

PUPA: Innovative Financing for Early Childhood Development (BR-L1313)

Environmental and Social Strategy (ESS)

The objective of the project is to enhance the quality of education in day-care centers and pre-schools in poor communities in Brazil by providing a program of “education through play,” experiences carefully designed to stimulate the cognitive development of children aged 0-6, presented through “packages” of magazines, DVDs/CDs, LEGO toys and kits, and facilitator’s guides, as well as training for parents and caregivers. PUPA is a new social venture company that was developed by the management team of ZOOM Editora, a highly successful LEGO education distributor in Brazil. This project is proposing to provide a senior loan to ZOOM Editora to enable the company to launch the PUPA program, which will provide educational materials for children ages 0-6 in low-income communities in Brazil through a network of micro-franchisees.

ZOOM Editora is the exclusive representative of LEGO Education in Brazil and develops motivating learning solutions by using educational robotics and entertaining experiences to generate knowledge for life. In partnership with the LEGO Group, ZOOM drafted a proposal for innovative learning, which values and applies the concept of learning-by-making in a creative and playful way, in order to develop skills, competencies, attitudes and values which are essential in all stages of life. The pedagogic proposal of ZOOM Editora, validated by the LEGO Group, began to be exported to other countries such as Argentina, Mexico and China. In Brazil, the project has been implemented since 2003 and has reached over one and a half million children and youth in three thousand public and private schools.

In order to accomplish this objective, Opportunities for the Majority (OMJ/OMJ) is proposing to offer a senior loan of up to USD\$2 million to PUPA to support the launch of the program: (i) product development, (ii) outreach and sales, (iii) product manufacturing, distribution and delivery, (iv) billing and payment collection, (v) training and verification of appropriate use of learning materials, and (vi) ‘back-office’ administration including payments to partners (see table 1 below for an overview of the operational model).

As an early childhood learning program for low-income children, this project is not expected to have negative environmental or social impacts. By enhancing the quality of early childhood education and enabling employment for microfranchisees, responsible for selling the learning kits, the project will have a positive social impact in Brazil. Based on Directive B.13 of the Environment and Safeguards Compliance Policy (OP703), and given the nature of the transaction, where PUPA acts as a financial intermediary between the microfranchisees and the end-beneficiaries this operation is not subject to an environmental impact classification.

The main risks identified in the project are the following: discrimination based on sex, religion, or socio-economic background, and safety standards concerning the PUPA kits. During due diligence the Team will ensure that the before mentioned risks are properly mitigated and monitored by PUPA.

Table 1 – Overview of PUPA Program’s Operating Model for Product Delivery, Training & Payments

