



A secondary school student in Uganda engaging in a science experiment. The school is a member of Global Schools Forum.



OMIDYAR NETWORK

Case study overview

This case study illustrates how the criteria for effective knowledge sharing can be applied to a specific funder and its investment strategy.

The case study includes three components:

- Background and overview of Omidyar Network
- A description of Omidyar Network's education sector investment strategy and how it relates to knowledge sharing
- An assessment of Omidyar Network's alignment with the criteria for effective knowledge sharing

Through these components, this case study will analyze how the criteria for effective knowledge sharing can improve the overall impact of a funder's investments and help the funder advance knowledge sharing within the overall education ecosystem. By outlining Omidyar Network's strategy and its rationale for embracing this approach, we hope other funders and funder groups will consider adopting the criteria for effective knowledge sharing when making investments.

Background

Founded in 2004, Omidyar Network is a philanthropic investment firm that seeks to "catalyze economic and social change" with a focus on creating impact at scale. In pursuing this mission, Omidyar Network takes a unique approach in both the type of funding it deploys and the strategic focus of its investments.

Unlike many social impact funders, Omidyar Network deploys capital in a broad range of ways, from commercial investments that achieve market returns to grant funding for non-profit organizations. Omidyar Network takes what it calls a "problem first, tool second" approach, prioritizing solutions to problems regardless of whether the operator is for-profit or non-profit. As a result, Omidyar Network invests flexibly across this returns' continuum.⁹⁰

Driving Omidyar Network's deployment of capital is its sector-level approach. Omidyar Network invests across a handful of sectors, such as financial services, property rights, and education, with the goal of creating broad-scale change within these sectors. Omidyar Network measures the impact of its investees on two levels: the direct impact of the organization on end beneficiaries and the broader impact of the organization on the sector. The reason for this bifurcated approach is twofold.

First, Omidyar Network recognizes that the success of any single company or initiative is not only determined by the strength of its model or the ingenuity of its ideas, but also by the market conditions in which it operates. Therefore, Omidyar Network supports both operating organizations (for-profit and non-profit), who provide direct support and services, as well as market-level actors that may not directly provide services but create infrastructure and support for the entire sector. This includes ecosystem-level investments in "research, policy, advocacy, capacity development, networks, associations, etc." Through this strategy, Omidyar Network hopes to spur innovation and "drive the sector forward."⁹¹

Second, while infrastructure investments can help to accelerate progress for the operating organizations Omidyar Network supports and others in the field, Omidyar Network also recognizes that "our investees will never solve all problems or reach all people."⁹² By supporting investments in the broader ecosystem, Omidyar Network increases the likelihood that promising models can be adapted and scaled in other countries and regions, thereby creating further sector impact.

An example of this approach comes from the field of microfinance. Omidyar Network was an early investor in many microfinance institutions (MFIs) in the developing world through both debt and equity funds. Most MFIs receive funding from the United States and Europe,

but lend in the local currencies of the countries in which they operate—thereby exposing themselves to significant currency risk. To address this problem, Omidyar Network seeded and helped scale MFX—a company that offers currency hedging to MFIs and now other social entrepreneurs. This was a core piece of sector infrastructure missing from the market that was required for direct operators to succeed.⁹³ By filling this gap, Omidyar Network complemented its investments in MFIs and increased its impact on the field. It also helped enable other innovators to expand MFI models to new geographies. In its first decade, approximately 50% of the organizations supported by Omidyar Network were sector players who are not direct operators but support the overall sector ecosystem.⁹⁴

Omidyar Network's education sector strategy

Omidyar Network describes its work in the education sector as motivated by a desire to increase equity and opportunity through education for individuals, families, and communities, so all people can contribute and thrive in a changing world. Beginning in 2013, Omidyar Network spent the first two and a half years of its work experimenting across education in the developing world to identify investments that could have a significant positive impact toward this end. Ultimately, Omidyar Network established three subsector focus areas, specifically for low-income and emerging markets:

1. **Innovative school models (ISMs)**—quality, affordable, innovative whole school models and public-private partnerships
2. **Education technology (EdTech)**—technology that enables impact at scale for teachers, families, and students

3. **Connected skilling**—workforce development that creates high returns for students (e.g., training directly aligned to future employment opportunities or accreditations that can lead to employment)

Within these focus areas, Omidyar Network’s education strategy uses a similar investment model as described above. Omidyar Network seeks to catalyze change in the sector by investing in innovations that can help accelerate the field and by funding infrastructure that can support the sector as a whole. By combining these two approaches, Omidyar Network seeks to accelerate sector change.

In the case of the education sector, much of the core infrastructure needed is related to the elements of knowledge sharing outlined in this report. Since education is heavily dependent on a strong knowledge base and human capital, public goods, capacity development, and networks are especially relevant to support any investment in these areas. In the case of Omidyar Network, it combines investment in individual education organizations with support for public goods and networks in an attempt to shift momentum within the sector as a whole and help propagate proven practices.

First, in the area of ISM, Omidyar Network has pursued a strategy of investing in both new school models and a network to support them. Omidyar Network was an early funder of affordable private school models in Africa. To complement these investments, Omidyar Network was an initial seed funder of Global Schools Forum (GSF), an international network of non-government schools devoted to high-quality education for low- to middle-income families. Through annual forums, toolkits, webinars, an online platform, and common metrics, the network facilitates knowledge sharing and problem solving across similar schools globally, with the aim of improving the performance and long-term success of member schools and allowing similar models to be piloted in other geographies.

By combining these two investments, Omidyar Network hopes to “accelerate the affordable private school space by creating a network for global best practice sharing that is deeply informed by learnings from school operators on the ground and proven by exemplary innovators.”⁹⁵

Similarly, in Brazil, Omidyar Network is exploring EdTech investments in direct operators and foundational public goods to accelerate the sector. In 2017, the Brazilian government adopted new national learning standards, the Base Nacional Comum Curricular (BNCC). Since districts, schools, and teachers must adapt to meet the demands of these new standards, Omidyar Network views this moment as an opportunity to leverage new technologies to enable adoption of the standards and increase the quality of instruction. Working jointly with a local Brazilian partner, the Lemann Foundation, Omidyar Network is investing in companies, non-profit organizations, and other initiatives that support the implementation of BNCC and advance educational outcomes across Brazil. Since EdTech is an emerging sector in Brazil, Omidyar Network is also commissioning a research report on the characteristics of effective EdTech ecosystems. If successful, this research, a form of public good, could help inform policymakers, influence priorities for the sector as a whole, and catalyze additional investment from other funders. By pairing investment in innovative EdTech with actionable research on conducive ecosystems, Omidyar Network endeavors to enable broader change in Brazilian education.

While Omidyar Network’s education strategy is still emerging, these examples demonstrate the potential complementarity of direct investment and investment in knowledge sharing. By embracing both types of investments as equally necessary to achieve results, Omidyar Network hopes to enhance its overall impact and more effectively contribute to advancing student learning outcomes in the developing world.

Criteria for effective knowledge sharing

Omidyar Network's education sector strategy is largely aligned with the criteria for effective knowledge sharing presented in this report. Below are key areas of alignment and a potential future area of focus for Omidyar Network.

AREAS OF ALIGNMENT

Effective knowledge sharing investments build on a clear understanding of how knowledge sharing will accelerate progress in the relevant context [Criterion 1c]

Omidyar Network invests in sector infrastructure with the goal of creating the foundations necessary for a sector to grow and innovative practices to spread. The criterion above is a precondition for determining the appropriate type of infrastructure to target for investment. In the case of Innovative School Models (ISMs), a network like Global Schools Forum (GSF) is needed to raise the global profile of these new models, share data to test their impact, and propagate best practices among operators. Omidyar Network's investment in GSF was rooted in an understanding of the knowledge sharing elements required to accelerate progress in this emerging field—an understanding stemming from Omidyar Network's direct investments in affordable private schools.

Effective knowledge sharing investments are made with a time frame and amount of investment sufficient to achieve and sustain the desired outcomes [Criterion 1d]

The case of Omidyar Network offers an interesting corollary to the criterion of sufficient investment. Not only should the time frame and amount of funding be sufficient, but the "type" of investment also should be appropriate for the desired outcomes. Omidyar Network is cognizant that actors providing key infrastructure need the flexibility and autonomy to drive impact in a sector. For example, GSF, in establishing a global network for new school models, had to adapt to an emerging field and prioritize the activities that would have the greatest impact on its members and the propagation of their models.

To facilitate this, Omidyar Network provided unrestricted grant funding to give GSF the necessary flexibility to adapt in an emerging field. Overall, Omidyar Network's default position is to fund general operating expenditures.

AREAS FOR INCREASED FOCUS

Purposeful networks understand how the network will shape the behavior of network participants, as well as the role of the network and its members in addressing a problem [Criterion 4b]

As its education sector strategy matures and its portfolio grows, Omidyar Network hopes to further share knowledge across its education portfolio and support further regional and global learning. In a recent stakeholder survey, education investees highlighted a desire to learn from other organizations in the portfolio and from Omidyar Network staff who work across multiple regions.

At a regional level, Omidyar Network has convened its portfolio for a number of years. For example, the firm has annually held "Omidyar Network Baraza" to bring together all Africa-based or Africa-focused organizations to discuss and share learning about topics such as leadership and entrepreneurship. It also holds a similar event, "Omidyar Network Haat," for its India-based portfolio companies. Omidyar Network's education initiative anticipates holding similar convenings focused exclusively on its education portfolio. In doing so, Omidyar Network will use its role as a global funder to promote knowledge sharing across borders among the members of its investee network.

Conclusion

While Omidyar Network's investment and education sector strategies preceded the work of this report, aspects of its approach demonstrate how the criteria for effective knowledge sharing can be incorporated in an investment agenda. Omidyar Network aims to maximize its impact by prioritizing the infrastructure needed within emerging sectors and applying an investment strategy that exemplifies many of the findings outlined in this report.