pace. Blending content, media, and technology has made the tool very effective at keeping students engaged and they are coming back for more.

#### Strong Sales Mechanism

The growing presence of the smartphone has created a new delivery channel for education, and it is playing a big role in rapidly expanding access to quality teaching. An app transcends geographic boundaries, since it can be downloaded from anywhere around the globe. This capability makes the tool accessible to students from the largest cities to the most remote parts of India. It is democratizing access to education. More than half of its students come from outside the major metropolitan areas (Tier II, III, and IV cities, with populations ranging from 100,000 to 10,000, respectively). The app is enabling the company to continue scaling up into international markets and enter its next phase of growth.
RECONCILING QUALITY AND SCALE—ONLINE EDUCATION’S BIG CHALLENGE

Watching my two-year-old daughter progress from baby words to full sentences, I am already wondering who she will want to be as an adult and what kind of higher education she will need. From my role at IFC, part of the World Bank Group, I see a fast-changing education landscape. Online learning, a $165 billion industry that is growing by 5 percent a year, as reported at IFC’s Global Private Education conference in Cape Town in April, has the potential to be a big disruptor and gamechanger.

When the moment comes, will she choose a traditional, campus-based university, one with a ‘stage on the stage’ imparting words of wisdom to an array of students in a large lecture hall? Or will this model have been made obsolete by the Digital Revolution? Based on trends I observe, I am willing to wager that the campus-based university will still be around. Teachers are too important to go without. However, course curricula are rapidly integrating more online learning elements.

My prediction was reaffirmed by a recent roundtable that IFC co-organized with edX and Universidad Javeriana in Bogota in my native Colombia, where we convened leading lights from the campus university and online education’s increasingly intersecting spheres. We learned about an innovative partnership forged between edX, one of the world’s largest online education providers, and the Massachusetts Institute of Technology, who together have created a blended degree.

A blended model may also help redress two oft-heard criticisms of online education: low graduation rates and substandard quality.

The degree begins with a student doing an online MicroMasters at lower cost, which earns them credit toward a campus-based Masters at regular cost. This model lowers the overall cost of obtaining a full Masters for the student, gives the university an opportunity to assess in advance if the student is a good fit for the full program, while giving the online education provider a way to have their course credentialed with the possibility of recognition by other universities.

The question for an emerging market like Latin America and the Caribbean is whether a version of such a model could inspire solutions for achieving the goal of expanding higher education enrolment without compromising on quality. According to a recent article in University World News, the region will see an uptick in enrolments from 25.3 million in 2015 to 36.7 million by 2030. Blended models can help the region meet the increased demand while preserving key elements of campus-based education. We see it happening already: a 2015 OECD study of 34 Latin American universities found that 16 percent were using a blended model, 19 percent an online model, and 65 percent a traditional face-to-face model.

A blended model may also help redress two oft-heard criticisms of online education: low graduation rates and substandard quality. A recent study by Arizona State University that looked at six U.S. higher education institutions actually reported higher graduation rates among students who took at least a portion of their studies online. Having online components also extends access to higher education to traditionally-excluded groups: people in rural areas, women and people with limited resources or disabilities.
At the Bogota roundtable, we learned from Anant Agarwal that there are three key trends driving the future of education. It will become modular, to enable students to combine courses and provide flexibility to manage space and time; omni channel, with different options to obtain online courses for credit; and lifelong, because the need to upskill will continue throughout our professional lives. At IFC, we are committed to supporting the continuous improvement and transformation of higher education institutions. We aim to help them leverage technology to provide a dramatically different, and more effective, response to the challenges ahead brought by increasing automation and the 4th Industrial Revolution in developing countries.

While absorbing these fascinating trends and interesting possibilities, I return to my original question: what higher education will my daughter want to have? My own answer is twofold. Technology is doing a great job at lowering time and space barriers to education—and lowering costs. I hope and expect to see online elements woven into the fabric of her university life to improve the quality of the learning experience and outcomes. At all levels of education, there are fascinating possibilities with Artificial Intelligence to provide advanced tutoring and support, adaptive platforms to personalize learning processes, and applications of the science of learning to instructional design.

At the same time, I would love for her to develop meaningful connections with peers and teachers, as well as brilliant minds because this will provide her with essential experiences and guidance. The blend of these elements will, I hope, enable her to thrive and contribute to tomorrow’s economy and society.

This article was originally published in July 2018 by the World Bank on its Education for Global Development blog platform.
RECENT IFC EDUCATION INVESTMENTS

China YuHua (China)

China YuHua Education Corporation Limited has a good track record in providing high-quality private tertiary education with strong employment links and a successful track record of placing students in meaningful employment and master’s degree programs. IFC’s investment in YuHua will help the company expand, consolidate, and upgrade plans to replicate its successful tertiary education model in frontier regions of China and contribute to consolidating and bringing consistent and high-quality standards to the tertiary and vocational education sector in China.

Yingcai (China)

Having ranked in the top tier academically among the private tertiary institutions nationwide over the past five years, Yingcai is now one of the most prominent private universities in China and owns two campuses in Jinan. Yingcai plans to upgrade and renovate its teaching facilities, including those in its flagship School of Early Childhood Education. IFC’s funding will help Yingcai to enhance student learning outcomes and bridge the significant supply-demand gap of qualified early childhood teachers, particularly in the frontier regions.

Santo Tomas (Colombia)

IFC is financing the expansion of Universidad de Santo Tomas, the oldest university in Colombia, founded in the 17th century by the Catholic Dominican friar community, and one of the 10 largest private high-quality accredited universities in the country. IFC’s funding will finance a CAPEX plan in five different cities to help the university modernize and standardize its different campuses to levels of a high-quality accredited institution.