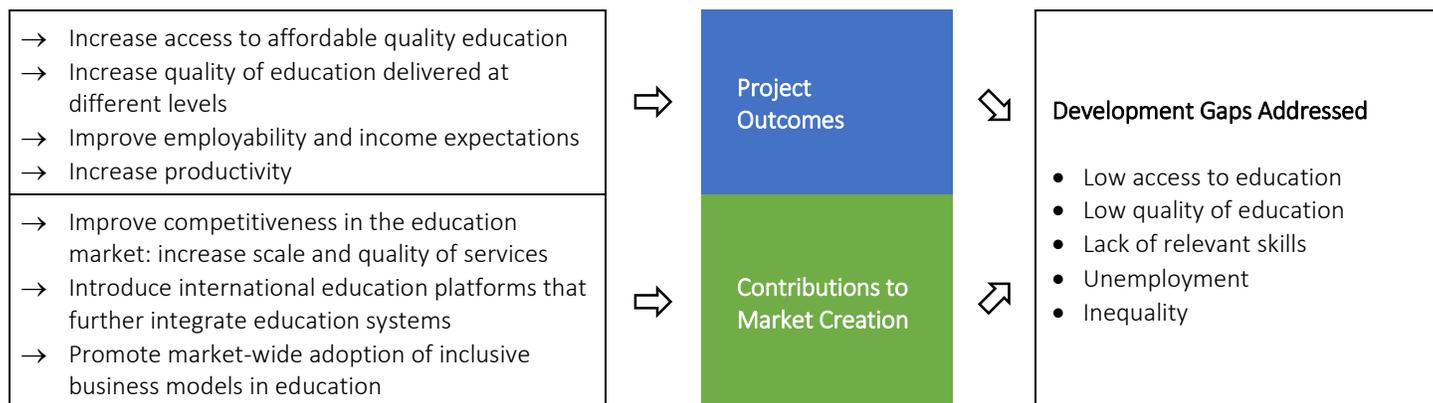


Development Impact Thesis – Promoting investment in the education sector is critical to the achievement of the WBG twin goals of ending extreme poverty, and boosting shared prosperity by enabling social mobility, higher wages, reducing inequality and boosting economic activity. IFC’s engagement in the education sector is designed to improve access to affordable, quality and relevant education at all levels, reduce gender disparities, improve learning outcomes, and promote acquisition of the knowledge, mindsets, and skills required to promote sustainable development. IFC provides financing and advisory services to educational institutions to:



Rating Construct – All AIMM sector frameworks include detailed guidance notes that help define project outcomes and contributions to market creation, aggregating to an overall assessment of development impact.

- For project outcomes, stakeholder effects are the key components for which industry-specific benchmarks define the context in which an IFC operation seeks to drive changes. This gap analysis is combined with a separate set of impact intensity estimates that specify the expected results using predefined indicators.
- For contributions to market creation, industry-specific market typologies define stages of development for four market attributes (or objectives): competitiveness, resilience, integration, and inclusiveness. These market typologies, when combined with estimates of how much an intervention affects the development of a market attribute, provide the foundation for IFC’s assessment of an intervention’s market-level potential for delivering systemic changes.

PROJECT OUTCOME INDICATORS		CONTRIBUTION TO MARKET CREATION INDICATORS	
Stakeholders	<u>Access</u> <ul style="list-style-type: none"> • Students enrolled • Students enrolled from a target group (incl. female, rural, low income) • Targeted income segments • Lifelong learners (vocational) 	Competitiveness	<u>Market Structure</u> <ul style="list-style-type: none"> • Change in competitive market behaviors
	<u>Quality</u> <ul style="list-style-type: none"> • Learner to teacher ratio • Prevalence of full-time staff in faculty • Accreditation (tertiary and vocational) • Percentage of faculty with post graduate qualifications (tertiary) • Percentage of teachers with required qualifications (K12) • Employment rate within 12 months of graduation (tertiary and vocational) 		<u>Price</u> <ul style="list-style-type: none"> • Change in the market pressure on tuition fee increases
	<u>Affordability</u> <ul style="list-style-type: none"> • Tuition fee relative to comparator • Learners enrolled with financial support 	Integration	<u>Accreditation</u> <ul style="list-style-type: none"> • Change in market wide acceptance of accreditation
		Inclusiveness	<u>Learning methods</u> <ul style="list-style-type: none"> • Promote change in learning methods and curriculum innovation
			<u>Product diversity</u> <ul style="list-style-type: none"> • Change in product diversity
			<u>Connectivity</u> <ul style="list-style-type: none"> • Enable deeper and more effective public policy formulation through collaboration • Encourage systematic support for R&D into critical areas and STEM skills • Enable platforms to better connect the market with opportunities through partnerships
			<u>Market-wide focus and access for underserved groups</u> <ul style="list-style-type: none"> • Promote adoption of inclusive business models, practices or products • Better regulation to facilitate access/affordability for underserved groups

Sector Specific Principles or Issues – The following principles will be applied for projects rated under this framework:

Principle or Issue	Treatment Under Framework
Access	The private sector plays a key role in improving access to education, particularly in regions where fiscally constrained governments are unable to expand public education. To do this, IFC relies on scalable and affordable models that allow for efficient cost levels and improved management practices, increasing enrollment levels. Innovative delivery models, such as distance learning through blended and online approaches, can also contribute to increasing access to tertiary education for underserved populations in rural/remote areas, raising their expected income levels. They can also raise education standards through an increased focus on quality and relevance.
Youth employability	Skills mismatch and youth unemployment pose a drag on the economy. Currently 40% of employers struggle to recruit skilled workers, yet 76 million youth remain unemployed. Furthermore, workforce displacement and job market disruption resulting from technological advancement will lead to an estimated 400 million workers to change jobs by 2030 due to automation. Hence, one of the priorities for the education sector is to preserve and enhance employability promoting life-long learning opportunities, as well as access to market-relevant skills. Promoting employability includes enhancing entrepreneurship, in contexts where workers will transition to the gig economy (temporary and flexible contracting of independent workers instead of full-time jobs).
Quality	The education sector is facing significant challenges, especially related to on-going learning crisis where 263 million primary and secondary age children are out of school and approximately 620 million learners do not meet minimum proficiency in math and reading. Hence increasing access to education, as measured by gross enrollment rates and years of schooling, is only a part of the challenge faced by developing countries. Quality needs to be raised to ensure students are well prepared to thrive in rapidly changing economies. Improving quality, as measured by learning outcomes, is a priority for the education sector. Under IFC 3.0 and in the context of the Human Capital Project, IFC will focus on market creation to develop foundational skills (literacy and math), including those critical for the future of work, such as STEM disciplines, digital skills and English language among others.
Early childhood	There is growing recognition that investing in early childhood development (stimulation and education) has significant benefits, setting the foundation for future learning. Therefore, investments in early childhood (0-5 years) to provide strong foundational skills is key to tackle the learning crisis. At present, investments in early childhood development are inadequate; childcare and preschool markets are fragmented with inconsistent quality. Scalable and affordable preschool programs with adequate curriculums and infrastructure are an important component of IFC's strategy in education. Tools to build caregiver/teacher capacity to effectively help children develop at this stage are also much needed in the market.
Investing in teachers	Investments in teacher professional development to increase their skills and capacity, scale up access to tools to support innovative pedagogical practices in teaching, micro-credentials to build skills-driven career paths, and competency validation are all important elements that contribute to enriching the learning experience for young students enhancing the quality of education. Teacher quality is the single most important contributor to improving learning outcomes.
EdTech	Disruptive technologies and new business models are expected to significantly transform education systems in the medium and long term. While EdTech solutions are still in early growth stage, some business models have shown potential to scale and are promoting affordability, efficiency and accountability, thus helping to address the education crisis in developing countries. EdTech solutions are reaching students directly, offering more flexible programs with strong links to job opportunities, as well as helping optimize and further scale the offerings of incumbent institutions.

Project Outcomes – The AIMM system considers the extent of the development gap and uses a gap analysis to classify project contexts according to the size of the deficit/gap being addressed. For each indicator, the size of the gap is measured in relation to development goals associated with the sector. Contexts are classified into very large, large, medium or low gap, for each performance dimension. Development gaps are defined using a combination of qualitative and quantitative benchmarks, which leaves room to consider context-specific attributes that drive investments in the sector.

COUNTRY CONTEXT	Low Gap	Medium Gap	Large Gap	Very Large Gap
Access	<ul style="list-style-type: none"> The following are >1 STD above EM median: <ul style="list-style-type: none"> Enrollment rates – Share of students in respective level of education for age group Out of school students – Share of children not enrolled in primary or secondary school Gender parity index – Female to male students Youth Literacy rate – Share of people ages 15-24 who can both read and write 	<ul style="list-style-type: none"> The following are within 1 STD EM median: <ul style="list-style-type: none"> Enrollment rates – Share of students in respective level of education for age group Out of school students – Share of children not enrolled in primary or secondary school Gender parity index – Female to male students Youth Literacy rate – Share of people ages 15-24 who can both read and write 	<ul style="list-style-type: none"> The following are < 1 STD below EM median: <ul style="list-style-type: none"> Enrollment rates – Share of students in respective level of education for age group Out of school students – Share of children not enrolled in primary or secondary school Gender parity index – Female to male students Youth Literacy rate – Share of people ages 15-24 who can both read and write 	<ul style="list-style-type: none"> The following are below EM 15th percentile: <ul style="list-style-type: none"> Enrollment rates – Share of students in respective level of education for age group Out of school students – Share of children not enrolled in primary or secondary school Gender parity index – Female to male students Youth Literacy rate – Share of people ages 15-24 who can both read and write

COUNTRY CONTEXT	Low Gap	Medium Gap	Large Gap	Very Large Gap
Quality	<ul style="list-style-type: none"> The following are >1 STD above EM median: <ul style="list-style-type: none"> Student to teacher ratio – Average number of students per teacher Trained teachers – % of teachers trained in primary/secondary education Completion rates – Number of new entrants in the last grade of respective level of education divided by the population at the entrance Drop out-rate: Cumulative drop-out rate 	<ul style="list-style-type: none"> The following are within 1 STD EM median: <ul style="list-style-type: none"> Student to teacher ratio – Average number of students per teacher Trained teachers – % of teachers trained in primary/secondary education Completion rates – Number of new entrants in the last grade of respective level of education divided by the population at the entrance Drop out-rate: Cumulative drop-out rate 	<ul style="list-style-type: none"> The following are < 1 STD below EM median: <ul style="list-style-type: none"> Student to teacher ratio – Average number of students per teacher Trained teachers – % of teachers trained in primary/secondary education Completion rates – Number of new entrants in the last grade of respective level of education divided by the population at the entrance Drop out-rate: Cumulative drop-out rate 	<ul style="list-style-type: none"> The following are below EM 15th percentile: <ul style="list-style-type: none"> Student to teacher ratio – Average number of students per teacher Trained teachers – % of teachers trained in primary/secondary education Completion rates – Number of new entrants in the last grade of respective level of education divided by the population at the entrance Drop out-rate: Cumulative drop-out rate

“Core outcomes” for education projects include improvements in access and quality of education: (i) access refers to the availability of quality education services, and in certain cases, to their affordability. Improvements in access will be tracked using the increase (delta) in the number of students enrolled. This will need to be complemented with data on the price segment in which the education institution operates. Namely, if it targets middle income and upper middle-income households, it is less likely that an expansion will allow for increased access (as measured by Gross Enrollment Rates) as it will most likely cater to a segment of the population that already has access to these education services; (ii) and quality will be assessed based on indicators such as faculty qualifications, learner to teacher ratios, accreditations, relevance of programs, exam results, student retention/graduation rates and employability, among others;

PROJECT INTENSITY	Below Average	Average	Above Average	Significantly Above Average
Access	<ul style="list-style-type: none"> The following are < 1 STD below IFC portfolio median for # and % growth in 5 yrs: <ul style="list-style-type: none"> Student enrolled – % change in # of students enrolled in credentialed certified programs Students enrolled from a target group – change in # of students from underrepresented group enrolled in credentialed certified program Gender parity – Improvement in student body gender parity 	<ul style="list-style-type: none"> The following are within 1 STD IFC portfolio median for # and % growth in 5 yrs: <ul style="list-style-type: none"> Student enrolled – change in # of students enrolled in credentialed certified programs Students enrolled from a target group – change in # of students from underrepresented group enrolled in credentialed certified program Gender parity – Improvement in student body gender parity 	<ul style="list-style-type: none"> The following are > 1 STD above IFC portfolio median for # and % growth in 5 yrs: <ul style="list-style-type: none"> Student enrolled – change in # of students enrolled in credentialed certified programs Students enrolled from a target group – change in # of students from underrepresented group enrolled in credentialed certified program Gender parity – Improvement in student body gender parity 	<ul style="list-style-type: none"> The following are > IFC portfolio 85th percentile for # and % growth in 5 yrs: <ul style="list-style-type: none"> Student enrolled – change in # of students enrolled in credentialed certified programs Students enrolled from a target group – change in # of students from underrepresented group enrolled in credentialed certified program Gender parity – Improvement in student body gender parity
Quality	<p>The following are below relevant comparator averages:</p> <ul style="list-style-type: none"> Learner to teacher ratio – change in student to teacher ratio Prevalence of full-time staff – increase in full time dedicated staff in faculty Accreditation – change in level of institutional and program-level accreditation Faculty with postgraduate qualification – change in share of faculty with postgraduate degree Employment rate within 12 months of graduation – change in employability score of students graduated 	<p>The following are at par with comparator averages:</p> <ul style="list-style-type: none"> Learner to teacher ratio – change in student to teacher ratio Prevalence of full-time staff – increase in full time dedicated staff in faculty Accreditation – change in level of institutional and program-level accreditation Faculty with postgraduate qualification – change in share of faculty with postgraduate degree Employment rate within 12 months of graduation – change in employability score of students graduated 	<p>The following are above relevant comparator averages:</p> <ul style="list-style-type: none"> Learner to teacher ratio – change in student to teacher ratio Prevalence of full-time staff – increase in full time dedicated staff in faculty Accreditation – change in level of institutional and program-level accreditation Faculty with postgraduate qualification – change in share of faculty with postgraduate degree Employment rate within 12 months of graduation – change in employability score of students graduated 	<p>The following are significantly above relevant averages:</p> <ul style="list-style-type: none"> Learner to teacher ratio – change in student to teacher ratio Prevalence of full-time staff – increase in full time dedicated staff in faculty Accreditation – change in level of institutional and program-level accreditation Faculty with postgraduate qualification – change in share of faculty with postgraduate degree Employment rate within 12 months of graduation – change in employability score of students graduated

The AIMM methodology considers the uncertainty around the realization of the potential development impact being claimed, making a distinction between the potential outcomes that a project could deliver and what could be realistically achievable in the project’s development context. The table below presents the key types of risk factors for operations in the education sector.

PROJECT LIKELIHOOD	Operational Factors	Sector Factors
Assessment Considerations	<ul style="list-style-type: none"> • Sponsor’s experience and track record in similar projects • Projected growth relative to recent history/capacity • Expansion into markets (e.g. new regions or countries), delivery using new channels or innovative product/design • Growing a new line of business or launching a new business model • IFC providing AS or is part of systematic WBG engagement in the country that mitigates operational risks • Project design and involvement of novel complexity, innovations, implementation/execution risks 	<ul style="list-style-type: none"> • Specific regulatory risks • Supporting government policies and programs • Uncertainty related to returns on investment

Contribution to Market Creation – For the assessment of market creation outcomes, the “market” is defined as the education market in target countries. Market typologies provide the building blocks in the AIMM system to construct a narrative for how much an IFC intervention is advancing a market objective. These typologies provide a description of the market gap based on various stages of development for a given sector from least developed to most advanced and enable the location of the market before and after IFC’s intervention. The table below summarizes the characterizations of the market for the two most common market attributes for education projects.

MARKET TYPOLOGY	Highly Developed	Moderately Developed	Underdeveloped	Highly Underdeveloped
Competitiveness	<ul style="list-style-type: none"> – Market is primarily formal and price competition occurs, leading firms have brand recognition and meet international standards – Private sector differentiated from public sector, encouraging innovation in public institutions – There are many sizeable players which compete effectively in terms of quality and tuition levels – Sophisticated management practices, right business/academic balance – Ample information available to stakeholders and primary decision makers (students and families) about the availability of education options and associated effectiveness/quality enabling informed choice 	<ul style="list-style-type: none"> – 1-2 major players operating at efficient scale – Private sector is a rising challenger to public sector for general education – Management practices are moderately developed – Moderate levels of information available to stakeholders and primary decision makers (students and families) about the availability of education options and associated effectiveness/quality 	<ul style="list-style-type: none"> – Some private sector participation in the education market but few players – Players are either very small or informal and are not operating at scale – Public sector remains dominant, but private sector options exist as a legitimate alternative to public sector – Management practices for education institutions are weak or present limited levels of sophistication – Some information available to stakeholders and primary decision makers (students and families) about the availability of education options and associated effectiveness/quality 	<ul style="list-style-type: none"> – Education market is mostly dominated by the public sector – Private education market is incipient – Highly fragmented market with predominantly very small or informal players not meeting minimum standards – Ineffective management practices – Virtually no information available to stakeholders and primary decision makers (students and families) about the availability of education options and associated effectiveness/quality

MARKET TYPOLOGY	Highly Developed	Moderately Developed	Underdeveloped	Highly Underdeveloped
Integration	<ul style="list-style-type: none"> – Education market is well integrated to other markets and/or across regions – Well established student and faculty mobility programs 	<ul style="list-style-type: none"> – Education market is integrated with other markets through the provision of relevant skills and/or research acting as an enabler for a few specific economic activities – Education market is relatively well integrated across the region, or at a subnational level – Growing student and/ or faculty mobility programs 	<ul style="list-style-type: none"> – Few links between the education market and economic activity (insufficient supply of key skills, or knowledge, needed for certain economic activities to flourish) – Links in education market across different regions are weak, so flow of knowledge and skills is poor – Limited student or faculty mobility programs 	<ul style="list-style-type: none"> – Links between the education market and other markets are incipient or none existent. – No international education platforms. – No student or faculty mobility programs.

The market component rating is based on the current market stage and movement along the market typologies. For each relevant market outcome, the individual market creation assessment will identify where the magnitude of the movement falls in the movement spectrum and will support one of the following movement options: “Marginal”, “Meaningful”, “Significant” or “Highly Significant”. In general, most individual projects are not expected to make a significant and immediate systemic market change, unless the project is a pioneer in a non-existent or nascent market. Instead, most projects are expected to have incremental effects on the market. In other words, it takes more than one intervention to move a market to the next stage. This means that integrated and concerted efforts are often needed to generate substantial market effects. For example, cumulative World Bank Group efforts over time will have a stronger effect on markets than non-integrated and non-concerted interventions. Where a project is explicitly part of a programmatic approach, the expected movement induced by the program should be the basis for the assessment where timebound movements, market effects, and indicators are available. Examples of market movements include:

MARKET MOVEMENT	Marginal	Meaningful	Significant	Highly Significant
Competitiveness	<ul style="list-style-type: none"> – Change in competitive market behaviors by promoting the replication of efficient business models – Promote change in market wide acceptance of accreditation through demonstrating viability of business model – Introduce learning methods and curriculum innovation 			
Integration	<ul style="list-style-type: none"> – Deeper and more effective public policy formulation through collaboration with tertiary sector – Enable platforms that connect the market with opportunities through business/education partnerships and entrepreneurial hubs – Enable support to address structural skills gap to support market connectivity 			

The market likelihood adjustment follows the principles for the likelihood adjustment for project outcome potential. In general, the likelihood assessment includes sector-specific, as well as broad country risks that may prevent potential catalytic effects from occurring, plus political economy or policy/regulatory risks that may constrain market systemic change. Due to the diversity of market creation attributes and channels, most of the likelihood factors are expected to be sector, or intervention specific.

MARKET LIKELIHOOD	Sector Factors	Political / Regulatory / Policy Factors
Assessment Considerations	<ul style="list-style-type: none"> • Degree of fragmentation in the market and competitors’ capacity to replicate • Barriers to entry, regulatory or otherwise • Strength of the channel for competitive pressures and incentives to adopt innovations • Risks associated to entering new markets • Joint WBG initiative on promoting access to education • Uncertainty about the ability of the labor market to absorb graduates at wage levels that deliver high returns to the student 	<ul style="list-style-type: none"> • Government commitments and supporting policies/programs • Government capacity and willingness to implement policies and program commitments • Regulatory scope and capacity, including new regulatory framework