



A series by the African
Private Equity and Venture
Capital Association

Achieving the SDGs through African Private Equity and Venture Capital

SDG 4: Quality Education

March 2022



Verod Capital Management





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Executive Summary

Over the past 20 years, AVCA has remained committed to tracking, monitoring, and reporting on the wide-reaching positive impact of private equity and venture capital across the continent. The objective of this case study series, **Achieving the SDGs through African Private Equity and Venture Capital**, is to encourage greater collaboration between fund managers, institutional investors, and entrepreneurs to **drive sustainable growth in Africa**.

It is now six years since the United Nations (UN) launched a global call to institutions and individuals to commit to creating a future of prosperity and peace for all by 2030, through the Sustainable Development Goals (“SDGs”). The 2030 Agenda for Sustainable Development (“the 2030 Agenda”) established 17 SDGs with 169 targets and 232 indicators to enable progress tracking as key global actors, including investors, businesses, civil society, and governments, implement the 2030 Agenda.

According to the United Nations Conference on Trade and Development (UNCTAD), meeting the SDGs in emerging markets will require investment up to the value of US\$4.5 trillion annually, primarily for infrastructure, education, healthcare, and agricultural development. Globally, the private sector is responsible for most investments and has played a historic role in addressing structural, social, and environmental challenges in Africa.



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The SDGs provide a practical framework to achieve inclusive growth on the continent, and the private sector has a vital part to play in mobilising African countries to achieve the 2030 Agenda while strengthening the economy. Africa-focused fund managers and institutional investors have risen to the challenge as they continue to deploy and allocate capital to support the businesses driving long-term economic growth across the continent.

Recognising the importance of businesses and investors in realising the 2030 Agenda, the UN Development Programme (UNDP) launched the SDG Impact Standards for Private Equity Funds to outline a clear system to support private equity (PE), venture capital (VC) and other private market funds to achieve impact and contribute toward sustainable development through their investments.





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Where Africa is concerned, responsible investing has always been at the heart of private equity due to the origins of the asset class. As Environmental, Social, and Governance (ESG) principles became more prominent in the global investment landscape, AVCA set out to tell the story of impact in Africa. In 2018, we published our first special report, An

Untold Story: The Evolution of Responsible Investing in Africa, to highlight the role of development finance institutions (DFIs) and private equity fund managers in creating sustainable growth on the continent.

DFIs have demonstrated how investments in the private sector in emerging markets can have significant positive effects on job creation

and economic growth. Furthermore, with the majority of private investors in Africa promoting and achieving both impact objectives and commercial returns, Africa-focused fund managers are uniquely positioned to contribute to achieving the 2030 Agenda by investing in companies that advance the SDGs.



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Sustainable Development

Goal 4 – Quality education

This case study focuses on Verod Capital Management's investment into schools in Nigeria via its portfolio company, Oreon Education Services, and how they are integrating 'SDG 4 – Quality Education' into this investment. Verod is a leading West African private equity investor seeking to partner with fast growing companies which have the potential to become large, dominant, and sustainable enterprises.





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Investor & Company Profile



Portfolio Company Name:

**Oreon
Education
Services Limited
(Includes
Greensprings
School,
Rainbow
College,
Pampers Private
School)**

PE Investor:

**Verod Capital
Management
Limited**

Country:

Nigeria

Sector:

**Educational
Services**

Year of Investment:

2017

Total Investment Amount (US\$):

~US\$29mn



Investor Engagement with the SDGs



What are the key drivers for integrating SDG 4 into your investment approach?

Our decision to integrate SDG 4 into our investment approach was driven by the following:

1. Our belief that businesses have the responsibility to contribute towards finding solutions to contemporary societal challenges of which education is key.
2. Rising number of out-of-school children in sub-Saharan Africa and Nigeria in particular – UNESCO 2014 report estimated that 58 million children around the world are out-of-school; a significant part of these are in Sub-Saharan Africa with Nigeria topping the pack with about 10.5 million children out of school.
3. The economic implications of the high level of school under-enrolment in our market were also a concern, especially when considered from the perspective of potential economic benefits that are presently poorly harnessed due to lack of improvement on the access to basic quality education services.
4. Another disturbing concern was the poor learning outcomes heightening unemployment in the country because of a combination of ineffective learning environment, especially in public schools, and poor capacity building for teachers.



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How did you integrate SDG 4 into your investment strategy and decision-making processes for your portfolio company?

The observed challenges faced by the educational sector within our market (some of which have been highlighted earlier) shaped Verod's strategy. This created a strong inclination to undertake a deliberate lead in driving improved education services and quality learning outcomes as an integral part of our investment process. Based on this well-founded strategic approach, Verod's pipeline search net was spread to include consideration of opportunities in the education sector. We tailored our pre-deal activities to incorporate SDG 4 as part of due diligence considerations, but ultimately taking active ownership during the life of the investment to champion support in enhancing effective learning environment and building capacity of teachers as part of the prerequisite for achieving quality learning outcome among students.

What are the key challenges you have faced thus far implementing and measuring progress made towards promoting SDG 4 in your portfolio company?

1. Short supply of qualified competent teachers and school administrators
2. High mobility of the few qualified competent teachers
3. High cost of obtaining quality education: beneficiaries of scarce quality education seem to skew towards the few high-income earners and do not spread across the different income brackets. This situation cuts off a good number of people that would have otherwise become part of the beneficiaries of quality education
4. Social, Political and Macro headwinds leading to declining incomes, emigration and increased insecurity all negatively affecting enrolment



Has the COVID-19 pandemic changed the implementation of SDG 4 and how the organisation achieves impact within Oreon Education Services?

The pandemic situation significantly changed the learning approach from traditional in-person class learning to virtual learning. This new paradigm came with challenges related mainly to the effectiveness of the virtual learning itself for children; burden on parents in terms of cost of keeping their children online all the time, as well as children's behavioural issues while online. Many parents who hitherto relied on public schools for their children's education found it difficult to cope with the new learning approach especially in terms of lack of means to provide the necessary devices and data for virtual learning for their children – in this sense, some of the gains that were being made in children enrolment and learning were eroded.

Conversely, bringing children back to school in the Covid era entailed adopting a novel approach to ensure conformance to the Covid preventive measures. This also resulted in disruption in budget and prior financial outlays. In most cases, it was challenging actualizing the infrastructure modifications needed in order for the children to return to school, especially in public schools.

Covid presented the opportunity to close the digital divide by enabling children in rural or less modern areas to be able to learn in situations of this nature. However, virtual learning was not encompassing; only children within the urban centres where internet was available could take advantage of virtual lessons while many were cut off from learning. New approach for SDG 4 implementation must consider aspects of digitalization in the whole of the process. Verod is already taking actions to ensure the implementation of digitized learning in this regard in all its investments in the educational sector.



Investment Impact Profile



No	SDG 4 Goals		Verod Capital Management/Oreon Education Services' Contribution
	Target	Indicator	
4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.	Proportion of children and young people achieving at least a minimum proficiency level in (i) reading and (ii) mathematics, by sex.	250 children benefited from Verod's sponsored Guided Reading in 2020 through the Verod Foundation.
		a) Children in grades 2/3; b) Children at the end of primary; and c) Young people at the end of lower secondary.	3,597 young people received formal quality education through Verod's sponsored educational institutions. For the 2020/2021 Academic year, Verod-sponsored schools graduated 700 students: 185 pre-school students, 222 elementary students, 270 secondary students, and 23 International Baccalaureate students. Verod-sponsored schools awards full scholarships to children from underprivileged families in its host communities annually.
4.2	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university	Participation rate of youth and adults in formal and non formal education and training in the previous 12 months, by sex.	283 youths received formal education through Verod's partnered educational institution in the last 12 months.
		Internal education and training opportunities offered to staff and dependents.	5 staff of Verod benefited from Verod's educational sponsorship.



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No	SDG 4 Goals		Verod Capital Management/Oreon Education Services' Contribution
	Target	Indicator	
4.3	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.	Proportion of youth and adults with information and communications technology (ICT) skills.	<p>The following amongst others has been achieved by Verod-sponsored schools and students in this regard:</p> <ul style="list-style-type: none"> Two students from a Verod-sponsored school emerged finalists of the 2021 Young Tycoon Business Challenge after presenting a business idea for an app that could tackle kidnapping and abduction in schools. Students with special needs from a Verod-sponsored school opened an online store featuring pieces of jewellery, furniture, and artworks made from recycled materials during their vocational classes. A Verod-sponsored school's International Baccalaureate (IB) Diploma programme sponsored a student through university who graduated with a first-class in Economics. Verod-sponsored schools organize annual career webinars inviting industry leaders from companies like Andersen, Aero Contractors, Cavidel limited, CMC interiors, FBN Quest Trustees Limited, Harvey Road Health Centre and Maternity etc. Verod schools organise Enterprise Week annually, where students executed business ideas and sold unique items to members of the school's community and made profits.
	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.	<p>Parity indices for all education indicators on this list that can be disaggregated, including:</p> <ul style="list-style-type: none"> a) female/male b) disability status c) rural/urban d) bottom/top wealth quintile 	<p>Out of 3597 young people that received formal quality education in Verod-sponsored schools in 2020;</p> <ul style="list-style-type: none"> a) 1,884 were females b) 220 were special needs students c) Rural/Urban- NA d) Bottom/top wealth Quintile - NA



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No	SDG 4 Goals		Verod Capital Management/Oreon Education Services' Contribution
	Target	Indicator	
4.5	By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.	Percentage of youth ¹ and adults achieving at least a fixed level of proficiency in functional (a) literacy and (b) numeracy skills, by sex	<p>350 youths benefited from a sex education seminar organized and sponsored by Verod</p> <p>The following amongst others has been achieved by Verod-sponsored schools and students in this regard:</p> <ul style="list-style-type: none">• Award of honour to a student in Year 8 from a Verod-sponsored school by John Hopkins Centre for talented Youths, as the World's Brightest Student after she outscored over 19000 students in the School & College Ability Test (SCAT).• Winning the National African American Recognition Program for scoring 720/800 in the English language papers and emerging in the 90th percentile of this year's SAT exam.• Award of elitist title to two students in the International Math Olympiad Challenge.• Winning international Maths Olympiad challenge.• First runner-up position after debating on the topic titled "Should All People Become Vegetarian"?• Winning the first position in the debate titled "Is Nationalism Beneficial or Dangerous in the Context of Globalism?"• First prize winner of KPMG's 2021 debate on the topic titled "Which is better, onsite or online learning?"

¹ The United Nations defines 'youth' as persons between the ages of 15 and 24 years



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No	SDG 4 Goals		Verod Capital Management/Oreon Education Services' Contribution
	Target	Indicator	
4.6	<p>By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development.</p>	<p>Extent to which (i) global citizenship education and (ii) education for sustainable development, including gender equality and human rights, are mainstreamed in:</p> <ul style="list-style-type: none"> • The curricula • Teacher education • Student assessment 	<p>Key items in the Curricula of Verod-sponsored schools supporting the acquisition of knowledge and skills needed to promote sustainable development includes:</p> <ol style="list-style-type: none"> Elementary School Curricula <ul style="list-style-type: none"> • Living Together unit in Year 4, Assertiveness lessons. Secondary School Curricula <ul style="list-style-type: none"> • Sustainable development and lifestyles -Development (Geography), Sustainable living (GP - Global Perspectives). • Human rights (GP). • Gender equality - Poverty and inequality (GP), Development (Geography). • Promotion of a culture of peace and non-violence - Conflict and Peace (GP). • Global citizenship - Globalisation (GP), Migration (Geography & GP). • Appreciation of cultural diversity and of culture's contribution to sustainable development - The entire curriculum for Cultural Enrichment, Tradition, culture and identity (GP), Belief systems (GP). <p>The following amongst others has been achieved by Verod, Verod-sponsored schools and students in this regard:</p> <ul style="list-style-type: none"> • 12 Partner companies participated in the Verod's sponsored workshop on labour and human rights leading to implementation of policies and programs focused towards improving workplace labour and human rights. • A Verod' sponsored school have been decorated as one of the first HP IDEA Schools in the Middle East & Africa and nine teachers from the school has been certified as HP IDEA Fellows. • A Verod-sponsored school launched Robotics and AI as part of its curriculum partnering with Edu 360. • IB students from one of Verod's sponsored schools held a climate change conference in partnership with Ecoscape and Pakam. • 11 students earned the BIEA STEM Ambassadors Award by designing a sustainable food packaging material meant to replace plastic packaging materials. • Two teachers in a Verod-sponsored school's won state champions in Malta Teacher of the Year Award organized by Nigerian Breweries to celebrate exceptional teachers in the country. • A Verod-sponsored school teacher became a Cambridge teacher trainer for Sub-Saharan Africa. • Verod-sponsored schools hold mental health awareness sessions for staff and hold mental health day for students.



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Company View



"Our partnership with Verod Capital Management has aided our goals of providing world-class K-12 education and developing total, well-rounded students. As we continue to benchmark our institutions against the best in the world, Verod's strategic oversight and focus on corporate governance have provided the necessary guidance to enable us to continue delivering on our promise of world-class education. Their administrative insights and support have given us an edge over competing institutions and have resulted in significant value-additions evident inside and outside our classrooms"

Rainbow Educational Services Founder

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"Verod has been able to promote the achievement of SGD 4 in Greenspring School in the following ways:

- Financial support in setting up dedicated Special Needs Campus – Anthos House
- Financial and strategic support in expansionary efforts such as the commencement of the Ikoyi Campus
- Promoting good governance – setting up Board Committees, developing a delegation of authority framework, fostering accountability and timely reporting
- Developing and supporting initiatives for cost optimisation such as Platform aaS, outsourcing, energy efficiency
- Sponsorships of underprivileged children – an orphan (up to university level in Canada), Lagos State public school through Secondary School.
- Facilitation of Public-Private Partnership initiative with the Lagos State Government to improve public education in Lagos State – this is still being discussed."

Greenspring Educational Services Founder