

Draft Environmental and Social Strategy (ESS)

I. Project Description

The objective of the project is to promote access to innovative educational methodologies in Brazilian public and private schools, by supporting the expansion of Mind Lab do Brasil (“Mind Lab”), a Brazilian-Israeli company which develops and sells educational material and teacher training programs to promote the development of student’s cognitive, social and emotional skills. The proposed transaction consists of a senior, secured loan of up to 15 million Brazilian Reais (BRL, approximately US\$5 million), with a tenor of up to 5 years in order to finance part of the company’s long-term working capital needs. Mind Lab is currently serving more than 1000 schools across Brazil, reaching more than 400,000 students, 70% of which attend public schools. Through the proposed project, the company plans to reach approximately 300,000 additional students within the next 5 years, around 60% of which are estimated to be from the Base of the Pyramid (BoP).

II. Project Status and Compliance

Based on the IDB’s Environmental and Safeguards Compliance Policy (OP-703) the project can be classified as Category “C”. Therefore no environmental assessment study or consultations are required. Mind Lab has confirmed that it is in compliance with Directive B.2 (country laws and regulations), complying with all applicable legal and regulatory environmental, social, health and safety and labor laws and regulations.

III. Environmental and Social Impact Risks

The project is expected to generate a substantially positive social impact, as Mind Lab extends access to highly innovative, quality education methodologies which strengthen the social and cognitive skills of students. Mind Lab’s proprietary methodology uses latest results from years of pedagogical research in order to support the development of students’ abilities, as well as the teacher training programs to become more effective facilitators. The main risks for an educational project of this nature that would need to be assessed to determine if they exist in the project are the following: possible discrimination based on sex, religion, or socio-economic background throughout the distribution and the use of its products and services, and ensuring existence of safety standards concerning the board games and student kits offered to students by the company. During due diligence the Team will verify that the aforementioned potential risks are properly mitigated and monitored by Mind Lab.

III. Strategy for Environmental and Social Due Diligence

During the due diligence, the IDB will assess Mind Lab’s tools and capacity for environmental management practices. It will establish how environmental risks and impacts will be assessed, monitored, and mitigated and thus define the environmental and social requirements of the operation.

The environmental and social due-diligence will focus on the components listed below and will attempt to identify areas where the company’s participation could result in Additionality by promoting better management and good practices:

1. An assessment of Mind Lab’s participation in projects, companies or activities considered unacceptable to the IDB in case it could represent a reputational issue.
2. An assessment of Mind Lab’s compliance with all ESHS and labor legislation applicable in Brazil.
3. An evaluation of Mind Lab’s compliance with the Fundamental Principles and Rights at Work and with any other international labor organization conventions and treaties which, to assess potential labor issues associated with microenterprises.
4. An evaluation to ensure that there is an appropriate inventory of present environmental and occupational safety liabilities of Mind Lab’s facilities and operations, and if so, the IDB assesses the adequacy of the action plan to properly resolve them.
5. An assessment of Mind Lab’s tools and capacity for environmental management.
6. An assessment of the final criteria used to select beneficiaries, to make sure they are not discriminatory form a social stand point.

7. An assessment of Mind Lab's safety standards with regard to the use of its board games and student kits.