Improved Standards of Living through ICT building and Community Productivity –Section I

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Sub-Theme: Improved standards of living through ICT capacity building and community productivity`
by
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A. Introduction:

History shows that business, not government, develops a nation economically. Governments create the framework that either encourages-or hinders-development; but it is the private sector that generates entrepreneurship, creates employment and builds wealth. Companies, moving beyond conventional wisdom and working with new partners, have an unprecedented opportunity to help people lift themselves out of poverty and into market economics.

"Business cannot succeed in society that fails"

Bjorn Stigson, World Business Council for Sustainable Development

In the process, these companies will be at the same time developing new, broader based markets for their business.

No wonder, realizing Businesses potential of working in a spirit of "enlightened self-interest"; Dr. C.K. Prahalad and Dr. Stuart L. Hart emphasized the need for "serving the bottom of the pyramid". Towards this end; the Base of the Pyramid (BOP) Learning Laboratory a consortium of companies, NGOs, multilateral organizations, and academics working together to create growth opportunities in underdeveloped global markets was set up by the UNC's Center for Sustainable Enterprise and Cornell University's Sustainable Global Enterprise initiative. In India; the CII has been championing the need for the Indian Businesses to serve the "Base of the pyramid" (or "bottom of the pyramid") population either as part of their Corporate Social Responsibility (CSR) strategy driven by philanthropic considerations; or building a business case for a large chunk of estimated 4 billion individuals who live primarily in developing countries world wide and whose annual per capita incomes fall below $1,500 (PPP).   Even though India reduced poverty rate by 10% since 1990, the situation stays challenging and the poverty has stagnated at 33%. The development challenges in India get further aggravated by an estimated 75% Indian population without access to affordable essential drugs; 16% people without access to water and sanitation and 54.7% population without access to electricity.

Not withstanding Indian Businesses facing growing pressures from the society to help ensure that the benefits of the newly globalized world are distributed equitably; the companies can choose to either ignore this pressure, or fight back, or see this reality as an opportunity to do better business. Consequently they can conclusively demonstrate that they can be a catalyst to invigorate the human development in India.

"There are many positive ways for business to make a difference in the lives of the poor-not through philanthropy, though that is also very important, but through initiatives, that over time will help to build new markets."

Kofi Annan, United National Secretary General

Many companies world wide and even in India have already engaged with the poor; principally through corporate philanthropy. This is an honorable and important tradition. And business has always been the main engine of economic growth and opportunity, lifting millions out of poverty in Britain during the Industrial Revolution, and more recently in Japan, South Korea, and Malaysia.

B. Bridging the Digital Divide: Towards Developing CSR Strategy and a Business Model

The majority of the world's poor are in India. The global economy and the processes of globalization led by ICTs have accentuated social inequities and the vulnerability of the Indian communities who face multiple disadvantages of gender, poverty and caste pushing them into an "unreached" segment. Yet most Development Experts based on extensive research of several successful models, pilots world wide recognize that the Information and Communications Tools (ICTs) are tools that can catalyze the 'power shift' from the 'haves' to the 'have-nots' and support the process of unreached's empowerment. However, the access of the marginalized and unreached, especially women, to ICTs is in itself, mediated by the interlocking power structures in society. Therefore, ICT policy, design and implementation have to be based on the principle of equitable access.

Needless to say, the first step in using ICTs to empower the unreached lies in reversing the marginalisation of the unreached from technology. It is absolutely critical that the unreached should not only be 'empowered' about the information age; rather, efforts should focus on building their capacity to live, work as well as adjust their lifestyles appropriately for the 'information age'. ICTs should thus support unreached information needs for action to ensure their socio-cultural, economic and political empowerment, and their well-being. Positive affirmation policies must be enacted to ensure that the unreached communities, get first right to opportunities created for access to and control over ICTs. Capacity-building programs should take into cognizance the historic exclusion of the unreached communities from technological innovation, their language and

literacy constraints, their lack of leisure time, their contextual realities, and the transformatory agenda towards their socio-economic empowerment.

Even while recognizing that the public investment has a significant role in developing infrastructure in most parts of India, where the market does not have the incentive to reach; there is also an urgent need for the Private Businesses to address the specific ICT needs of the unreached other disadvantaged communities. Since India is a global ICT leader, the government and the Businesses must encourage research in and the design of applications that are pro-poor and pro-unreached, especially for addressing rural development priorities.

Realizing the under-served ICT needs of the Indian people; many Businesses have been working on various "Bridging the Digital Divide" initiatives. Yet the demands of a burgeoning Indian market, currently having one of lowest PC-density and lowest internet access any where in Asia-Pacific are huge. Therefore the Indian IT companies need to do a lot more to serve the BOP segment, by strengthening their corporate social responsibility (CSR) initiatives, and proactively engage themselves in in creating win-wins for themselves as well as for the BOP consumers.

C. Financing for Bridging Digital Divide: An outreach strategy:

Needless to say; the Government is a major stakeholder in financing Digital Divide Initiatives; not under-scoring the need for the overseas development assistance (ODA) and private investment (from domestic as well as foreign sources) to get effectively employed towards mainstreaming ICTs for addressing complex challenges of poverty, employment generation and environmental rehabilitation.

There is a great need to look beyond traditional sources such as ODA and FDI to equity investment, public development funds, social venture capital, micro-finance, etc. for exploring varying levels of bridging the digital divide needs of the BOP constituents in India. There is need to examine how ICT for development disparities can be addressed through strategic investment interventions and how an 'investment-friendly' climate can be created that produces win-win-win outcomes.

Now more than ever, there is great need to gain
  (i) a broader understanding of how finance and investment can promote the triple bottom line: people, planet and profit in India's development; in particular, how they can help realize lofty international targets such as the Millennium Development Goals;
  (ii) examine what changes to existing strategies might be needed;
  (iii) and seed a national platform that would take the discussion forward and focus on practical implementation.

CII is in a position to provide an implementation platform to the businesses for implementing their CSR strategy towards bridging digital divide.

Internationally and in India, there are major challenges to sustainable development and reaching out to the bottom of the pyramid. It is widely recognized that the private business and finance & investment community are the most powerful allies in dealing with these development challenges, and need to take a more proactive role in alleviating poverty.

Historically in India, led by the Tatas, Birlas and several other businesses promoting sustainability through responsible practices had been a norm for decades and social responsibility became part of the corporate DNA. For the Industry Captains a good rating of AAA was not a sound measure of corporate performance – credibility born out of a clearer recognition of social responsibility, as well as good corporate governance was a must. The credibility of companies is determined in a large part by a consciousness of social responsibility, therefore CSR needs to go into the corporate DNA, across departments, divisions (sales, marketing, operations, call-centres, finance, human resource, legal and compliance, public relations) and across the company as a whole – this will create good corporate citizens and have an additional impact of promoting sound corporate governance, which is the centre-point of corporate responsibility.

> "Poverty is unnecessary. People are capable of getting themselves out of poverty. All they need is opportunities. They are not waiting for charity or handouts. Charity is good, but is not good enough. If you turn it into a business proposition, then it's very powerful, because it can run on its own steam."
> Muhammad Yunus, Grameen Bank, Founder and Managing Director

The businesses need to do a lot more in terms of clarity, measurability and progress check on the Millennium Development Goals (MDGs). The current scenario is not helpful, and the UN Human Development Report 2003 says that: "At the current pace, 7 of the 8 goals will not be achieved by 2015… In fact, many regions will have reversed on the goals by 2015". It would be desirable by the businesses to take note of three developments:

--The Millennium Challenge Account proposed by US President George W Bush is a new initiative funded at 0.01% of GNP i.e. $1 billion per annum, targeted at countries that promote good governance, support health and education and are free market economies.

--The second is the International Financing Facility suggested by Chancellor of the Royal Exchequer Gordon Brown, which proposes to double foreign aid from rich to poor countries to $100 billion p.a, also suggesting raising large additional funds that can be raised in global markets through instruments like bonds.

--The third is a suggestion by Prof Jeffrey Sachs about liberalizing trade as agreed upon in Doha, well-governed investments in health, education and infrastructure in poor countries and increased donor assistance from rich countries – which combined is seen as a useful step forward in achieving the MDGs.

D. Encouraging trends and drivers for Sustainable Livelihoods (SL) businesses and BOP:

SL business models put the poor at the heart of their approach and focus on detecting unmet needs. SL business models are framed by the Company's CSR strategy. CSR refers to the ways by which a company decides to align itself with the laws, norms, expectations and aspirations of the society in which it operates. Pro-poor business activities, like all of a company's business activities , should be guided by a Company's CSR principles. These guidelines will assure that the projects help to provide the poor with the tool to create their own sustainable livelihoods.

The SL approach as part of CSR also recognizes that the `Indian poor' cannot be perceived as a single homogenous group. Not only is there a wide range of resources in poor communities, but even the very poor have resources which could help them create more sustainable livelihoods if framework conditions allowed them to use them. For example, a large number of Indian poor possess houses and workshops but can rarely use these as collateral because they do not need them.

For the Indian ICT companies, doing business with the most disadvantaged means taking a huge leap to the BOP. They need to learn to segment this potentially huge market, identifying the groups whose needs they can aptly serve.
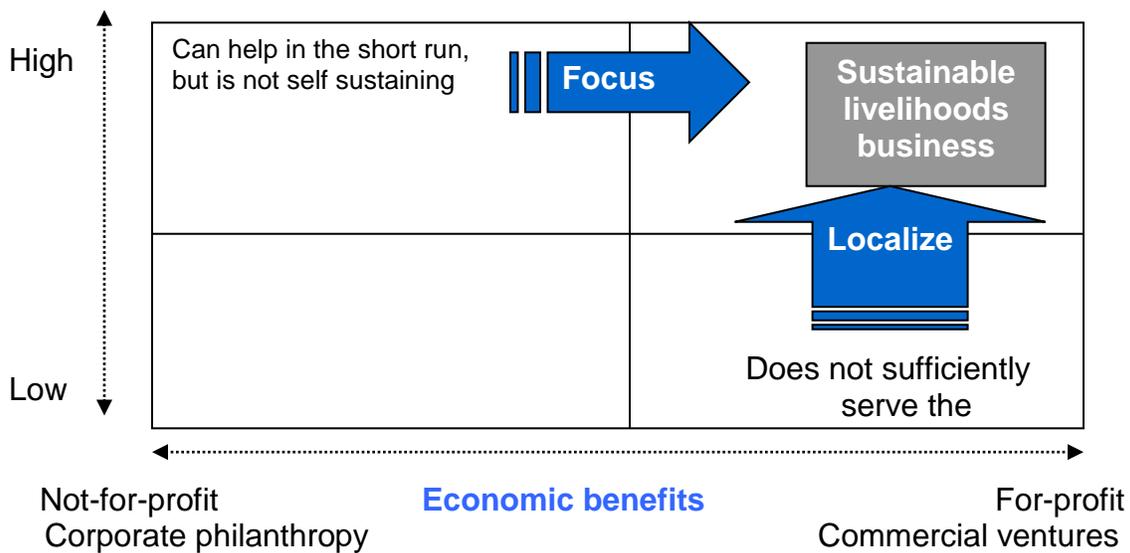
> **"Companies need to go through a learning process to move down the pyramid from their conventional markets (top 11% income bracket) and adapt to the next market segment."**
>
> **George Carpenter, Procter & Gamble, Director, Corporate Sustainable**

E. Blending financial and social value

In essence, Indian ICT companies BOP business models may try to find synergies between development goals and the company's core business operations. Sound SL business models will therefore deliver higher socio-economic value for communities while opening new avenues of growth or the company.

Maximizing social and economic value

High	Can help in the short run, but is not self sustaining	**Focus** → **Sustainable livelihoods business**
		↑ **Localize**
Low		Does not sufficiently serve the

Not-for-profit
Corporate philanthropy   **Economic benefits**   For-profit
Commercial ventures

F. Integrating the poor in the company's value chain:

The BOP business for the Indian ICT companies is not so much about `targeting' the poor, as customers or as cheaper labor, but learning to see the poor as business partners who may be important throughout the Corporate value chain.
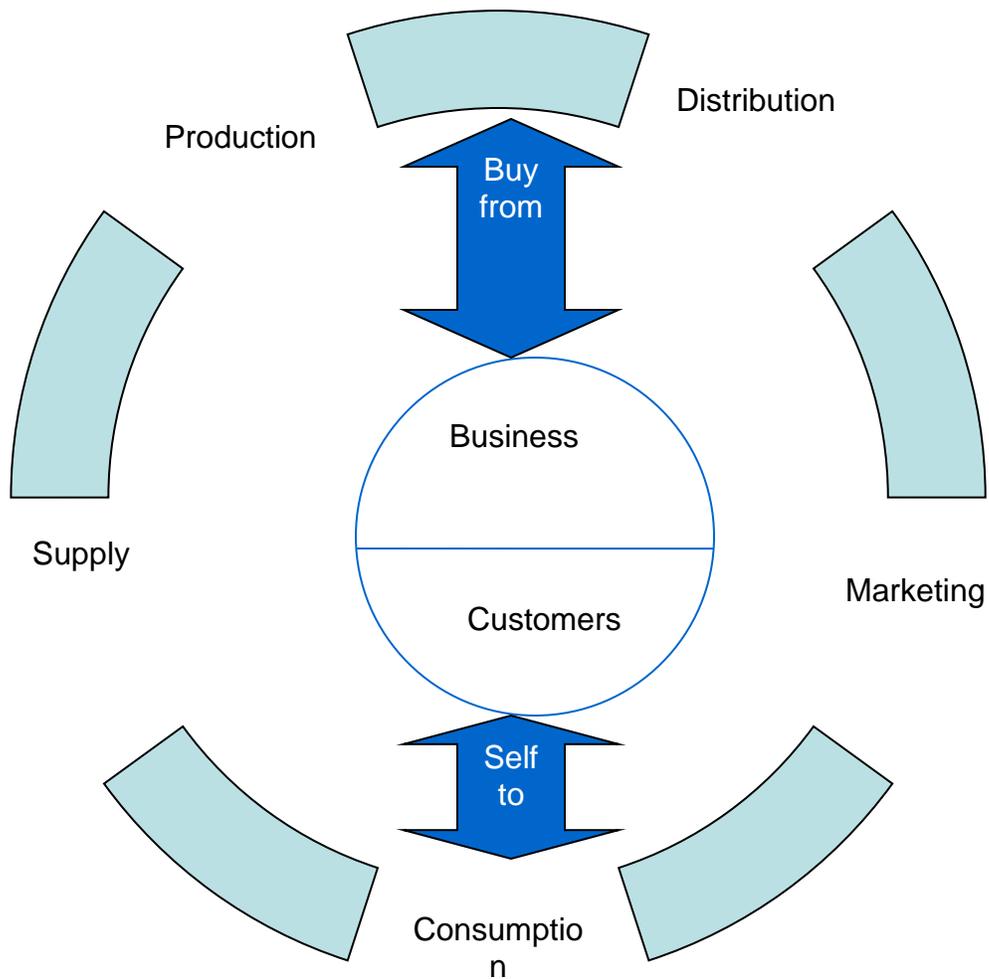
The learning journey described here show that the Indian poor can be considered both as customers for a new product and as partners creating added value at every stage of the delivery of a service/product designed to serve their needs.

World wide, we found that the companies involved in sustainable livelihoods business models tended to develop the mantra of Focus, Localize and Partner. These values are equally relevant in the Indian context:

G. Putting the poor at the center of the value chain

| R&D | Raw Materials | Production | Distribution | Marketing | End user |

The poor play an active role in the creation of value

Production

Distribution

Buy from

Supply

Business

Customers

Marketing

Self to

Consumption

The poor benefit from the supply of appropriate products and services

1. **Focus on core competencies**: ICT companies that concentrate on their key strengths are better able to tackle an issue effectively and make a viable business out of it. CISCO for example has concentrated on their Networking Academies and Product lines for reaching out to the BOP.

   -Re-examination of products and services to see how its characteristics and business models can be adapted to suit the distinctive requirements of lower market segments. In HP's i-Community project in Kuppam, Andhra

Pradesh; there has been significant re-examination of their server lines; consequently thin low cost multiple clients working on Open source have been installed in various schools in Kuppam.

-Focus on what the company does well and plan to partner with local actors, NGOs and other companies that offer complementary expertise, skills and resources. Microsoft has been partnering with in India and in other countries for its Unlimited Potential (UP) Program. This partnership has ensured ICT diffusion amongst the BOP population at a brisk pace, combining ICT teaching-learning process with fun and entertainment, education based on Microsoft content.

2**. Partner across sectors:** The companies need to transcend various business, NGO, Government divides. Both HP and Microsoft in their BOP initiatives; work very closely with the State and Central Governments. The partnership model is beginning to replace the adversarial model. Indian companies should involve in their business process development organizations that share goals. They bring financial and non-financial resources to the table, and they have an inherent interest in helping to make pro-poor projects a success.

--Create partner networks that offset potential risks; choose partners with high level of local intelligence and market understanding.

--Involve partners from the very beginning.

--Work together to align goals for defining a common agenda between business, governments and civil society.

--Design appropriate strategies that address problems in a holistic manner and play to each other's strengths.

--Partnerships and trust take lot of time to develop; so ensure that managers stay on site long enough to foster good relations.

3. **Localize the value creation:** The Indian companies have much to gain from tapping into the local networks and local knowledge.

--Think of ways to harness local capabilities. Partnerships can be either formal or informal; in either case, creating a process for accessing local intelligence and resource should be a high priority.

--Consider how local entrepreneurs and SMEs can be made a part of the company's value chain (e.g. rethinking distribution channels networking, marketing strategies, or sourcing of raw materials) and how they can best contribute to the value creation.

--The assessment of demand for new/improved goods and services is key, since our target consumer has little income.

--Franchising can be attractive as a way to involve people with local knowledge in selling the product.

--Invest some time and effort in building the capacity of the local partners, as this will also provide an active contribution to the creation of sustainable livelihoods in the local economy.

SECTION II: CASE STUDIES OF INDIAN CSR STRATEGIES AND EMERGING BUSINESS MODELS

Cisco Systems Corporate Philanthropy

Cisco's work towards Corporate Philanthropy works with a simple vision of building stronger and more productive global communities. It is strongly believed that healthy, self-sustaining communities arise when every individual has the means to live, the opportunity to learn, and the chance to share those gifts with others. It is reinforced that it takes all three to set in motion an enduring cycle of health and prosperity. In order for this to happen Cisco has set some goals for itself - Overcome the cycle of poverty and dependence, Create educational opportunity and foster classroom innovation, Promote a culture of volunteerism and social responsibility and Transform the way nonprofit work is accomplished and supported.

The Cisco Networking Academy Program is a partnership between Cisco Systems, educators, businesses, governments and community organizations around the world. It is a comprehensive e-learning program, which provides students with the Internet technology skills essential in a global economy. The Networking Academy program delivers Web-based content, online assessment, student performance tracking, hands-on-labs, instructor training and support, and preparation for industry standard certifications. The curriculum incorporates hands-on experience when teaching students to design, build and maintain computer networks.

Computer Aided Education: The NIIT way

The goal of NIIT's Computer Aided Education (CAE) is to develop the learning capacity of students and increase the teaching productivity and effectiveness of instructors with the help of advanced computer-based technologies. This technology is used to develop attractive courses for distance education. One such usage of this technology is – building the digital bridge over the Brahmaputra.

In the middle of the mighty Brahmaputra, in a remote part of Assam, is Majuli, the largest riverine island in the world. For the 1.5 lakh odd inhabitants on this 800 sq. km. of land, the only mode of communication with the outside world is a ferry that operates twice a day. Every year floods ravage the island and power is but an infrequent visitor. Yet, one of the government schools here boasts a sophisticated computer lab where children between 10 and 17 years of age learn their bits and bytes; made available to them courtesy NIIT. Now, in phase two of the state's CAE program, NIIT will reach out to 200 more schools. NIIT will not only make 1.5 lakh secondary school students computer literate but will teach them English, Science, Maths and Social Science through computers. Eventually, all 630 higher secondary schools in the state will be covered under the Rajiv Gandhi Computer Literacy Program, touching 4 lakh students in the state.

The CAE project is a path breaking example, given that it is the first such initiative in the North East, combining IT education with English language skills – and free of cost for the students. Besides, it is expected to give employment to over 1,000 local educated youth. NIIT will also work towards enhancing the skill base of youth in Assam by using these schools to provide state-of-the-art computer education to local citizens in the post school hours.

Hole-in-the-Wall Education

Access to state-of-the-art PCs to several thousand children in urban and rural India was provided. The computers were placed outdoors, usually mounted on walls and, hence, often referred to as

"hole-in-the-wall".

An experiment was initiated at Kalkaji, New Delhi, by NIIT Limited, Indian software and training multinational, through its Center for Research in Cognitive Systems (CRCS).

As part of this experiment it was concluded that children can self-instruct themselves to operate computers. It was revealed that an estimated 100 children can learn to do most conventional tasks in approximately three months, using the "hole-in-wall" arrangement with a single PC.

Wipro Applying Thoughts In Schools

Wipro believes that the current education system is not being able to create opportunities for development of our citizens and country. It is firmly held that every entity has a responsibility to improve the system it inhabits. Wipro's non-profit wing Azim Premji Foundation; chose movement towards quality in education, as they felt, though India is at a stage of development where there are multiple issues, all equally important and urgent – health care, infrastructure, water, education, etc., but education is the fundamental enabler of economic development and sustainable change.

The Wipro Applying Thought In Schools in an initiative to improve the Quality of Education. It works with Teachers, Principals, Parents, Educationists, NGOs and other education bodies to bring about this change. The program started in May 2001 with 100 teachers from 5 schools in Bangalore. In the last 2 and half years, it has reached to more than 2100 teachers and principals from 100 schools in 13 cities.

Reviving the dying arts: Infosys Foundation

As part of Infosys' Corporate Social Responsibility (CSR), Infosys Foundation came into being in December 1996 with the objective of fulfilling the social responsibility of the company by supporting and encouraging the underprivileged sections of society. The Foundation has undertaken various initiatives in providing medical facilities to remote rural areas, organizing novel pension schemes and in aiding orphans and street children. It has undertaken a large rural education program titled "A library for every school" under which 5500 libraries have been set up in government schools spread across many villages. Other activities include the reconstruction of old school buildings, setting up of rural Science Centers and schemes to provide support to dying traditional art and culture forms. In Karnataka, the Gamaka form of music is one of the less passionate arts. The Foundation here coordinated a project to donate more than 200 sets - comprising a Gamaka cassette and a record player - among 100 rural schools in Karnataka, to bring back life into the fast dying art. The Foundation also organized a puppet show to enliven the theatre art, fast forgotten where movies and television are the main sources of entertainment. .

Promoting Cultural Diversity: Alcatel

Alcatel plays an active role in local communities, through its presence in 130 countries, around the world. It has been involved in the local fabric of every country in which it operates, hence the huge geographical diversity that characterizes the Group's initiatives and its actions in remote regions. For many years now, often at the initiative of local teams, it has participated in projects and actions to support education, health and culture.

Alcatel recently organized a photography exhibit in India on the theme of "Imprints of wandering images". The photos, taken by well-known Indian photographer, Anshu Gupta, are a kaleidoscopic look at India, perhaps the most culturally diverse country on earth. "Wandering images" explores the distinctness of the Indian spirit, in all its cultures, colors, dilemmas, and challenges. All proceeds from the exhibition, which took place on Alcatel's premises in Gurgaon (India), went to "GOONJ", a grassroots association for helping people in need due to a natural disaster or difficult circumstances.

Engaging Communities for sustainable development : INTEL

Being an asset to the communities worldwide is embedded in Intel's values and is practiced around the world by its employees. Through strategic contributions, volunteer time and expertise, Intel has always endeavored to taken out its employees' innovative spirit out of the office and into the communities, to make them a better place to live. In 2003, Intel's corporate giving, employee donations and matching Intel Foundation grants combined to over $100,037,196.

In the hands of imaginative and inspired individuals, organizations and communities, Intel technology has tried to transforms society at every level viz. creating new models for Alzheimer's Care, Intel sponsors the Environment category of the annual Tech Museum Awards—Technology Benefiting Humanity, Intel has been working in the area of cancer. In India, Intel's Clubhouse program has been very successful in disseminating ICT awareness amongst the children living in ghettos and in the process several innovations have come to light. Such as five young students found the key to cleaner water. In Israel; Intel tried to improving access to patient records with the help of a wireless LAN

Unlimited Potential of ICTs: Microsoft

Microsoft's is perhaps one of single largest CSR initiative anywhere in the world. Microsoft's Corporate Donations—even aside of Bill Gates and Melinda Gates Foundation contributions mostly for the HIV, Tuberculosis and other health related programs--combined with the Employee Giving, have Microsoft's CSR programs very significant in their outreach and impact.

In today's knowledge-based economy, computer literacy has become a vital workplace skill—a skill that millions of people worldwide still lack. Microsoft's Unlimited Potential (UP) is a global initiative designed to help narrow the technology skills gap and aid global workforce development by providing technology skills through Community-Based Technology and Learning Centers (CTLCs).

UP Grants offer access and training opportunities for the individuals underserved by technology. An expanded software donation program provides CTLCs with access to the most current productivity applications necessary to compete in the global economy. The UP curriculum emphasizes real-world applications and course material. Microsoft works with a large number of partners to create a community-based support network delivering technology curriculum, research, tools, and services to CTLCs worldwide. Whether in a remote village or a major

metropolitan area, a Community-Based Technology and Learning Center (CTLC) is a free or low-cost, friendly place where people of all ages and abilities can learn about computers, use the Internet, explore new careers, further their education, participate in community activities, or develop technology skills.

CSR Through Out Consumer Value Chain: Unilever.

At Unilever, India's largest company and one of the largest industrial conglomerate world wide; CSR is central to the way to run business and in each of these areas aim has been to make a positive contribution to the society. For example by developing products that meet consumers' needs, creating and sharing wealth, investing in local economies, developing people's skills, reducing our environmental impacts or sharing our technical expertise across borders or with our supply chain partners.

In India; even while Hindustan Lever complies with the local laws and adopts the same; Unilever standards for occupational health and safety, consumer safety and environmental care are as per world wide standards. This approach stems from the values ingrained in Unileve's Corporate Purpose and is governed by the standards of their Code of Business Principles and Business Partner Code.

Integral with these principles; in India Hindustan Lever launched an innvative BOP access program called `e-Shakti' that targets poorest of the poor consumers mostly women self-help groups, by making them multi-level distributors of HLLs quality products for people within their communities. The distribution model requires minimal investments, apart from ensuring availability of quality products to the BOP consumers at affordable costs; also generates revenues for the BOP consumers. The ICT driven program not only auotmates the supply-chain management using the computers available at the Villlage and Block levels; but also imparts e-Learning for the communities in health, micro-credit, empowerment and rights based approach towards work. The program has been very successful in Andhra Pradesh in its pilot phase. Since then it has been rolled out in other parts of the country as well.

Improved returns on Agri-produce and empowerment for the Indian farmer: ITC

ITC implemented a cutting edge, CSR program "e-Choupal" targeted towards the rural communities. e-Choupal helps increase farm incomes by facilitating empowered access to farm input and output markets to the farmers, small and big alike - to enhance resource productivity, improve produce quality and reduce transaction costs.
ITC e-Choupal is an integral part of ITC's competitive strategy to create shareholder value in its Agribusinesses. The creation of shareholder value is enmeshed with market linkage needs of India's agrarian communities.

As of June 2004, 4100 choupals (internet access points in villages) are covering 24000 villages servicing over 2.5 million farmers. The vision of ITC is to cover 100,000 villages in 15 states servicing 10 million farmers by 2010. ITC e-Choupal leverages information technology to (1)

deliver real-time information and customized knowledge to improve farmers' decision making ability, and thereby better align farm output to market demands and secure better quality, productivity and improved price discovery (2) aggregate demand in the nature of a virtual producers' cooperative and thereby access higher quality farm inputs and knowledge at lower cost and (3) set up a direct marketing channel virtually linked to the mind system for the purpose of price discovery, yet eliminating wasteful intermediation and multiple handling.

Integrated development of a eco-system and a habitat: HP's i-Community

HP's i-community draws its strength from the e-inclusion mission of HP which aims to provide people access to greater social and economic opportunities by closing the gap between Technology empowered and technology excluded communities while focusing on sustainability for the communities and HP. The vision for the i-community in Kuppam is to help create a thriving economic community where ICT solutions are strategically deployed to significantly improve many facets of its citizens' lives. HP has built in Kuppam sustainable IT and communications infrastructure, self-sustaining new job/income opportunities apart from ensuring profitable revenue streams by providing access to new markets apart from building leadership and capacity within the community.

The objectives of the Kuppam i-community has been accomplished by creating an eco-system involving the Government, NGO's, private sector players and the broadest possible active inclusion of relevant community stakeholders. The deployment of people, technology and know how in the i-community is helping HP realize both brand value and business value for it self while delivering social and economic value to the community.

HP has created a citizen centric multi lingual portal which incorporates a web services framework to provide several useful applications. Yojanalu is an application that disseminates information about various government schemes and enables citizens to avail of them efficiently. It provides brief details of the scheme, eligibility criteria, and facilitates on line processing of the applications. Other solutions on the portal are Employment exchange, Farming Information System and Self Help Group management system.

HP has piloted a new mobile photography solution for the rural markets. HP Village Photographers capture small slices of life across homes and communities in Kuppam. Equipped with solar powered portable camera equipment, a team of women village photographers have is been providing high quality photographic services in inaccessible remote areas. Women have captured about 5000 photographs in the last 9 months and have earned Rs.1500 per month consistently.

As a part of its commitment to create ICT enabled jobs, HP has also facilitated the creation of an ITES centre at Kuppam in partnership with Datamation.

Supporting Adult Literacy : TCS

TCS was recognized in 2003 for its pioneering CSR work in 'Supporting and Improving in Education' category.

TCS set up the Adult Literacy Program (ALP) to help the Indian government eradicate illiteracy, a

major social concern affecting a third of the Indian population comprising of old and young adults.

To accelerate the rate of learning, the ALP uses a TCS-designed Computer Based Functional Literacy Model (CBFLM), an innovative teaching method that uses multimedia software to teach adults to read within 30-45 learning hours — spread over 1 to 1.5 hours sessions, 3 times a week, over a period of 10 to 12 weeks.

The Computer Based Functional Literacy method uses animated graphics patterns for visualisation and audio appreciation. By combining graphic patterns of visualisation, repetition of sound patterns and language structures and cognition of the meaning, a person is made to read. This CBFL method is implemented using computers and flash cards.

TCS works closely with governments both at the state and district level to develop and deploy CBFL packages in the local language, as a supplement to their programs. To support the use of the CBFL model, TCS also donates computers to the state governments.

Leveraging Countrywide Footprint for bridging the Digital Divide: Bharti

Bharti India's largest Mobility, Basic Telecom services company; despite a home-grown entrepreneurial model; grew very rapidly into a large Corporate. Bharti has believed in `ultimate triumph of entrepreneurship' over anything else. Learning from their own struggles and victory of entrepreneurship, innovation vs. regulation and control; Bharti also went about redefining CSR in context of Digital Divide. Fully realizing that the disadvantaged children seldom have access to computers thereby deepening the digital divide; Bharti Foundation, in partnership with Pratham, has set up 10 computer centres in Delhi, Mumbai and Allahabad to offer computer-aided learning to almost 5000 children and at least 250 youth. The highlight of these computer centres is the use of young teachers, who have been recruited from among the community youth and trained to teach children.

Section III: Synopsis of the Indian Context of Bridging the Digital Divide by the ICT Companies

(a) What are the motivations? How do we shift mindset?

Challenges:

>The sustainable livelihood approach is nothing new. Historically, given the virtual absence of private enterprise in India, public sector units (PSUs) took the lead of nation building and economy strengthening activities. Since their inception, socio-economic development has been integrated into the very mandate of the PSUs.

>Since Indian society is a complex fabric of varying cultures and income levels, companies are regularly forced to assess new markets in differing income groups an innovate to gain access.

>Poverty reduction in India will require more than philanthropy. It will take a model that fits into corporate strategies-the question is whether there is market potential for "sustainable livelihoods"—type business in low-income communities?

>One of the main challenges when assessing the social impact and the profitability of new SL businesses is that it is often difficult to see the profits immediately. Social benefits must therefore be regarded as a priority.

Key Lessons:

>As Amartya Sen rightly observed, "poverty consists of the deprivation of opportunities". Hence the best route to creating sustainable livelihoods is through the creation of opportunities; for instance to participate in local economic activities.

>Philanthropic activities are not the only means of achieving wealth creation in low-income communities. Many corporate philanthropic efforts are directed at the immediate needs of a community and tend to be sporadic.

>Philanthropy is ingrained in the culture and plays an important role in poverty relief. The companies should have both, thus offering an integrated approach to poverty reduction.

--Changing mindsets enables companies to turn perceived challenges into opportunities.

(b) Do we have the right product/service to offer? How do we ensure there is a demand for it?

Challenges:

>Reconciling the difference between "needs" and "wants" as these will vary greatly from one social segment to another.

>There are insufficient research and development facilities to assist companies in providing products appropriate to the needs of the poor communities.

Key Lessons:

>Product must, meet all needs of the poor-should be relevant, affordable and easily accessible.

>Other elements of success include customer satisfaction, after-sales service, critical mass, quality assurance and product integrity.

How do we finance the investment? How can we ensure that our customers can afford it? How can we collect our revenues?

© **Financing the Investment**

Challenges:

>Selling the idea within your own company to obtain necessary capital, partly linked to the difficulty of making the business case in a language that business understands.

>Getting external investors interested in the venture.

>There are limitations to the government funding which is being provided for pre-listed programs only. This stifles innovation and flexibility.

Key Lessons:

>Introduce economic and social assessments in financial appraisals in addition to environmental impact assessment.

>It is critical for businesses to network and partner with other businesses, governments and civil society groups and potential investors to capitalize on available funding opportunities.

>Outsource to a social venture firm.

(d) How can we improve our Supply Chain?

Challenges:

>The main challenge in developing the supply chain is how to raise awareness an build capacity amongst the 8 million or so Small and Medium-sized-Enterprises (SMEs) to incorporate sustainable development issues.

(e) Scaling up and replicating?

>Over 70% of Indian population lives in rural areas, with a pressing need to combat poverty, environmental degradation (floods and drought) and migration to urban areas. Considering the natural advantages of tropical

climate, the low cost of labor and vast tracts of land-the rural areas present a significant opportunity for scaling up business-which is large in terms of numbers of employees and numbers of people whose livelihoods could benefit.

Key Lessons:

>The business models should focus on ensuring direct supply of products that can be marketed easily. The forest products industry (wood, fuel, paper) might provide excellent opportunities.

>Business solutions need to incorporate the following characteristics: be labor intensive, use appropriate technologies, and require low capital investment.

>Partner with communities (NGOs) and government.

>Have a long-term vision, start small, succeed, then grow.

>Policy instruments and business services need to be put in place to create a conducive environment for investment.

Benefits for companies and communities

The Poor as a Resource Pool		Poor Communities as Consumers	
Business Benefits	Community Benefits	Business Benefits	Community Benefits
➢ Reduced labor costs ➢ Shared risk ➢ Local knowledge and capabilities ➢ Better government relations ➢ Fair trade branding	➢ Job creation ➢ Capacity building for local SMEs ➢ Know how and technology transfer ➢ Improved business environment and investment climate	➢ New markets, revenue growth ➢ Increased brand value, positioning to capture future market growth ➢ Transfer product innovations to existing markets	➢ Greater access to quality products and services ➢ Lower prices ➢ Improved quality of life ➢ Improved productivity