



# Initial Poverty and Social Assessment

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Project Number: 47922  
March 2014

## IND: Rural Education Project

An initial poverty and social assessment (IPSA) is prepared in the early stage of the project cycle to assess the significance of social issues for a project. In accordance with ADB's public communications policy (PCP, 2005), the IPSA is disclosed upon completion. The final summary social assessment is included as an appendix to the project's report and recommendation of the President.

**Asian Development Bank**

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	<input type="text" value="India"/>	Project Title:	<input type="text" value="Rural Education Project"/>
Lending/Financing Modality:	<input type="text" value="Equity Investment"/>	Department/ Division:	<input type="text" value="PSOD/PSIF1"/>

### I. POVERTY IMPACT AND SOCIAL DIMENSIONS

#### A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

Hippocampus Learning Centers Limited (HLC) delivers affordable and quality supplementary education in rural India. HLC operates pre-school and after school education programs for children aged 3-12 years, and employs women in rural villages as teachers and helpers in its Centers. The project will invest up to \$2 million in equity in HLC, which will help finance the expansion of its operations in Karnataka and nearby states. The project is expected to (i) improve learning outcomes and bridge learning gaps in the formal education system, and (ii) provide employment opportunities to women in rural villages by training and hiring them as teachers in the Centers.

The project is consistent with India's 12<sup>th</sup> Five Year Plan (2012-2017) which includes the following targets on education: (i) an increase in the overall literacy rate to more than 80% and a reduction in the gender gap in literacy to less than 10%; (ii) provision of at least 1 year of well-supported, well-resourced preschool education in primary schools to all children, particularly those in educationally backward blocks; and (iii) improvements in learning outcomes that are measured, monitored, and reported independently at all levels of school education, with a special focus on ensuring that all children master basic reading and numeracy skills by grade 2, and skills of critical thinking, expression, and problem solving by grade 5.

#### B. Targeting Classification

General Intervention  Individual or Household (TI-H)  Geographic (TI-G)  Non-Income MDGs (TI-M1, M2, etc.)

The proposed investment of up to \$2 million in equity financing will enable HLC to scale up its operations and provide affordable quality education to over 200,000 children and employ about 2,615 women in rural India through the establishment of 600 new education centers in Karnataka and Tamil Nadu, and partnerships to 250 schools under a management contract or a licensing agreement.

#### C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. The Constitution of India (86th Amendment Act, 2002) guarantees the right to free and compulsory education to all children in the age of 6 to 14. The Right to Education Act (2009) provides details on the implementation of this constitutional mandate, lists duties and responsibilities of relevant government bodies, and sets standards for the delivery of quality education. In spite of this strong statutory support however, learning outcomes have been disappointing as reported in the Annual Status of Education Report (Rural) 2012. ASER highlights a decline in student learning outcomes in rural India. In Karnataka, ASER reports that children from 6 to 14 years of age (Std I-VIII) are enrolled in government schools (75.9%) and private schools (21.9%). However, learning levels in Std III-V show that only 59.25% can read level 1 (Std 1) text or more, and only 48.61% can do subtraction or more. The proposed investment will be used to address these learning gaps and scale up HLC's operations.

Women from local villages will benefit from the project through job opportunities as teachers and helpers in HLC centers.

2. Impact channels and expected systemic changes. The investment will provide low cost supplementary education to children aged 3-12 years, and employment opportunities to women in rural villages to become teachers and helpers in HLC centers.

3. Focus of (and resources allocated in) the PPTA or due diligence. The review during due diligence will focus on (i) HLC's organizational capacity, (ii) capacity to pay of consumers, and (iii) quality of HLC's pre-school and after school programs.

4. Specific analysis for policy-based lending. N/A

### II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?

The proposed investment will provide employment opportunities to rural women in India. Other gender issues include equal access of boys and girls to supplementary education, and gender-responsiveness of HLC's curriculum and Center facilities.

2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?

Yes  No Please explain.

A gender action plan will incorporate gender consideration in HLC's operations, provide measures to promote participation and improve performance of girls in the Centers, and increase employment of women teachers.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?

Yes  No The Project will have no adverse impact on women and/or girls. The Project is intended to support rural education and promote access of girls to quality supplementary education. It will improve economic opportunities of women by employing them as teachers.

4. Indicate the intended gender mainstreaming category:

GEN (gender equity theme)  EGM (effective gender mainstreaming)

SGE (some gender elements)  NGE (no gender elements)

### III. PARTICIPATION AND EMPOWERMENT

1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.

The main stakeholders of the projects are people from rural villages (e.g. parents of students, students, and women in the community who have potential to become HLC teachers). Due diligence includes selective interviews with these stakeholders.

2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded?

The proposed Project is an equity investment to acquire a minority non-controlling stake in HLC. Locations of learning centers are selected based on market factors. Annual fees are collected for tuition, books and uniforms. HLC's voluntary initiatives, which may benefit the poor, include scholarships to poor students and flexible payment terms.

The project will provide access to supplementary education and employment opportunities for women in rural India.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

Information generation and sharing (L)  Consultation  Collaboration  Partnership

There is limited interaction with civil society organizations in the project area as HLC deals directly with the community (village heads and parents) in the establishment and operation of its education centers.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed?  Yes  No

N/A

### IV. SOCIAL SAFEGUARDS

**A. Involuntary Resettlement Category**  A  B  C  FI

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement?  Yes  No

HLC centers are set up through lease agreements of existing structures in the community. HLC operations will neither entail land acquisition nor restrict access to lands. No physical and economic displacement will occur as a result of the project.

2. What action plan is required to address involuntary resettlement as part of the PPTA or due diligence process?

Resettlement plan  Resettlement framework  Social impact matrix

Environmental and social management system arrangement  None

**B. Indigenous Peoples Category**  A  B  C  FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples?  Yes  No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain?  Yes  No The project will be implemented in existing residential communities.

3. Will the project require broad community support of affected indigenous communities?  Yes  No

4. What action plan is required to address risks to indigenous peoples as part of the PPTA or due diligence process?

- Indigenous peoples plan   
 Indigenous peoples planning framework   
 Social Impact matrix  
 Environmental and social management system arrangement   
 None

#### **V. OTHER SOCIAL ISSUES AND RISKS**

1. What other social issues and risks should be considered in the project design?

- Creating decent jobs and employment   
 Adhering to core labor standards   
 Labor retrenchment  
 Spread of communicable diseases, including HIV/AIDS   
 Increase in human trafficking   
 Affordability  
 Increase in unplanned migration   
 Increase in vulnerability to natural disasters   
 Creating political instability  
 Creating internal social conflicts   
 Others, please specify \_\_\_\_\_

2. How are these additional social issues and risks going to be addressed in the project design?

HLC will take measures to comply with national labor laws and ADB's social protection requirements.

#### **VI. PPTA OR DUE DILIGENCE RESOURCE REQUIREMENT**

1. Do the terms of reference for the PPTA (or other due diligence) contain key information needed to be gathered during PPTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (vi) other social risks. Are the relevant specialists identified?

- Yes   
 No

3. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the PPTA or due diligence? PSOD staff will undertake social due diligence.