Kaizenvest

INVESTING IN EDUCATION



WHY THE PRIVATE SECTOR NEEDS TO PARTICIPATE IN EMERGING ASIA ?

Table of Contents

01	Executive Summary	03
02	Underfunded Education System of Emerging Asia Falling Behind The Developed Economies	06
2.1	Per-Child Education Spending in Emerging Asia is 1/10th of That of Developed Countries	08
2.2	Poor Outcomes Due to Underfunding Education	10
03	Public Sector Unable to Meet Growing Demand, Leaving Critical Sectors Unaddressed	13
3.1	Why Public Spending Struggles to Address These Gaps	15
04	Private Investment in Emerging Asia is Filling the Gaps for the Mass Market	17

05	Executive SummPrivate Sector Innovations for Mass Market are Complementing Government Prioritiesary	20
5.1	Pedagogical Innovation	22
5.2	Technological Innovation	25
5.3	Business Model Innovation	28
06	Private Investments are Seeding Forward-Looking Solutions for Future Challenges	31
6.1	Future of Learning	33
6.2	Future of Work	36
07	Private Financing Innovation Acts as a Catalyst for Scaling Private Investment: Making Education more Accessible and Scalable	39
7.1	Edufin Solutions for the Learner	41
7.2	Blended Finance for Institutions	43
08	Private Sector Innovation Permeates and Benefits Public Education, Serving the Underserved	45
09	Demonstrating Results: Evidence of Private Sector Impact	47
10	Conclusion: Private Sector Transforming Education for the Mass Markets	51

01

Executive Summary



EXECUTIVE SUMMARY

Emerging Asia faces a critical education challenge. Chronic underfunding, inadequate infrastructure, and outdated teaching methods have left public education systems struggling to meet the growing demand for quality education. This gap not only hinders individual potential but also constrains economic growth, as students graduate without the skills needed to thrive in a rapidly evolving workforce. In response, the private sector has emerged as a transformative force, stepping in to fill the gaps left by constrained public systems and delivering innovative, scalable, and affordable solutions tailored to the mass market.

KEY INSIGHTS

Chronic Underfunding in Public Education

Emerging Asia spends significantly less on education compared to developed economies, with somecountries allocating less than 3% of their GDP to education. This underinvestment has resulted in overcrowded classrooms, poor infrastructure, and a lack of qualified teachers, particularly in rural areas.

The per-child spending in emerging Asia is less than one-tenth of that in developed countries, exacerbating the challenges of catering to a school-going population that represents one-fourth of the global total.

Poor Outcomes in Access and Quality

Underfunding has led to stark disparities in educational outcomes. Learning poverty rates in emerging Asia hover around 50%, compared to just 8% in developed economies. Similarly, performance on global assessments, like PISA and PIRLS, highlights the region's struggle to deliver quality education.

These challenges extend to higher education and employment, where graduates often lack the practical skills needed by employers, leading to high youth unemployment and underemployment.

Private Sector as a Catalyst for Change

Faced with these systemic challenges, households in emerging Asia are increasingly turning to private education. Private providers are filling critical gaps by offering affordable, accessible, and high-quality education solutions, particularly for low- and middle-income families.

Unlike in developed markets, where private education often serves affluent populations, private providers in emerging Asia are focused on the mass market, ensuring that education remains inclusive and impactful.

Innovations Driving Transformation

The private sector is reshaping education through four key innovations:



Pedagogical Innovation

Private providers are rethinking what and how students learn, integrating industry-aligned curricula, competency-based learning, and hands-on training.



Technological Innovation

Edtech platforms are leveraging AI, machine learning, and data-driven tools to deliver personalized, scalable, and cost-effective learning solutions.



Business Model Innovation

Affordable, no-frills education models are making quality education accessible to underserved populations, while income-linked financing solutions are reducing financial barriers.



Financial Innovation

Blended finance mechanisms and impact-driven investments are mobilizing private capital to scale education solutions and address affordability challenges.

Demonstrating Impact

Private education is delivering measurable results. In countries like India, the Philippines, and Vietnam, private schools consistently outperform public schools in literacy, numeracy, and employability metrics. For example, in the Philippines, Grade 5 students in private schools score significantly higher in reading, writing, and mathematics compared to their public-school counterparts.

Private sector interventions are also driving broader societal benefits, including higher GDP growth, reduced poverty, and improved workforce readiness.

The Emerging Asia Model: Affordable, Scalable, and Inclusive

The private sector in emerging Asia is redefining the role of education, creating a model that is affordable, scalable, and inclusive. By leveraging technology, innovative business models, and financing mechanisms, private providers are ensuring that education remains a powerful tool for upward mobility and economic resilience.

As the demand for quality and affordable education continues to grow, the role of private sector investment will be critical in shaping the future of education in emerging Asia. With the right mix of policy support, capital deployment, and innovative education models, the private sector can continue to drive systemic transformation, ensuring that education remains accessible and impactful for the mass market.

In conclusion, private education in emerging Asia is not just filling the gaps left by government constraints; it is creating a new paradigm for education that is inclusive, innovative, and transformative. By focusing on the needs of the mass market, private providers are ensuring that education remains a cornerstone of economic and social development in the region.

02

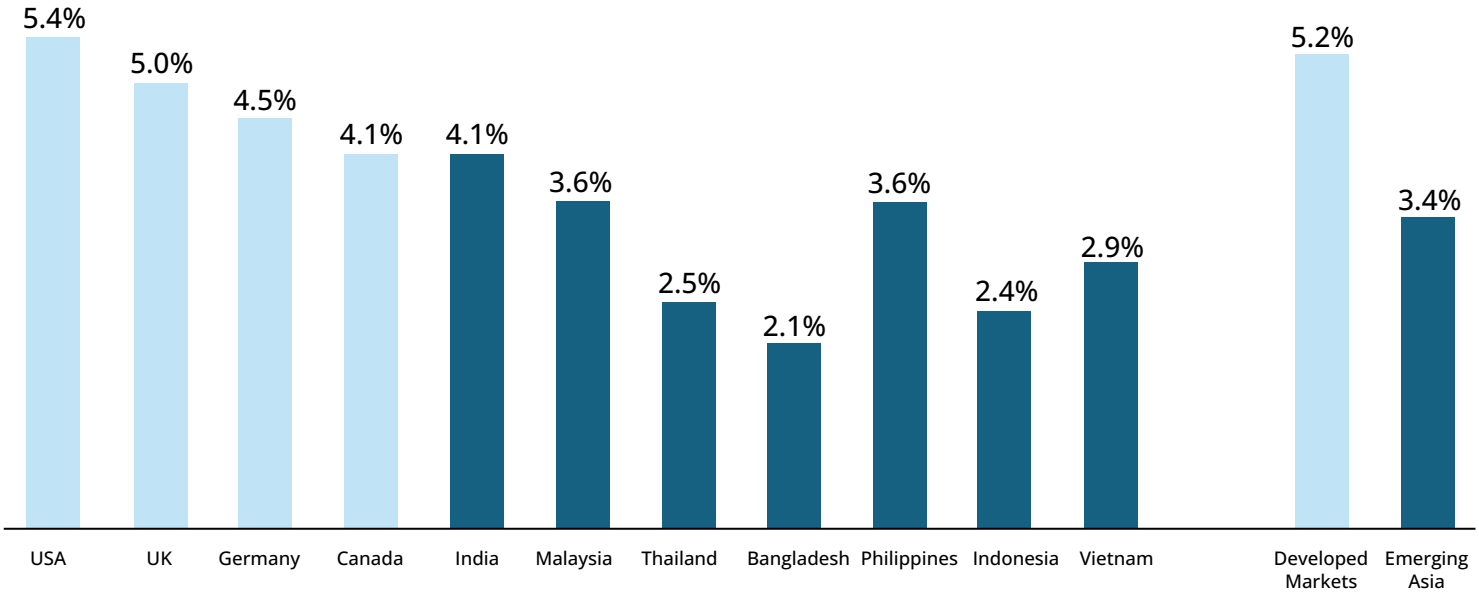
Underfunded Education System of Emerging Asia Falling Behind The Developed Economies



UNDERFUNDED EDUCATION SYSTEM OF EMERGING ASIA FALLING BEHIND THE DEVELOPED ECONOMIES

Education quality and access is strongly associated with higher economic growth, employment, and earnings. Better educated individuals have higher living standards, pay more taxes, and invest more in health. Greater public spending on primary and secondary education has a positive impact on widely used measures of education attainment. For example, a 5% increase in the share of outlays for primary and secondary education increases gross secondary enrolment by over 1%. In developed countries, public spending on education often exceeds 5% of GDP, allowing for robust infrastructure, quality teacher training, and innovative pedagogy. By contrast, emerging Asia allocates far less, with some countries spending below 3% of their GDP. For example, Canada, Germany, United Kingdom, and United States of America on average spend 4.8% of their GDP on education, while emerging Asian countries that form a part of Kaizenvest's core geographies (as shown in Figure 1) invest 3.1% of their GDP on education on average. This difference can be translated into a $73.5B annual gap in education spends in emerging Asia.

Figure 1: Expenditure on education as % of GDP (2020-23)



- https://www.elibrary.imf.org/display/book/9781589063181/CH008.xml
- https://databank.worldbank.org/metadataglossary/world-development-indicators/series/SE.SEC.ENRR
- https://idea.usaid.gov/
- Kaizenvest analysis
- https://idea.usaid.gov/

2.1

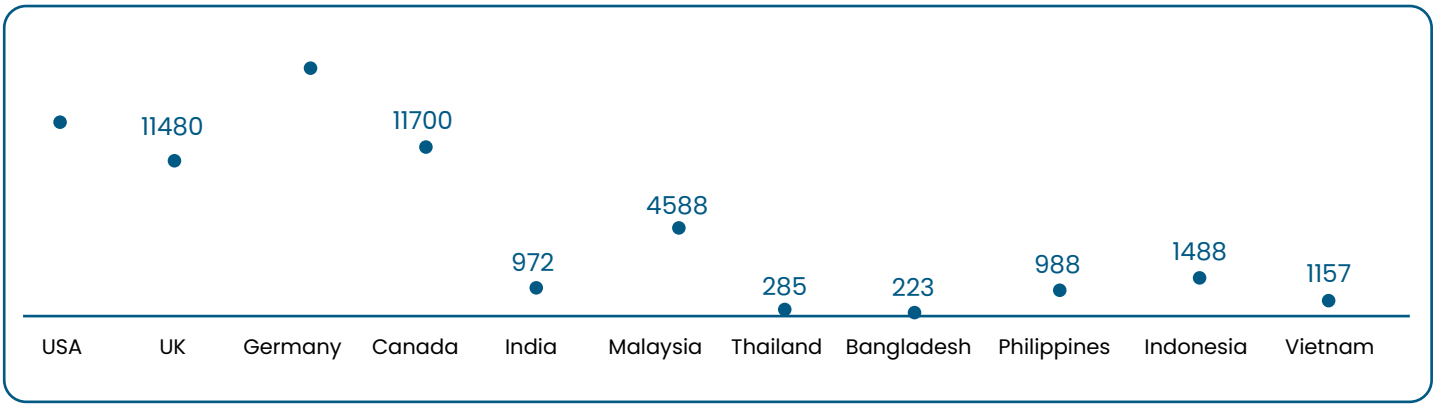
Per-Child Education Spending in Emerging Asia is 1/10th of That of Developed Countries



PER-CHILD EDUCATION SPENDING IN EMERGING ASIA IS 1/10TH OF THAT OF DEVELOPED COUNTRIES

The impact of the differences in education spending can be observed by examining the per-child funding in emerging Asia, where the impact is exacerbated by the sheer size of the school-going population. Where Canada, Germany, United Kingdom and United States of America have a cumulative school-going population of 88M, emerging Asia caters to more than 6x the figure or 554M, one-fourth of the world's school-going population. Due to the lower aggregate spending on education, these countries spend only about USD 1,000 per child annually, less than one-tenth of the per-child spending in the developed countries.

Figure 2: Average expenditure per child on primary education



2.2

Poor Outcomes Due to Underfunding Education



POOR OUTCOMES DUE TO UNDERFUNDING EDUCATION

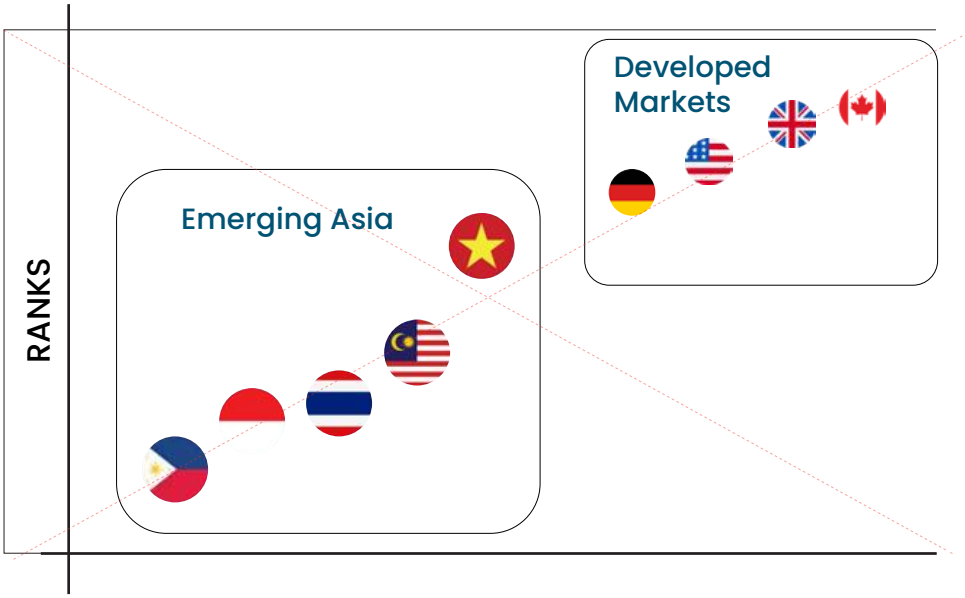
K12 education

According to the World Bank, the level of K12 education is directly proportional to the earning potential of individuals. Each year of learning generates about a 10% increase in earnings annually. In addition, returns to schooling are higher for women and in lower income countries.

In corollary, lower levels of spending perpetuate the vicious cycles of underdevelopment. Low public spending affects academic performance as well as the infrastructure of the education system. It translates directly into overcrowded classrooms, poor infrastructure, inadequate teacher training, and a shortage of qualified teachers. Rural schools in India and Indonesia often lack basic facilities like functional classrooms and toilets, while teacher absenteeism remains a persistent issue.

The impact on academic performance is starker, highlighting the difference in outcomes across every measurable indicator (LAYS, Learning Poverty, PISA, PIRLS). Where developed economies boast learning poverty rates – defined as the percentage of children unable to read or write a simple text by age 10 – of 8% on average, the rate in emerging Asia is close to 50%. Similar results have been observed across global assessment platforms like PISA where scores of emerging Asia have been consistently below average except for Vietnam. India, for instance, shockingly ranked 72 out of 73 assessed countries in 2009 and subsequently withdrew from future participation.

Figure 3: PISA ranks in 2022



- USA Census, UK Office for National Statistics, Statistique Canada, Statistisches Bundesamt
- Board of Investment of Thailand, Bangladesh Census 2022, Philippines Statistics Authority, BPS Statistics Indonesia, Vietnam Index Mundi, India Business Standard
- https://www.worldbank.org/en/topic/education/brief/country-learning-poverty-briefs
- https://www.worldbank.org/en/topic/education/brief/country-learning-poverty-briefs
- World Bank Blog
- https://www.worldbank.org/en/topic/education/brief/country-learning-poverty-briefs
- Times of India
- https://www.oecd.org/en/publications/pisa-2022-results-volume-i_53f23881-en.html
- https://www.worldbank.org/en/topic/education/brief/country-learning-poverty-briefs

Higher education

As a result of poor education access and quality in public institutions, students graduate without the skills employers need, and businesses struggle to find qualified workers, amplifying both youth unemployment and economic inefficiencies.

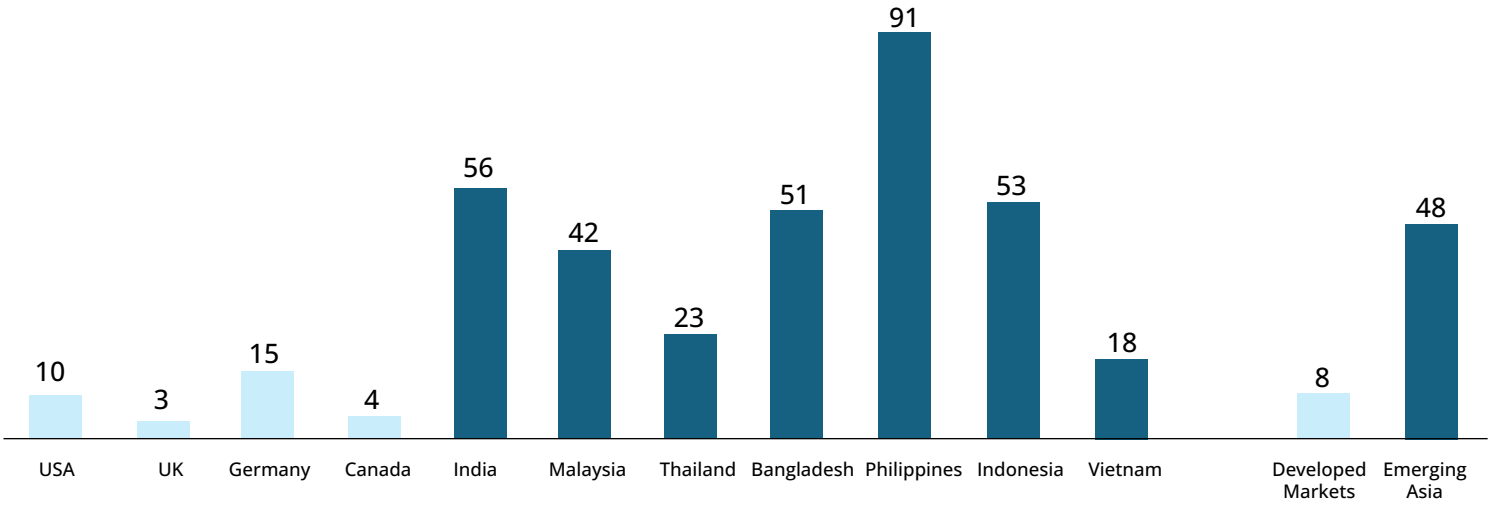
India produces millions of graduates annually, yet only 51% of them are employable. A key factor behind this low employability is the disconnect between education and job market needs – many university programs focus on theoretical knowledge rather than practical, industry-relevant skills. Additionally, skilling and vocational training suffer from low public perception, leading to a lack of trained professionals in critical sectors.

Vietnam sees over 100,000 unemployed university graduates annually, with 60% working outside their fields of study. Despite this oversupply of degree holders, 41% of employers struggle to find qualified candidates, highlighting the mismatch between education and industry needs. The country's historical underinvestment in vocational and technical education has created an imbalance where students pursue degrees without acquiring practical, job-ready skills.

Indonesia's workforce is among the least educated in the region, with only 9.4% of workers holding a bachelor's degree.

Every year, more than 650,000 higher education graduates enter the Bangladeshi job market, yet less than 50% secure employment within two years.

Figure 4: Learning poverty (%)



- Economic Survey 2023-24
- MOET, Vietnam – reported by British Council
- Employability in Focus report by British Council
- World Bank Blogs

03

Public Sector Unable to Meet Growing Demand, Leaving Critical Sectors Unaddressed



PUBLIC SECTOR UNABLE TO MEET GROWING DEMAND, LEAVING CRITICAL SECTORS UNADDRESSED

Public education systems in emerging Asia focus heavily on providing foundational K-12 and higher education, often neglecting ancillary services such as early childhood education, vocational training, test preparation, and skill development. This results in gaps in education, often evolving rapidly, which are then catered to by the private sector. Some of the reasons for these gaps are the evolving nature of education landscape and the fragmented nature of ancillary education spaces.

Figure 5: The education market in emerging Asia

<table>
<tr><td>Age</td><td>0-8</td><td>8-18</td><td>18-25</td><td>25+</td></tr>
<tr><td>Cateories</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Core learning</td><td rowspan="3" colspan="4">Govt. catering to these space only

Large gaps where public institutions are not providing solutions</td></tr>
<tr><td>Supplemental</td></tr>
<tr><td>Ancillary</td></tr>
</table>

3.1

Why Public Spending Struggles to Address These Gaps



WHY PUBLIC SPENDING STRUGGLES TO ADDRESS THESE GAPS

Most emerging Asian economies face competing priorities such as healthcare, infrastructure, and debt servicing, leading to chronic underinvestment in education. Governments are usually restricted to focus on core K12 and tertiary education due to these budget deficits and other fiscal constraints.

Public education systems in emerging Asia, constrained by bureaucracy and rigid curricula, often struggle to adapt to the rapidly changing demands of the education landscape. While private institutions are quick to integrate emerging technologies like AI, blockchain, and data-driven tools into their offerings, public institutions frequently lag behind, leaving students underprepared for the future workforce.

Adding to the complexity is the region's significant socio-economic and cultural diversity, resulting in highly fragmented education markets. Public education systems, designed to provide standardized solutions, often fail to address the unique, localized needs of different populations. This creates white spaces in education, which private players step in to fill with tailored solutions such as regional language instruction, flexible vocational training, and programs aligned with community-specific demands.

04

Private Investment in Emerging Asia is Filling the Gaps for the Mass Market



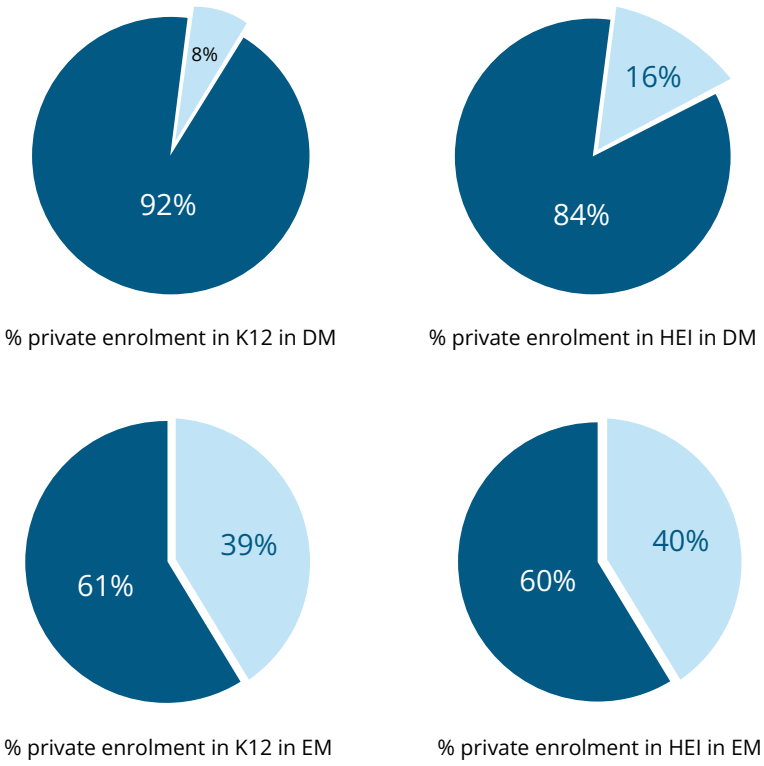
PRIVATE INVESTMENT IN EMERGING ASIA IS FILLING THE GAPS FOR THE MASS MARKET

Adding to the challenges of government underfunding, international development funding for education is on a decline. This reduction compounds existing financial constraints, leaving emerging Asian economies more reliant on private sector participation to bridge the funding gap.

In India, because of the shortages in public education infrastructure, private school enrollment in rural areas grew from 18% in 2006 to 27% in 2020. Similarly, in countries like Vietnam and the Philippines, low- and middle-income families increasingly turn to private providers for better educational opportunities, even if that means increased share of household expenditure on education.

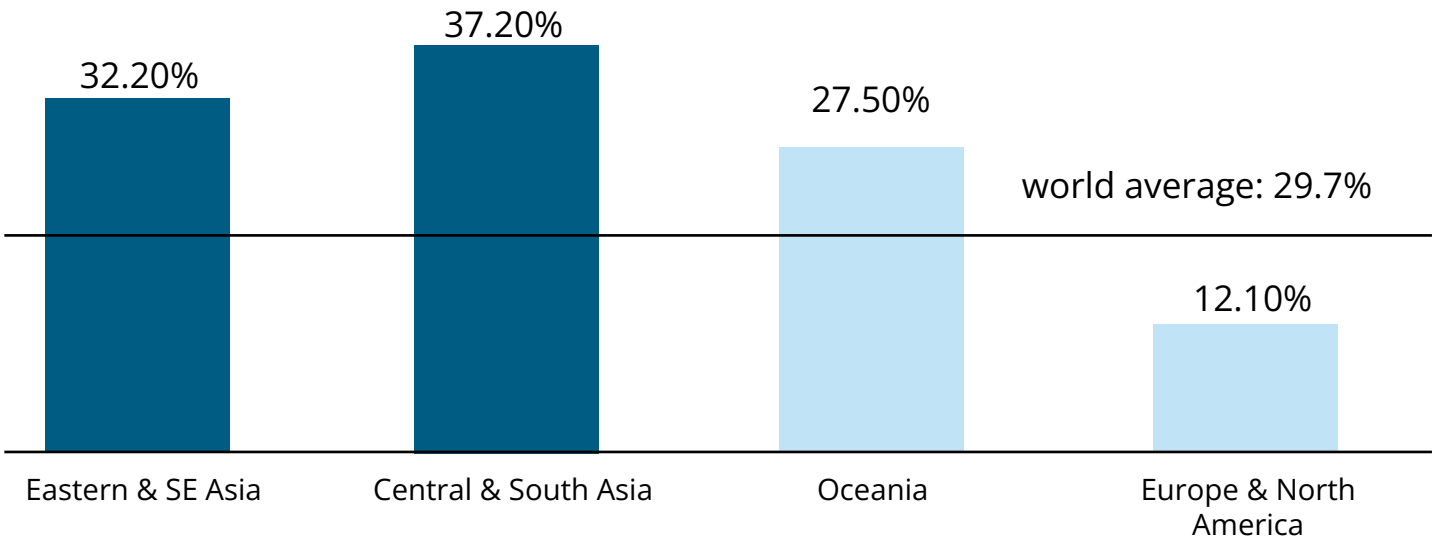
In developed economies, private education often serves affluent families, offering premium services and advanced curricula. In contrast, private providers in emerging Asia primarily cater to low- and middle-income groups, stepping in where public systems fail, evident in the private enrolment rates in emerging Asia which are close to 40%, in comparison to the developed markets, where private enrolment is less than 8% of total K12 enrolments (Figure 6). These private institutions focus on affordability, accessibility, and address fundamental gaps in infrastructure and quality.

Figure 6: % enrollment in private institutions by age and region



HEI: Higher Education Institutions
DM: Developed Markets (UK, USA, Canada, Germany)
EM: Emerging Markets (Bangladesh, India, Indonesia, Malaysia, Philippines, Thailand, Vietnam)

Figure 7: Household education expenditure as % of total



- State of the Sector Report, Private Schools in India, by CSF & ONI
- https://data.uis.unesco.org/#
- Kaizenvest analysis

05

Private Sector Innovations for Mass Market are Complementing Government Priorities



PRIVATE SECTOR INNOVATIONS FOR MASS MARKET ARE COMPLEMENTING GOVERNMENT PRIORITIES

Public sector education spending is often misallocated, with up to 90% directed toward recurring expenses such as teacher salaries. In countries like Indonesia, teachers' salaries comprise of about 50% of public education expenditure. Despite this, issues like teacher absenteeism and underperformance remain rampant. Private providers, unencumbered by such inefficiencies, channel resources toward innovation and improved delivery mechanisms.

Private sector tailors solutions in these regions based on the unique market characteristics using highly innovative models. These players must cater to the mass markets which are highly fragmented and consist of diverse demographics. The consumers are also extremely price-sensitive with strong emphasis on achieving measurable outcomes in most countries. Hence, the private sector has innovated in multiple ways which Kaizenvest categorizes in 3 broad ways:

1. Pedagogical Innovation (rethinking what and how students learn),
2. Technological Innovation (making use of new technologies to improve access or quality or both),
3. Business Model Innovation (finding new and better ways to run operations to meet learner needs).

- Education Financing in Asia Pacific report by UNESCO
- How Indonesia's Subnational Government Spend Their Money on Education report by World Bank
- Kaizenvest frameworks

5.1

Pedagogical Innovation



PEDAGOGICAL INNOVATION

Pedagogical innovation in education refers to the introduction and implementation of new teaching methods, strategies, and tools to enhance the learning experience and improve educational outcomes. It involves rethinking traditional approaches to instruction.

Governments in emerging Asia often retain outdated, rigid curricula that fail to align with modern workforce needs. Public education still emphasizes rote memorization, theoretical instruction, and standardized testing, leaving students ill-equipped for an economy increasingly shaped by digitalization, automation, and global competition.

Free from these constraints, private sector players are rethinking pedagogy and are prompt to adapt through integrating industry-aligned curricula, introducing micro learning to break the traditional degree-based learning path, using blended learning to address shortage of quality teachers, etc.

Figure 8: Pedagogical innovation



Pedagogical Innovation in Healthcare Education for Emerging Asia

Virohan (India)

The Problem: Outdated Curriculum and Lack of Quality Teachers

In India, the healthcare sector faces a critical shortage of skilled allied healthcare workers, such as medical technicians, lab technicians, blood sample collectors, and emergency medical technicians. According to the Public Health Foundation of India, there is an estimated shortage of over 6 million allied healthcare professionals, which is often regarded as the most important cadre for patient care. While careers as doctors and nurses are highly aspirational, allied healthcare professions are often overlooked, leading to a significant workforce gap. This issue is further heightened by two major challenges in the education system: outdated curricula that fail to align with industry needs and a lack of qualified teachers who can deliver modern, relevant training. As a result, students are often ill-prepared for the job market, and the healthcare sector struggles to fill essential roles, perpetuating a cycle of low employability and unmet demand.

The Solution: Industry-Aligned Curriculum and Blended Learning

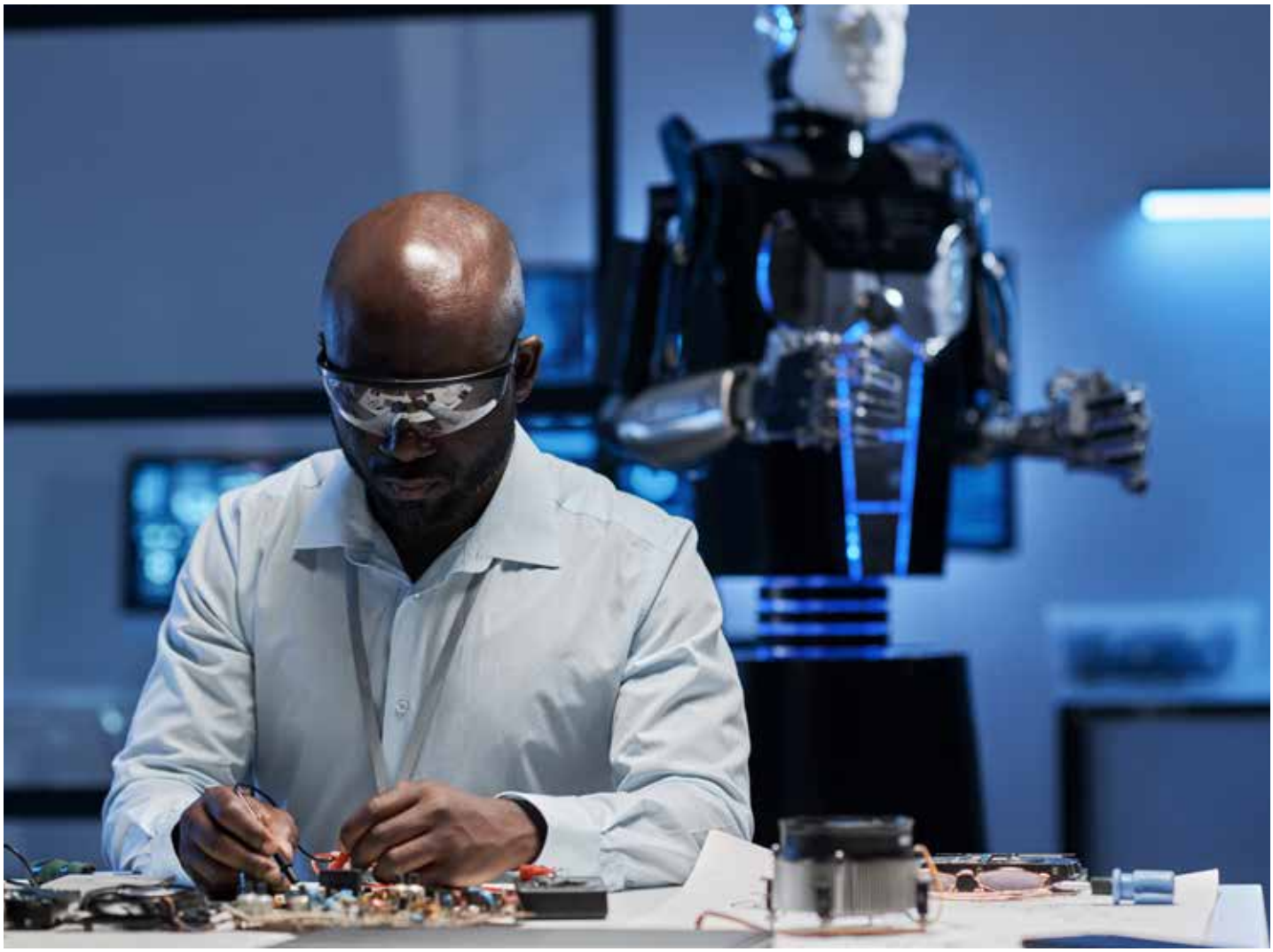
Virohan, a private sector company, has addressed these challenges through pedagogical innovation and industry collaboration. Virohan is a provider of 1- or 2-year diploma or 3-year Bachelor of Vocation (B.Voc) degree courses on Allied Healthcare in India. The company developed a proprietary industry-aligned curriculum which is a 30-20-50 blend of technical, soft skills and practical learning. The curriculum is designed in partnership with healthcare experts, ensuring that their training programs reflect the latest advancements and current job requirements. A key innovation is Virohan's blended learning methodology, which digitizes high-quality instructional content and delivers it through a hybrid model. The high-quality, mostly self-explanatory instructional videos are displayed in the classroom, while an in-person facilitator ensures timely consumption of the learning content and smooth conduct of assessments and learning activities. To ensure maximum effectiveness, the videos are bite-sized (2 to 3 minutes long) with each video covering a single topic. Post each bite-sized video, the students undertake a pre-decided activity (quiz or a group activity) to further enhance their understanding of the concept. If a quiz is conducted, a minimum of 80% of the class should be able to answer at least 80% of the questions correctly for the class to successfully move to the next topic. If this is not achieved, a different set of videos are incorporated to explain the same concept in more detail. Additionally, Virohan works with universities to gain official approval for its curriculum, enhancing credibility and regulatory alignment.

The Outcome: Skilled Graduates and Scalable Impact

Virohan's innovative approach has helped it deliver outcomes in 2 distinct ways – firstly, the student earns a formal undergraduate degree, and secondly, the student becomes job-ready. Virohan's courses help students secure jobs with salaries two to three times higher than the regional average, demonstrating the program's effectiveness in improving employability and income potential. Throughout its 6 years of existence, Virohan has trained over 7,000 students in the fields of phlebotomy, radiology, medical imaging and hospital administration. Virohan's students have also achieved a 96% completion rate since inception and a 98% job placement rate within one month of program completion. By leveraging technology and pedagogical innovation, Virohan has created a scalable model that can be replicated across regions and sectors, addressing critical skill gaps while ensuring high-quality, industry-ready training. This case study underscores the vital role of private sector participation in driving pedagogical innovation and human capital development in emerging Asia.

5.2

Technological Innovation



TECHNOLOGICAL INNOVATION

Technological innovation in education refers to the integration of advanced tools, platforms, and systems to enhance teaching and learning processes. It involves the use of technologies such as artificial intelligence (AI), virtual reality (VR), augmented reality (AR), learning management systems (LMS), and mobile applications to create more interactive, personalized, and efficient educational experiences.

Public education systems in emerging Asia are often slow to adopt technology, relying on obsolete teaching tools and outdated infrastructure, which limits accessibility and scalability. With millions of students in Tier 2 and Tier 3 cities, governments struggle to expand education services efficiently. The private sector is leveraging technology faster to improve access and quality for the masses.

Figure 9: Technological innovation



Technology Innovation in English Language Learning

ELSA Speak (Vietnam)

The Problem: Limited Access to High-Quality English Pronunciation Training in Vietnam

English proficiency is a critical skill for career advancement in Vietnam, where fluent English speakers can earn up to **40% higher salaries** than their non-English-speaking counterparts. However, traditional English learning methods focus primarily on grammar and vocabulary, offering little practical training in pronunciation. This leads to challenges in effective communication, particularly in professional environments, where strong spoken English is crucial.

Hiring native English teachers is expensive and unsustainable at scale, making high-quality pronunciation training inaccessible to most learners. Additionally, businesses suffer due to poor English communication skills, with 32% of clients lost due to miscommunication issues. With the demand for conversational English skills growing and traditional language education falling short, a scalable, tech-driven solution was urgently needed.

The Solution: AI-Powered, Personalized Learning for Spoken English

ELSA Speak, an AI-driven mobile application, introduced a revolutionary approach to English language learning by leveraging proprietary speech recognition technology tailored for non-native speakers. Unlike conventional language apps that focus on rote memorization, ELSA provides real-time, AI-driven feedback on pronunciation, fluency, and intonation. This ensures that learners develop native-like speech patterns without requiring expensive human tutors.

The platform functions as a personalized pronunciation coach, using an initial 10-minute assessment to evaluate a user's speaking proficiency. Based on this, ELSA's recommendation engine tailors a structured learning journey, dynamically adapting to each learner's progress. New content is released weekly, covering over 40 industry-specific topics, including hospitality, retail, and business communication.
ELSA also replicates real-world learning experiences through mock interview simulations, helping professionals prepare for job interviews in English-speaking environments. The AI model, trained on over 200 million minutes of voice data, recognizes diverse accents and pinpoints pronunciation errors down to the phoneme level, making learning hyper-personalized.

To scale its impact, ELSA partnered with schools and corporations, embedding its AI-driven learning tool into formal education and workplace training programs. These partnerships ensure that students and employees receive high-quality conversational English training without the need for costly native-speaking instructors.

The Outcome: Scalable, Cost-Effective English Learning for Millions

ELSA Speak has transformed English language education in Vietnam and beyond. With over 1.2 million monthly active users and rapid expansion across Southeast Asia, the platform has made pronunciation training more accessible and scalable. Studies indicate that just three months of ELSA usage results in a 40% improvement in pronunciation accuracy.

By leveraging AI-powered speech recognition, ELSA Speak has addressed the systemic challenges in English education, providing an affordable, scalable alternative to traditional learning methods. This case study underscores how private sector innovation in technology can bridge skill gaps, enhance employability, and transform education at scale.

5.3

Business Model Innovation

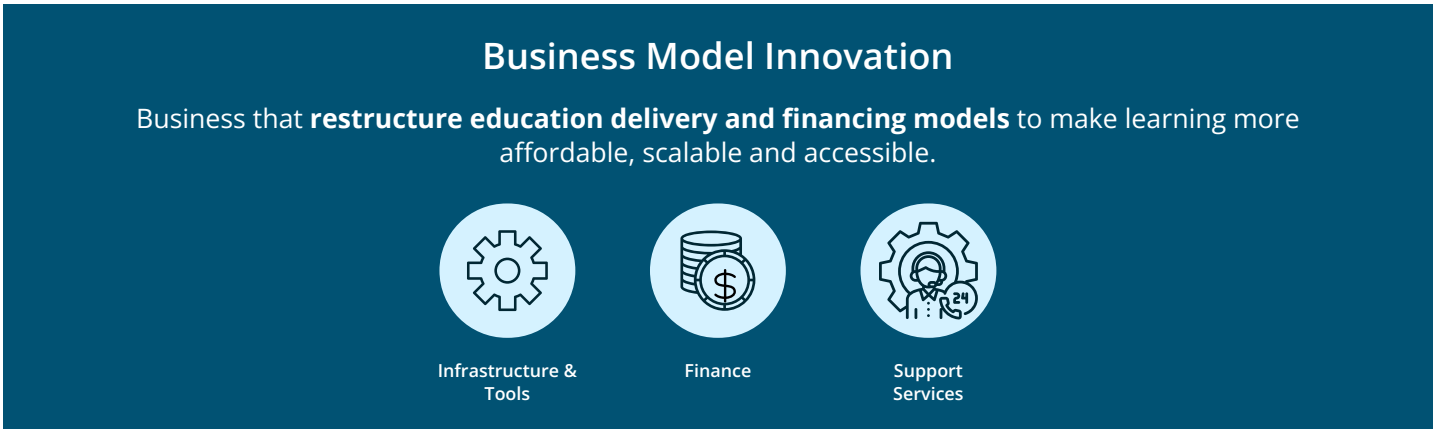


BUSINESS MODEL INNOVATION

Business model innovation in education involves rethinking and redesigning how educational services are delivered, monetized, and scaled to create greater value for learners, institutions, and stakeholders. These innovations often focus on ways to reduce costs, increase accessibility, and align education with the demands of the modern workforce. By transforming the way education is structured and delivered, business model innovation aims to make learning more flexible, inclusive, and relevant in a rapidly changing world.

Public education systems in emerging Asia operate within rigid bureaucratic structures that limit flexibility, efficiency, and accessibility. Private sector players, in contrast, are reinventing how education is delivered, structured, and financed—ensuring that learning is more affordable, scalable, and impactful.

Figure 10: Business model innovation



Business Model Innovation in Higher Education for the Philippines

PHINMA Education (The Philippines)

The Problem: Inadequate Capacity and High Costs of Traditional Universities

The Philippines faces a significant challenge in meeting the growing demand for higher education as the country's economy expands. Government higher education institutions lack the capacity to accommodate the increasing number of students, while traditional private universities often come with high costs due to inefficiencies in their operations. According to the Philippine Institute of Development Studies, only about 35% of college-aged youth are enrolled in higher education, with affordability being a major barrier. For underserved youth – often the first in their families to pursue higher education – low college-readiness and financial constraints further exacerbate the problem. These students, primarily from low-income backgrounds, struggle to access quality education that can secure them entry-level jobs in the formal economy, perpetuating cycles of poverty and inequality.

The Solution: Affordable, No-Frills Education Focused on Employability

PHINMA Education, with a mission to serve underserved youth, undertook a groundbreaking business model innovation to address these challenges. The company established affordable universities with a laser focus on helping mass-market students secure their first formal jobs. PHINMA's model is built on three pillars: bare-bones operations, no-frills education, and brass-knuckles learning efficiency.

Bare-Bones Operations

PHINMA streamlined costs by adopting a lean management structure, with one university head and minimal middle management. The company implemented energy and water-efficient solutions across campuses to reduce utility costs, developed and distributed its own learning materials to cut expenses, and maximized space utilization to operate at scale.

No-Frills Education

PHINMA focused exclusively on programs that aligned with the demands of the Filipino economy, such as criminology for law enforcement and armed services, management, accounting, and health sciences. The curriculum emphasized core technical skills, communication, and soft skills essential for employability, while eliminating non-essential activities like beauty pageants that added costs without contributing to job-readiness.

Brass-Knuckles Learning Efficiency

PHINMA employed active learning methodologies, including a version of the flipped classroom model. Students were encouraged to read small sections of material before class, while teachers acted as facilitators, enabling parallel classrooms and improving reading and comprehension skills. To combat high dropout rates, PHINMA established outreach and counselling teams that engaged with students and even visited their homes to provide support, ensuring retention and completion.

The Outcome: Scalable, Affordable, and Impactful Education

PHINMA's innovative business model has transformed access to higher education in The Philippines. The company operates nine universities in The Philippines, serving over 155,000 students annually and having educated more than 900,000 students over the past decade. PHINMA delivers formal higher education programs at an annual cost of approximately $500 per student, which is a fraction of what the competitors charge. Its business model innovation makes PHINMA's cost of education delivery less than half (55% lower) the cost of its competitors. Despite its affordability, PHINMA maintains high-quality outcomes, with 73% of graduates securing their first white-collar jobs within 1 year of graduation. The model has also improved livelihoods, with 77% of students moving up at least one socio-economic quintile. Additionally, the payback period for education costs is less than 12 months, while 18-36 months is considered "gold standard" among competitors in Southeast Asia. This demonstrates the effectiveness of PHINMA's approach in solving for both access and quality. All of this has been achieved while maintaining healthy operating margins of over 35%, proving that business model innovation can drive social impact without compromising financial sustainability.

PHINMA Education's success highlights the transformative potential of private sector participation in addressing systemic challenges in higher education. By prioritizing affordability, employability, and scalability, PHINMA has created a replicable model that not only expands access to education but also empowers underserved youth to break the cycle of poverty and contribute to The Philippines' economic growth.

06

Private Investments are Seeding Forward-Looking Solutions for Future Challenges



PRIVATE INVESTMENTS ARE SEEDING FORWARD-LOOKING SOLUTIONS FOR FUTURE CHALLENGES

With nearly 45% of the population in emerging Asia under the age of 25 and digital penetration surpassing 50%, the region offers a compelling opportunity for tech-driven education solutions. Currently, half of the graduates in emerging Asia are considered unemployable due to outdated curricula and a lack of practical skills, and around 50% of children receive inadequate education.

Public higher education curricula remain focused on preparing students for outdated job markets. Jobs of tomorrow require expertise in areas such as AI, machine learning, and digital marketing, which are rarely covered in public institutions. In contrast, private providers are recognizing the demographic advantage and addressing education gaps by offering programs designed to meet the demands of the digital economy through innovative and future-ready educational models and preparing the current and future workforce for the jobs of tomorrow.

6.1

Future of Learning



FUTURE OF LEARNING

Learning is shifting from rote memorization and rigid curricula to personalized, tech-driven, and skills-based education. AI, VR, and adaptive platforms are enabling self-paced, hands-on, and blended learning experiences. Education now emphasizes emotional intelligence (EQ) and digital intelligence (DQ), equipping students for real-world challenges. Future-ready learning integrates peer collaboration, industry-aligned training, and lifelong learning models to keep pace with workforce demands. As traditional systems struggle to evolve, private sector innovations are ensuring learning remains dynamic, accessible, and relevant to the ever-changing job market.

Private Sector Investments in Future-Ready Education

Simplilearn (India)

The Problem: Skills Gap and Redundancy in the Workforce

As the global economy undergoes rapid digital transformation, the demand for skills in emerging technologies such as cloud computing, cybersecurity, data science, and artificial intelligence (AI) has skyrocketed. In India alone, there are over 6 million vacancies in these fields, yet the traditional education system struggles to keep pace. Public universities are slow to introduce new courses and update existing curricula, leaving graduates and working professionals ill-equipped for the jobs of the future. Even as industries began demanding expertise in cutting-edge technologies, many universities continued to teach outdated and archaic curricula that had little relevance in modern workplaces.

The Solution: Future-Focused Upskilling for Professionals

Recognizing this disconnect early, Simplilearn identified the critical skills of the future as early as 2017—well before universities began addressing them. While traditional institutions lagged in updating their programs, Simplilearn proactively designed industry-aligned courses that prepared professionals for the evolving job market. This foresight gave learners an early-mover advantage in acquiring in-demand skills and staying competitive in the workforce.

Simplilearn positioned itself as a forward-looking solution for workforce development, launching specialized programs in high-demand areas such as cloud computing, cybersecurity, data science, and AI/ML, targeting working professionals who needed to upskill to remain relevant in their careers. By leveraging India's lower cost base, Simplilearn expanded its reach to global markets, offering expert-led programs at significantly more affordable prices than local providers, making cutting-edge education accessible worldwide.

A key differentiator was Simplilearn's focus on industry relevance. Unlike traditional universities, which usually take years to introduce new programs, Simplilearn worked directly with industry leaders to ensure its curriculum reflected future-ready skills. The platform incorporated hands-on projects, live virtual classes, and mentorship from industry experts, ensuring that students did not just learn theory but developed job-ready skills.

The Outcome: Bridging the Skills Gap and Transforming Careers

Simplilearn's early investment in future skills has had a transformative impact. To date, the company has skilled over 2 million professionals worldwide, helping them adapt to the digital economy. A career impact survey revealed that 92% of learners achieved their learning objectives after upskilling with Simplilearn, whether through securing promotions, new job opportunities, salary hikes, or mastering new technologies.

As a result of its success, even traditional universities have taken notice. Many institutions in India started to partner with Simplilearn to integrate its programs into their curricula, launching new courses in data science, AI, machine learning, and data engineering—years after Simplilearn had already pioneered these offerings.

Simplilearn's model demonstrates how private sector investments in education can be both forward-thinking and impactful. By anticipating emerging skill demands and delivering accessible, high-quality training ahead of the curve, Simplilearn has not only helped professionals future-proof their careers but also influenced the broader education ecosystem. This case study highlights the critical role of the private sector in preparing societies for future needs of economy.

6.2

Future of Work



FUTURE OF WORK

The next generation of work is defined by technological advancements, shifting employment models, and evolving skill demands. Traditional jobs are giving way to gig-based, remote, and project-driven roles, requiring continuous upskilling. The advent of technology and automation is driving demand for technical skills like AI, cybersecurity, and digital marketing, alongside soft skills like problem-solving and leadership. Workplaces are moving toward decentralized decision-making and innovation-focused roles, favoring individuals who can adapt, integrate technology, and think independently. As industries prioritize agility and lifelong learning, education must evolve to prepare individuals for careers that require interdisciplinary expertise and a digital-first approach.

AI-Driven Innovation in Computer Science Education

Kalvium (India)

The Problem: Poor Learning Outcomes in Traditional Computer Science undergraduate degrees

India produces over 1 million Computer Science (CS) graduates annually, yet industry reports indicate that approximately 96% of them remain unemployable. There exists a massive difference between the standards of the skills taught to a student in traditional CS degrees and the industry's requirement. One of the root causes of this issue is the severe shortage of high-quality teachers. Universities struggle to attract experienced faculty because industry salaries far exceed academic pay scales, making it difficult to hire professionals with practical industry knowledge. Additionally, outdated teaching methods and a lack of timely academic interventions further widen the employability gap. As a result, students graduate without the hands-on, real-world software development skills required by employers.

The Solution: AI-Powered, Self-Paced Learning

Kalvium, an EdTech company in India, has reimagined CS education by addressing the faculty shortage through an AI-driven, self-paced, student-led approach. Kalvium partnered with universities in India to introduce a new technology in the form of a proprietary AI learning platform that acts as an educational guide, like how Google Maps navigates users. The students attend the University classroom and have the AI platform deliver the concepts which then asks the students to practically implement what they learnt. This system continuously collects and analyzes student learning signals to create personalized learning pathways, ensuring that students acquire industry-relevant skills at their own pace. All this while instead of a teacher, there are 1 or 2 facilitators helping students whenever they get stuck. For context, traditional colleges track an estimated 48 learning signals per student per year in the forms of assessment, assignments and examinations, while the Kalvium platform processes 53 signals per student per day, enabling highly personalized learning pathways and timely interventions which are only possible through technology. A student's entire learning journey is system-led and the sequence of learning, assessments, etc. are highly personalized for each student.

The classroom environment is also designed to simulate real-world workplaces, encouraging students to develop problem-solving and collaboration skills essential for software engineering roles. The "GPA Approach" (Google, Peer, Assistant), where students first attempt problem-solving via Google searches, then seek peer collaboration, and only as a last resort, engage with an assistant that helps them simulate the real-life work environment that they will enter.

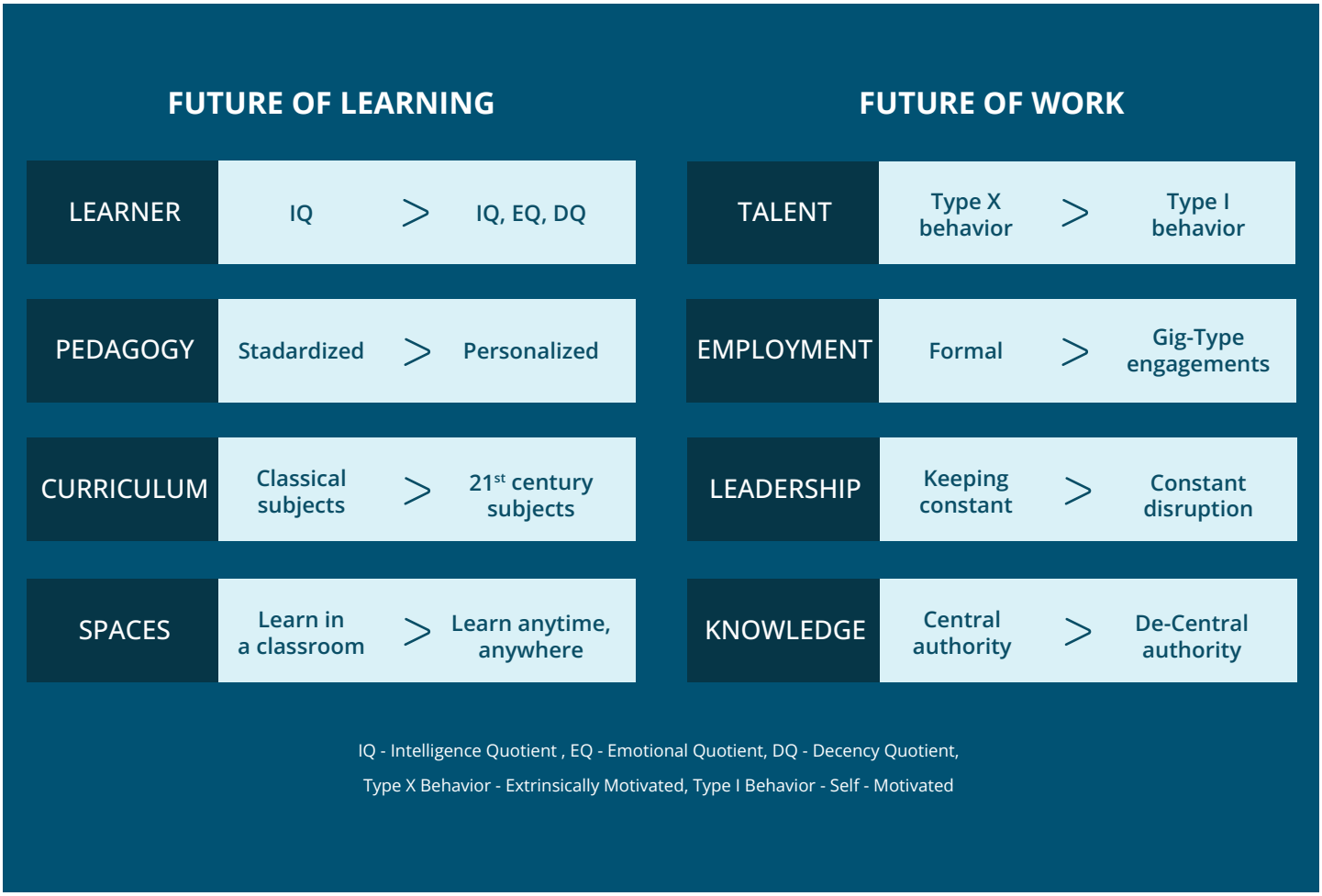
The Outcome: Industry-Aligned Talent at Scale

Kalvium has enrolled ~2,000 students, with each eligible student receiving an average of 1.25 internship offers. Despite being in the early stages, Kalvium's approach has already demonstrated impressive results—first-year students have won coding competitions traditionally dominated by final-year students, highlighting the program's effectiveness.

By leveraging AI to address faculty shortages and integrating workplace simulations within the classroom, Kalvium is modernizing CS education. Through technological innovation, Kalvium is bridging fundamental skill gaps and creating a scalable, employment-focused alternative to traditional teaching methods in universities.

The evolving dynamics of learning and the workplace can be summarized through the following:

Figure 11: Future of learning & future of work



07

Private Financing Innovation Acts as a Catalyst for Scaling Private Investment: Making Education more Accessible and Scalable



PRIVATE FINANCING INNOVATION ACTS AS A CATALYST FOR SCALING PRIVATE INVESTMENT: MAKING EDUCATION MORE ACCESSIBLE AND SCALABLE

Over the past decade, numerous private sector solutions have emerged to address education and employment gaps, targeting a broad spectrum of learners – from primary and tertiary students to working professionals. These solutions aim to improve learning outcomes and workforce readiness but remain unaffordable for much of the middle- and lower-income populations in emerging Asia. To bridge this accessibility gap, innovative financing mechanisms have gained traction, synthesized by new-age startups, who have democratized access to loans and introduced other new forms of financing.

7.1

Edufin Solutions for the Learner



EDUFIN SOLUTIONS FOR THE LEARNER

Private capital and financial innovation have played a critical role in expanding education access in emerging Asia, bridging gaps that traditional banking systems and public funding have failed to address. Companies like Varthana and Propelld are reshaping education financing, ensuring that students and educational institutions receive the funding they need to improve learning outcomes and drive economic mobility.

For many students, the biggest barrier to acquiring skills for employment is the upfront cost of education. While they need jobs to earn, they often lack the financial means to gain the qualifications necessary for those jobs. Fintech solutions like Propelld have introduced income-linked financing models, such as Income Share Agreements (ISAs) and low-interest education loans, allowing students to pay for their education only after securing employment. These models align the financial burden with career outcomes, reducing risk and making education more inclusive.

Unlocking Financing for Affordable Private Schools in India

Varthana (India)

Before Varthana, the school financing sector in India was largely untapped. Traditional banks were unwilling to lend to private schools—especially low-cost, affordable schools—because they lacked the kind of hard assets (such as land or large real estate holdings) typically required as collateral.

Recognizing this gap, Varthana developed an innovative underwriting system that assesses school property and cash flow rather than relying solely on fixed assets. By introducing structured financing solutions tailored for schools, Varthana enables small and medium-sized private schools to secure loans for infrastructure upgrades, expansion, and technology adoption, ultimately improving education quality for students in underserved regions.

Impact and Outcomes:

Over 10,000 schools funded, directly improving access to education for millions of students in India in Tier 2 and Tier 3 cities.

Flexible repayment structures allow schools to grow without financial strain, enabling them to invest in teacher training, classroom upgrades, and digital learning tools.

Expands access to quality education, as schools that previously struggled with funding constraints can now offer better learning environments, benefitting low- and middle-income students.

7.2

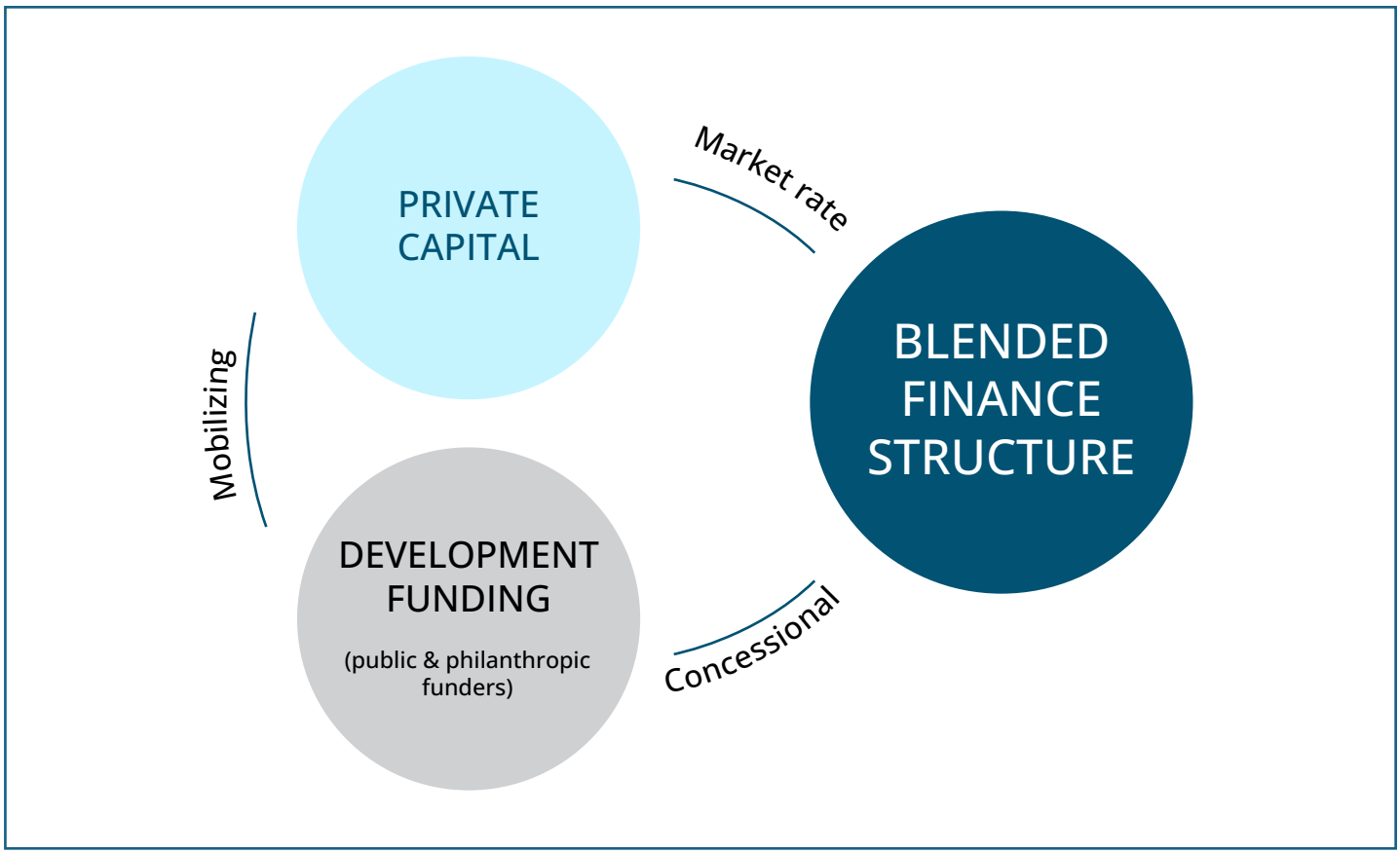
Blended Finance for Institutions



Blended Finance for Institutions

Private sector participation in education plays a crucial role in mobilizing capital, driving financial innovation, and increasing accessibility to education through blended finance mechanisms. By leveraging public, private, and philanthropic funding, private entities create sustainable and scalable financial models that bridge affordability gaps, especially in emerging Asian economies. Traditional investors are often reluctant to fund education due to its long return cycle and perceived risks. However, private sector-backed impact-driven funds and debt financing structures help de-risk these investments, enabling higher capital flow into education.

Figure 12: Mechanics of Blended Finance



08

Private Sector Innovation Permeates and Benefits Public Education, Serving the Underserved



PRIVATE SECTOR INNOVATION PERMEATES AND BENEFITS PUBLIC EDUCATION, SERVING THE UNDERSERVED

Public institutions often adopt private sector innovations to enhance learning outcomes, such as digital tools and competency-based assessments, once the effectiveness of the solution has been proven by private institutions. For instance, India's SWAYAM platform, inspired by private MOOCs (Massive Open Online Courses), now offers online degrees from top universities. While private providers experiment and scale solutions in the private education market, these changes trickle down into the public education space as well, creating a secondary impact that benefits a broader audience.

Collaborations between public and private players create inclusive ecosystems that drive systemic improvements. With over 50% of the students learning through public institutions, these adoptions become a critical component that signals the growth of the economies.

Companies like ConveGenius in India, which provide LMS solutions to public schools, exemplify this approach.

ConveGenius is driving transformative change in India's education sector through strategic partnerships with foundations, government bodies, corporations, schools, and grassroots organizations. Notably, its collaboration with the Government of Andhra Pradesh to establish the Vidhya Samiksha Kendra (VSK) has strengthened data-driven education systems, improving quality through informed decision-making.

With innovative solutions like SwiftChat, ConveGenius has impacted over **150M** learners nationwide, primarily within the public schools, making quality education accessible across diverse socio-economic groups.

09

Demonstrating Results: Evidence of Private Sector Impact



DEMONSTRATING RESULTS: EVIDENCE OF PRIVATE SECTOR IMPACT

Across emerging Asia, the role of private education has grown steadily, becoming a cornerstone of the education landscape in countries like India, Indonesia, Vietnam, the Philippines, Malaysia, and Thailand. This transformation reflects a widespread demand for quality education, driven by parents, policymakers, and a rapidly evolving economy. Private education has demonstrated the power to bridge gaps left by public systems, delivering better outcomes in literacy, numeracy, employability, and long-term economic growth.

In the Philippines, for instance, the difference in performance between private and public-school students is striking. Grade 5 students in private schools scored an average of 307 across reading, writing, and mathematics, compared to 286 in public schools. This gap is particularly pronounced in reading and writing literacy, where private schools consistently outperform their public counterparts. Such results are echoed in India, where 65.1% of Grade 5 private school students can read a Grade 2-level paragraph, compared to just 44.2% of public-school students. In numeracy, the trend is similar: 39.8% of private school students can perform basic division tasks, far ahead of the 22.7% in public schools. These data points paint a clear picture of private education's ability to deliver foundational skills more effectively.

Figure 13: Mean scores in grade 5 students in Philippines

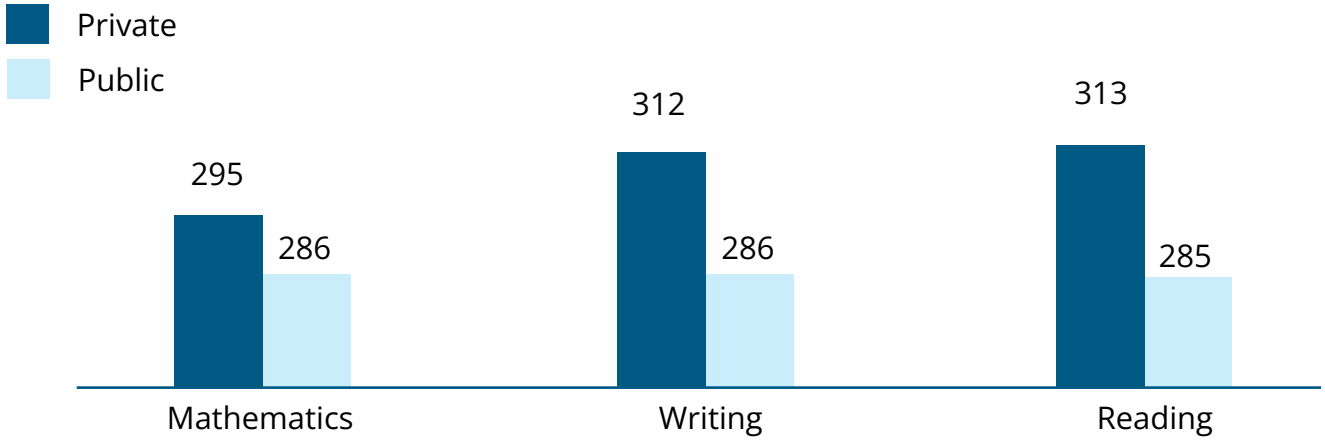
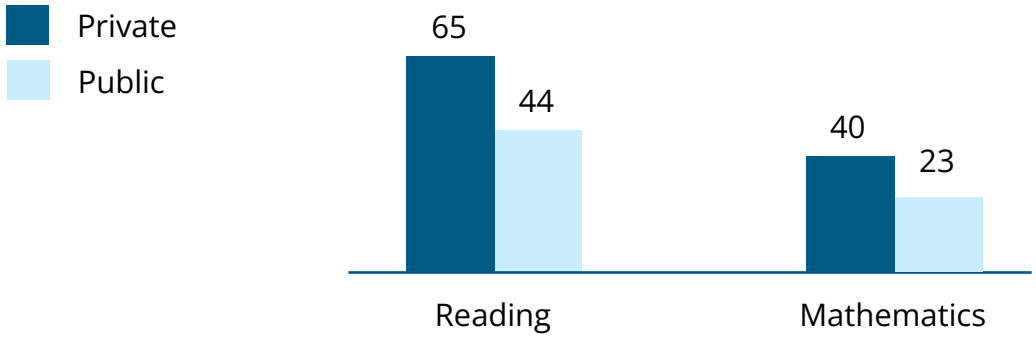
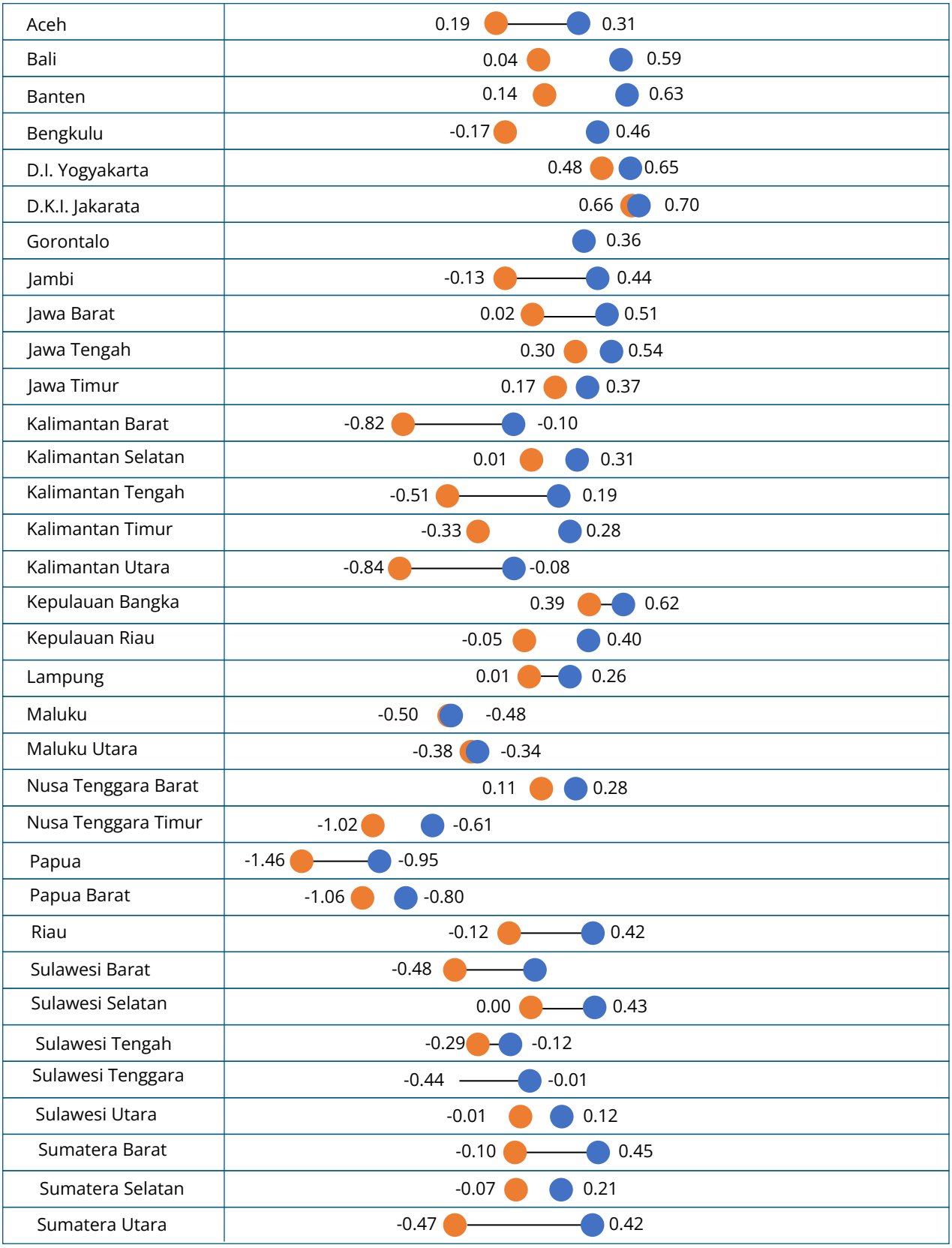


Figure 14: Performance of grade 5 students in India



Reading: % of students who can read a grade 2 level text
Math: % of students who can do division

Figure 15: Public vs. private school average school quality index by provinces in Indonesia



Orange: Public average; Blue: Private average
Numbers have been normalized (0 is national average); scores above or below 1 are 1 standard deviation away from averages

A key factor driving these outcomes is the availability of resources. In both India and the Philippines, students with greater access to textbooks, learning aids, and early education outperform their peers. For example, in India, 42.3% of private schools offer English as a medium of instruction, compared to just 10.4% of public schools. This focus on English-medium education equips students with the skills necessary for global employability, especially in economies like Vietnam and Thailand, where private schools emphasize STEM education and technological literacy.

Private education also plays a critical role in reducing dropout rates and enhancing workforce readiness. These improved educational outcomes translate into broader societal benefits. Countries with strong private education sectors, such as Vietnam, have seen a clear correlation between education quality and economic growth. Higher literacy and numeracy rates among private school graduates contribute to greater workforce productivity, driving GDP growth and reducing poverty. Studies show that even a 1% improvement in literacy rates can lead to a 0.37% increase in GDP per capita.

Yet, private education is not without challenges. Equity remains a significant concern. In India, for instance, fewer children from Scheduled Castes (24.9%) and Scheduled Tribes (17.2%) attend private schools compared to the national average of 35%. Similarly, gender gaps persist, with fewer girls than boys enrolled in private institutions. Moreover, the financial sustainability of private schools, particularly low-fee schools, has been severely tested by events like the COVID-19 pandemic, which led to closures and reduced enrolments across the region.
Despite these challenges, parents continue to place immense trust in private education. In India, 73% of parents choose private schools because they perceive them as providing a better quality of education. Rural enrolment in private schools has surged, growing from 1.6% in 1973 to 27% today, as families in underserved areas seek alternatives to underfunded public schools.

The private sector's ability to innovate and adapt has been crucial to its success. Private schools integrate English-medium instruction, skill-based learning, and advanced teaching methodologies that are often absent in public systems. They also leverage technology to deliver personalized learning experiences (Vietnam and Thailand), where private schools emphasize digital literacy and STEM education.

- https://data.uis.unesco.org/#
- SEA-PLM reports, 2019
- State of the Sector Report, Private Schools in India, by CSF & ONI
- SEA-PLM reports, 2019
- State of the Sector Report, Private Schools in India, by CSF & ONI
- ERIA Discussion Paper Series No 408. "Education for All?... Learning Engagement During... COVID-19... in Indonesia"
- State of the Sector Report, Private Schools in India, by CSF & ONI
- World Bank – reported by Invest India
- State of the Sector Report, Private Schools in India, by CSF & ONI
- State of the Sector Report, Private Schools in India, by CSF & ONI

10

Conclusion: Private Sector Transforming Education for the Mass Markets



CONCLUSION: PRIVATE SECTOR TRANSFORMING EDUCATION FOR THE MASS MARKETS

Education is one of the most powerful drivers of economic mobility and national development. Yet, in emerging Asia, public education systems continue to struggle with chronic underfunding, capacity constraints, and rigid curricula that fail to equip students with the skills needed for the modern workforce. These challenges have left millions of students underserved, creating significant gaps in both access and quality.

Unlike in developed markets, where private education primarily serves affluent families with premium offerings, private education in emerging Asia has taken on a more fundamental role – filling critical gaps left by public institutions and providing mass-market solutions that cater to low- and middle-income learners. Private providers are not just supplementing public systems but actively transforming education by making it more affordable, scalable, and employment oriented. Private education in emerging Asia is distinct in its approach. It is built on cost-effective, scalable, and innovative models designed to serve the majority, rather than the elite.

A Sustainable and Scalable Path Forward

The evidence is clear – private sector participation in education is not just an alternative but a necessity for emerging Asia. Public sector capacity alone cannot meet the needs of the region's vast student population, and without private innovation, millions would be left without pathways to better opportunities. As private institutions continue to scale, their impact extends beyond their own learners, influencing public education through technology adoption, curriculum reforms, and blended finance models that drive systemic improvements.

For policymakers, the key challenge is to create enabling regulatory environments that allow private education to thrive while maintaining quality and equity. Strategic public-private partnerships, financial incentives for low-cost private institutions, and the integration of private sector best practices into public education models can create a more cohesive and effective system.

The Future of Education in Emerging Asia

Emerging Asia is at a pivotal moment. With nearly half its population under the age of 25 and a rapidly growing digital economy, the demand for high-quality, accessible education has never been greater. The private sector is leading this transformation, not as a luxury for the elite, but as a mass-market solution that is reshaping the future of learning and work.

The path forward is clear: by leveraging private sector innovation, emerging Asia can close its education gap, equip its workforce for the future, and drive sustainable economic growth. The question is no longer whether the private sector should play a role in education – it is how its impact can be maximized for the benefit of millions who need it most.

- Board of Investment of Thailand, Bangladesh Census 2022, Philippines Statistics Authority, BPS Statistics Indonesia, Vietnam Index Mundi, India Business Standard