



# Report and Recommendation of the President to the Board of Directors

---

Project Number: 47922  
March 2014

## Proposed Equity Investment Hippocampus Learning Centres Rural Education Project (India)

This is an abbreviated version of the document approved by ADB's Board of Directors that excludes information that is subject to exceptions to disclosure set forth in ADB's Public Communications Policy 2011.

**Asian Development Bank**

## CURRENCY EQUIVALENTS

(as of 26 February 2014)

Currency unit – Indian rupee/s (Re/Rs)

Re1.00 = \$0.016

\$1.00 = Rs61.703

## ABBREVIATIONS

ADB	–	Asian Development Bank
ASER	–	annual status of education report
HLC	–	Hippocampus Learning Centres
RTE	–	right to education

## NOTES

- (i) The fiscal year (FY) of Hippocampus Learning Centres ends on 31 March. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2010 ends on 31 March 2010.
- (ii) In this report, “\$” refers to US dollars.

<b>Vice-President</b>	L. Venkatachalam, Private Sector and Cofinancing Operations
<b>Director General</b>	T. Freeland, Private Sector Operations Department (PSOD)
<b>Officer-in-charge</b>	M. Barrow, Infrastructure Finance Division 1, PSOD
<b>Team leader</b>	A. Patil, Senior Investment Specialist, PSOD
<b>Team members</b>	I. Aguilar, Social Development Officer (Safeguards), PSOD P. Bailet, Senior Counsel, Office of the General Counsel H. Cruda, Senior Safeguards Specialist, PSOD E. David, Associate Investment Officer, PSOD S. Durrani-Jamal, Senior Economist, PSOD S. Jagannathan, Senior Education Specialist, Regional and Sustainable Development Department J. Munsayac, Safeguards Specialist, PSOD C. Uy, Operations Assistant, PSOD

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## CONTENTS

	<b>Page</b>
PROJECT AT A GLANCE	
I. THE PROPOSAL	1
II. THE COMPANY	1
A. Investment Identification and Description	1
B. Business Overview and Strategy	1
C. Ownership, Management, and Governance	3
D. Financial Performance	4
III. THE PROPOSED ADB ASSISTANCE	4
A. The Assistance	4
B. Financial Analysis of Expected Returns and Assumptions	4
C. Implementation Arrangements	4
D. Value Added by ADB Assistance	4
E. Risks	5
IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT	5
A. Development Impact, Outcome, and Outputs	5
B. Alignment with ADB Strategy and Operations	6
V. POLICY COMPLIANCE	6
A. Safeguards and Social Dimensions	6
B. Anticorruption Policy	7
C. Investment Limitations	7
D. Assurances	7
VI. RECOMMENDATION	7
APPENDIXES	
1. Design and Monitoring Framework	8

## PROJECT AT A GLANCE

<b>1. Project Name:</b> Rural Education Project		<b>2. Project Number:</b> 47922	
<b>3. Country:</b> India		<b>4. Department/Division:</b> Private Sector Operations Department Infrastructure Finance Division 1	
<b>5. Sector Classification:</b>			
	Sectors	Primary	Subsectors
		Education	Pre-primary and basic education, non-formal education
<b>6. Thematic Classification:</b>			
Themes	Primary	Subthemes	
Economic growth		Knowledge, science and technological capacities	
Social development	X	Human development	
Private sector development		Private sector investment	
<b>6a. Climate Change Impact:</b>		<b>6b. Gender Mainstreaming:</b>	
Adaptation		Gender equity theme	
Mitigation		Effective gender mainstreaming	X
Not applicable	X	Some gender elements	
		No gender elements	
<b>7. Targeting Classification:</b>		<b>8. Location Impact:</b>	
<b>General Intervention</b>	<b>Targeted Intervention</b>		
	Geographic dimensions of inclusive growth	Millennium development goals	Income poverty at household level
X			
		Rural	High
		Urban	Low
		National	Low
		Regional	Medium
<b>9. Nonsovereign Operation Risk Rating :</b> Not applicable			
<b>10. Safeguard Categorization:</b>			
	Environment		C
	Involuntary resettlement		C
	Indigenous peoples		C
<b>11. ADB Financing:</b>			
	<b>Sovereign/Nonsovereign</b>	<b>Modality</b>	<b>Source</b>
	Nonsovereign	Equity	OCR
			<b>Amount</b>
			Up to \$2 million
<b>12. Cofinancing:</b> Not applicable			
<b>13. Counterpart Financing:</b> Not applicable			
<b>14. Aid Effectiveness:</b> Not applicable			

## I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed equity investment of up to \$2,000,000 (or in Indian rupee equivalent) in Hippocampus Learning Centres (HLC) for the Rural Education Project in India.

## II. THE COMPANY

### A. Investment Identification and Description

2. Education is key to building a society that can overcome poverty in a sustainable manner. Investing in human capital brings about powerful social change and creates opportunities for children to realize their full potential. Primary education is the most important level of education because it lays the foundation for all future formal learning, and without it this additional education and the benefits it can bring cannot be achieved. With an enrollment rate of 96%, India has significantly increased access to primary education, but its public primary school system is beset by problems. The quality of the teaching is poor, teachers have high rates of absenteeism, and the system is unable to provide students with individual attention. These problems result in poor learning outcomes in primary school, which leave students who reach secondary school unprepared for the rigor and demands of education there. Many simply drop out. The ills of India's public education system are felt most acutely by the country's poor, especially in rural areas where the majority of the children attend government-run schools. The learning deficit afflicting rural India's children urgently needs to be addressed.

3. Identifying a private sector investment opportunity in education that is both commercially sustainable and has the strong development characteristics needed to help resolve this problem is challenging, given the unique market dynamics of the sector. Based on discussions with HLC, the Asian Development Bank (ADB) believes that the company offers an affordable, low-cost, and commercially sustainable supplementary education solution that can improve poor learning outcomes for children in rural India. Moreover, the company's successful initial roll-out of education centers in rural parts of Karnataka demonstrates strong market demand for this service. ADB's investment will enable the company to expand its operations. At the same time, ADB's knowledge and experience will be valuable to the company as it scales up its inclusive business model. The low-cost supplementary education solution developed by HLC has good potential for replication in other states in India, as well as in other ADB developing member countries.

### B. Business Overview and Strategy

4. India's annual status of education report (ASER) for 2012 highlighted a steep decline in student learning outcomes in rural India from levels that were already low in 2010.<sup>1</sup> In just 2 years, the percentage of rural grade 5 students who could read a grade 2 level text had declined from 53.7% to 46.8%.<sup>2</sup> The percentage of grade 5 students in rural India who can solve a simple grade 2 level two-digit subtraction problem had dropped from 70.9% in 2010 to 61% in 2012. The ASER showed that most students in rural India today are at least three grade levels behind where they should be at their age. Learning deficits from primary school will lead to substandard

---

<sup>1</sup> ASER is the largest annual household survey of children in rural India. It focuses on the status of schooling and basic learning. The 2012 ASER covered 567 districts, 16,000 villages, 14,600 government schools, and 600,000 children aged 3–16. The survey is conducted by Pratham, a leading nongovernment organization.

<sup>2</sup> ASER Centre, Pratham Education Foundation. 2013. *Annual Status of Education Report (Rural) 2012*. New Delhi.

learning outcomes in secondary school. The problem has serious implications for equity and economic growth in India.

5. Although some form of paid supplementary after-school education from private tutors is widely available in urban areas, only 23% of India's rural students benefit from it. The 2012 ASER showed clearly that children who receive this additional support have better learning outcomes than those who do not. The learning deficit in rural areas is further exacerbated by the lack of preschools, which have proliferated in urban areas. The public school system in rural India begins at grade 1. Only rich rural households can afford to send their children to private preschools in nearby urban centers. This means that most rural children have no exposure to formal development of literacy or cognitive skills until they enroll in grade 1 at 5 or 6 years of age. In terms of cognitive and social ability, this puts them at a significant disadvantage, compared with children in urban areas.

6. HLC is pioneering an affordable supplementary education system for children in rural parts of Karnataka that focuses on improving learning outcomes. The 104 education centers owned and operated by HLC in 2013 offered kindergarten and after-school programs for children aged 3–11 years of age. Each center is run by a female teacher from the local community. HLC centers operate for 6 hours per day, 5 days a week, 10 months a year. Centers typically offer pre-kindergarten, lower kindergarten, and upper kindergarten programs in the morning, as well as after-school learning programs in the English language and mathematics in the evening. HLC also operates its kindergarten programs on a management contract basis in rural public and private schools. Under these partnerships, the HLC programs are delivered via the existing infrastructure of the partner schools. HLC trains the teachers, provides teacher session plans, and student materials. In return, HLC receives a license fee, a teacher training fee on a per teacher basis, and student fees on a per child basis. In 2013, HLC partnered with two schools in Karnataka under such arrangements.

7. Confidential information deleted.

8. HLC recruits teachers from the villages where the education centers are to be located. This helps promote regular attendance by the children, retain teachers, and build trust in the community.

Confidential information deleted.

9. The prominent feature of the teaching methodology in the curriculum HLC has devised is a move away from rote learning to learning with comprehension. It is based on a wide review of curricula and adopts a strong child-centered approach that helps children to progress up a learning ladder irrespective of their age. The goal of the HLC kindergarten program is to provide a child-centered environment and experiences to equip the child with age-appropriate skills required for entry to grade 1 and the formal education system. HLC's curriculum achieves this by fostering physical and motor development, language development, cognitive development, socio-emotional development, and creative expression.

Confidential information deleted.

10. Confidential information deleted.

11. **Learning assessment.** HLC assesses children monthly. These assessments are carried out in a stress-free and friendly manner. The assessments are based on the learning

outcome for that month. HLC uses a grading system to track, communicate, and analyze a child's performance on four levels—starter, tentative, excellence and par-excellence. HLC has designed trackers to help the teacher enter the assessment grades, analyze performance, identify learners at different learning levels, and provide the required individualized attention.

Confidential information deleted.

12. Starting 2015, HLC also intends to partner with schools under a licensing arrangement in areas where it does not necessarily operate its own centers. HLC will receive a license fee from the schools for use of its teaching materials and learning assessment templates. However, HLC will not be involved in day-to-day operations of the kindergartens and after-school programs in these schools.

13. Confidential information deleted.

## C. Ownership, Management, and Governance

### 1. Ownership

14. HLC is a venture capital-backed company established in 2010 by Umesh Malhotra, an information technology entrepreneur with more than 10 years of experience in child education in India. HLC is incorporated in India and headquartered in Bangalore. In 2012, three venture capital investors—Acumen Fund, Lok Capital and Unitus Seed Fund—invested Rs40 million in HLC, taking a minority stake in the company. Acumen Fund is a global venture fund that invests in entrepreneurial approaches to solving the problem of poverty. As of December 2012, the fund had invested \$83 million in 73 enterprises in 10 countries. Its education portfolio concentrates on education services and skills and vocational training for low-income customers. Lok Capital is an \$85 million fund with a base-of-the-economic-pyramid approach<sup>3</sup> that is manifested by its investments in businesses that make a social impact in areas of financial inclusion, education, health care, and livelihoods in a commercially sustainable and scalable manner. Unitus Seed Fund is an \$8 million investment fund that provides seed funding to social enterprises in a wide range of business sectors, including education, agriculture, health care, and livelihoods.

Confidential information deleted.

### 2. Management

15. HLC's management team comprises professionals with experience in several aspects of education, including curriculum development, training, and learning assessment. HLC employs 17 people at its corporate headquarters in Bangalore. It also has 24 field staff members responsible for administration functions. The senior management team is listed in Table 1.

**Table 1: Management Team**

Name	Designation
Umesh Malhotra	Chief executive officer
Gayatri Prashanth	Head of curriculum and training
Nirmala Thyagarajan	Head of Products – English and School Services
Ritesh Mishra	Head of operations

<sup>3</sup> Base-of-the-pyramid consumers are a broad group of people who not only are financially poor but also lack access to basic goods, services, and income-generation opportunities.

Lily Paul	Head of organizational development
Bhavani Karthikeyan	Head of finance
Asha DS	Lead trainer for kindergarten program
Suma Mysore	Lead trainer for after-school programs

Source: Hippocampus Learning Centres.

### 3. Governance Structure

16. The HLC board of directors makes the decisions on all important matters related to the operation of the company. The current board of directors is listed in Table 2.

**Table 3: Board of Directors**

Name	Designation
Umesh Malhotra	Chief executive officer, Hippocampus Learning Centres
Hema Hattangady	Member, board of governors, Xavier Institute of Management and Entrepreneurship
Rajiv Kuchal	Angel investor and mentor for social enterprises
Vishal Mehta	Cofounder and managing director, Lok Capital
Ankur Shah	Head of education investments, Acumen Fund

Source: Hippocampus Learning Centres.

#### D. Financial Performance

17. Confidential information deleted.

### III. THE PROPOSED ADB ASSISTANCE

#### A. The Assistance

18. The ADB equity investment in HLC of up \$2 million, or the equivalent in Indian rupees, will be provided from ADB's ordinary capital resources.

#### B. Financial and Economic Analysis of Expected Returns and Assumptions

19. A discounted cash flow-based financial model was used to determine the pre-money valuation of the company. The economic analysis justified the project based on specific criteria used for the socio-economic justification of education projects.

Confidential information deleted.

#### C. Implementation Arrangements

20. Confidential information deleted.

21. **Reporting arrangements.** HLC will provide unaudited quarterly financial statements and audited annual financial statements to ADB. ADB will monitor the investment using information from HLC, investment administration missions, site visits, and the public domain. The investment will be evaluated on the basis of its financial success, operating performance, and achievement of the development objectives. The performance indicators are included in the design and monitoring framework.

#### D. Value Added by ADB Assistance

22. The proposed transaction merits ADB's assistance for the following reasons:



- (i) ADB's assistance will provide much-needed growth capital to a company with an innovative education service delivery model to scale up its operations.
- (ii) ADB's investment will enable the company to raise capital from other private equity firms in the next 5 years.
- (iii) Through ADB's representation on its board of directors, the company will benefit from ADB's knowledge in the sector as it scales up operations and develops further education solutions.

## E. Risks

23. **Ability to train and retain qualified staff.** HLC needs to build up its overall organizational capacity to achieve its planned rapid scale-up. Its ability to find, train, and retain qualified staff within the local communities will be crucial to maintaining quality in its educational services and maintaining the company's pace of growth. The biggest obstacle faced by HLC has been a shortage of competent, skilled teachers.

24. **Key person risk.** The founder, Umesh Malhotra, has played a critical role in the rapid growth of the company with his own investment commitment, keen entrepreneurial skills, good business network, strong management and operational skills, and in-depth knowledge of the rural education landscape in India. The successful execution of HLC's expansion plan will depend largely on him, which exposes the company to significant key person risk.

25. Confidential information deleted.

26. **Execution risk.** The successful execution of HLC's aggressive business plan depends on the company's ability to manage operational risks, primarily the ability to recruit and retain qualified staff, the key person risk, and the regulatory risk.

27. **Willingness to pay.** The majority of HLC's target consumers belong to low-income households in rural areas.

28. **Partnerships.** HLC's ability to develop partnerships with public and private schools in rural areas is critical to its indirect business strategy.

Confidential information deleted.

29. Confidential information deleted.

30. Confidential information deleted.

## IV. DEVELOPMENT IMPACT AND STRATEGIC ALIGNMENT

### A. Development Impact, Outcome, and Outputs

31. **Impact.** The Indian primary education system has struggled to offer good quality education, particularly to children in rural areas. While primary school enrolment rates are now at 96%, the quality of instruction is often low and focuses more on rote memorization than on real learning. This has resulted in poor learning outcomes, as indicated by the 2012 ASER survey. Rural India currently faces a severe shortage of quality kindergarten and afterschool supplementary education providers that can effectively prepare students to succeed in primary school. The envisaged impacts of the project are: (i) improved learning outcomes for primary

students in the rural parts of Karnataka and Tamil Nadu states, and (ii) increased private investment in kindergarten and primary education services in India.

32. **Outcome.** The project will increase access to good quality kindergarten and after-school programs for children aged 3 to 11 years in rural regions of Karnataka and Tamil Nadu states.

33. **Outputs.** Successful implementation of the project will result in setting up 702 rural education centers in Karnataka and Tamil Nadu by 2016 for provision of kindergarten and after-school programs. In addition to its own education centers, HLC will also establish partnerships with 268 schools by 2016 to offer kindergarten and after-school programs under a management contract or a licensing arrangement. The project will also provide training and employment for 2,615 women in rural Karnataka and Tamil Nadu and deliver gender-sensitive learning.

## **B. Alignment with ADB Strategy and Operations**

34. The investment is consistent with ADB's Strategy 2020.<sup>4</sup> Under its strategic agenda of inclusive economic growth, ADB is committed to supporting investments in education, which particularly benefit the poor and women. The project is also consistent with the ADB's country partnership strategy for India for 2013–2017, which calls for support for education activities.<sup>5</sup> Gender equity is one of the five drivers of change identified in Strategy 2020. As per its Education by 2020: A Sector Operations Plan, ADB is committed to using new and innovative models of service delivery and financing in the education sector, with the aim of making the sector attractive for private investments.<sup>6</sup> The investment is also consistent with ADB's Gender Equality and Women's Empowerment Operational Plan, 2013–2020.<sup>7</sup> It encourages gender mainstreaming in nonsovereign operations and, among other things, supports private initiatives that help women find employment and become entrepreneurs.

## **V. POLICY COMPLIANCE**

### **A. Safeguards and Social Dimensions**

35. The investment is category C for environment, involuntary resettlement, and indigenous peoples. No adverse impact on the environment is anticipated. HLC leases existing facilities within villages and does not construct its learning centers. HLC will help ensure that all learning centers have sanitary toilet facilities and water supply and implement appropriate waste management practices. The project will not involve involuntary acquisition or purchase of land. Nor will it entail any physical or economic displacement. Lease agreements will be signed with owners of existing properties that are determined suitable for HLC operations. Only a small percentage of the populations of Karnataka and Tamil Nadu states, where HLC will operate its education centers, are members of India's scheduled tribes. HLC neither promotes nor discriminates against the participation of children from scheduled tribes in its education centers. HLC will apply ADB's prohibited investment activities list and ensure that it abides by applicable national laws and regulations and complies with ADB's Safeguard Policy Statement (2009).<sup>8</sup>

<sup>4</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila.

<sup>5</sup> ADB. 2013. *Country Partnership Strategy: India, 2013–2017*. Manila.

<sup>6</sup> ADB. 2010. *Education by 2020: A Sector Operations Plan*. Manila.

<sup>7</sup> ADB. 2013. *Gender Equality and Women's Empowerment Operational Plan 2013–2020*. Manila.

<sup>8</sup> Safeguards and Social Dimensions Summary (accessible from the list of linked documents in Appendix 2).

36. HLC employs women from local communities to teach and operate its learning centers. Its selection method addresses the mobility constraints of local women who have very limited income options in rural villages. The decision to train and recruit local women as teachers to run the education centers also has commercial benefits. Female teachers have been shown to have lower rates of absenteeism than male teachers. The investment is categorized as effective gender mainstreaming. HLC has agreed to take efforts to implement a gender action plan to promote gender equity across its operations. ADB will ensure that the investment documentation includes provisions requiring HLC to comply with national labor laws and to take specific measures in relation to the relevant internationally recognized core labor standards, in compliance with ADB Social Protection Strategy (2001).

## **B. Anticorruption Policy**

37. HLC was advised of ADB's Anticorruption Policy (1998, as amended to date), and policy of relating to Combating of Money Laundering and the Financing of Terrorism (2003). Consistent with its commitment to good governance, accountability, and transparency, ADB will require HLS to institute, maintain, and comply with internal procedures and controls following international best practice standards for the purpose of preventing corruption and money laundering activities and the financing of terrorism and to covenant with ADB to refrain from engaging in such activities.

## **C. Investment Limitations**

38. Confidential information deleted.

## **D. Assurances**

39. Consistent with the Agreement Establishing the Asian Development Bank,<sup>9</sup> the Government of India will be requested to confirm that it has no objection to the proposed assistance to HLC. ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the Board of Directors.

## **VI. RECOMMENDATION**

40. I am satisfied that the proposed equity investment would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the equity investment of up to \$2,000,000 (or in Indian rupee equivalent) in Hippocampus Learning Centres for the Rural Education Project in India, from ADB's ordinary capital resources, with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Takehiko Nakao  
President

18 March 2014

---

<sup>9</sup> ADB. 1966. *Agreement Establishing the Asian Development Bank*. Manila.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p><b>Impacts</b> Learning outcomes improve for primary school children in rural parts of Karnataka and Tamil Nadu states.</p> <p>Private sector investment in kindergarten and primary education in India increases.</p>	<p>Percentage of grade 5 students in rural parts of Karnataka and Tamil Nadu who can read a grade 2 level text increases from 39.2% in 2012 to 50.0% by 2020</p> <p>Percentage of grade 5 students in rural parts of Karnataka and Tamil Nadu who can perform a simple two-digit (with borrowing) subtraction problem in mathematics increases from 40.5% in 2012 to 50.0% by 2020</p> <p>\$50 million in venture capital and private equity funds invested in companies operating in the primary and kindergarten education sector in India by 2020 (Baseline: At least \$6 million in venture capital and private equity funds raised in 2011-2012)</p>	<p>Annual status of education reports (rural) published by Pratham</p> <p>Statistics published by the Ministry of Human Resources Development</p> <p>Indian Private Equity and Venture Capital Association reports; ADB staff estimates</p>	<p><b>Assumptions</b> Demand for private education for rural children aged 3 to 11 years continues to grow</p> <p>Private pre-school and after school programs expand their operations</p> <p>Pre-school and after-school programs contribute to better learning outcomes in primary schools</p> <p><b>Risk</b> Slow implementation of the government's RTE policy and other policies to improve access and learning</p>
<p><b>Outcome</b> Access for children to good quality, private kindergarten and after-school programs increased in rural regions of Karnataka and Tamil Nadu</p>	<p>Student enrollment in kindergarten and after-school programs in education centers owned and operated by HLC increases to 89,848 by 2017 (Baseline: 5,800 students 2013)</p> <p>Number of students to whom HLC provides kindergarten and after-school programs through management contract with schools increases to 52,480 by 2017 (Baseline: 140 students in 2013)</p> <p>Number of students who access HLC's curriculum and teaching materials for kindergarten and after-school programs through its licensing arrangement with schools increases to 78,000 by 2017 (Baseline: No licensing arrangements as of 2013)</p> <p>HLC's kindergarten students assessed by an independent assessment agency show measurable improvement in learning in relation to appropriate comparators between 2014 and 2017</p>	<p>HLC annual reports and operations reports</p> <p>ADB development effectiveness monitoring reports</p> <p>Gender disaggregated data collection</p> <p>Independent assessment reports</p>	<p><b>Assumptions</b> HLC's marketing strategy successfully attracts new students, particularly girls, to enroll in its programs</p> <p>HLC invests in an independent assessment of its students' learning outcomes</p> <p><b>Risk</b> Other private operators of early childhood education services compete with HLC in HLC's intended markets</p>
<p><b>Outputs</b> HLC rural education centers established</p>	<p>Number of rural education centers owned and operated by HLC increases to 702 by 2016 (Baseline: 104 education centers in 2013)</p>	<p>HLC annual reports and operations reports</p> <p>ADB development effectiveness monitoring</p>	<p><b>Assumptions</b> HLC manages to recruit and train adequate staff to deliver its business plan</p> <p>Continued interest by</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Greater number of partnerships created with schools in rural areas to offer managed education services</p> <p>Women trained and employed as teachers</p> <p>Scholarships awarded to students from vulnerable households</p> <p>Gender-sensitive education delivered</p>	<p>Number of schools where HLC operates kindergarten and after-school programs under a management contract increases to 108 by 2016 (Baseline: 2 schools under a management contract in 2013)</p> <p>Number of schools where HLC has a licensing agreement for use of its curriculum and teaching materials increases to 160 by 2016 (Baseline: No licensing arrangements as of 2013)</p> <p>2,615 women trained and employed as teachers by HLC by 2016 (Baseline: 272 women trained and employed as teachers by HLC in 2013)</p> <p>50% of kindergarten scholarship funds allocated to girls and children of widows by 2015 (current criteria for awarding scholarships are based solely on economic need and not gender)<sup>a</sup></p> <p>Curriculum and training materials reviewed and revised to remove gender stereotypes and include positive images and female role models during 2014–2015</p>	<p>reports</p> <p>Gender disaggregated data collection</p>	<p>donors and non-governmental agencies to provide grant funds to HLC for scholarships to needy students</p> <p><b>Risks</b></p> <p>Operating costs increase</p> <p>Government regulation for supplementary education may increase the cost of doing business</p>
<p><b>Activities with Milestones</b></p> <ol style="list-style-type: none"> <li>1. Finalize and sign legal agreements by 30 April 2014</li> <li>2. Close investment by 30 May 2014</li> <li>3. Complete third round of private equity financing by 31 March 2016</li> <li>4. Expand operations to 18 districts in Karnataka and Tamil Nadu by 2016</li> <li>5. Review and revise curriculum and training materials to remove gender stereotypes and include positive images of females and female role models between 2014–2015</li> </ol>			<p><b>Inputs</b></p> <p>Equity funding: ADB: \$2 million</p>

ADB = Asian Development Bank, HLC = Hippocampus Learning Centres.

<sup>a</sup> ADB investment will not be used to provide scholarships. In 2013, 230 kindergarten students enrolled in the company's education centers availed of a scholarship. The total number of students who can avail of scholarships in subsequent years is likely to change based on the amount of grant funds raised by the company from donors and non-governmental agencies.

Source: Asian Development Bank.