



DIGITAL PARTNERS INSTITUTE

Utilizing the Knowledge-Based Economy to Empower the Poor

July 2003

presented at

**IT4D?
Information Technology for Development: Lessons from the Field
Friday 18th July
Oxford University**

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Utilizing the Knowledge-Based Economy to Empower the Poor **Akhtar Badshah, Executive Director, Digital Partners Institute**

The Digital Economy for the first time in history presents us with an opportunity to conceivably address profitably the needs of everyone, everywhere.

In just the past several years, businesses, governments, and non-profit organizations around the world have dedicated vast sums and countless hours working to close the “digital divide” in an attempt to ensure that the new information and communications technologies benefit families in low-income communities.

Many of us believe that they are acting from two underlying motivations. The first is humanitarianism: they believe that the tools of the Digital Economy can be used to empower and benefit the poor in ways that the tools of the Industrial Economy could not. The second is fear: they believe that the Divide may develop into a bottomless chasm - leading to social and economic upheaval worldwide - unless effective means are found to include the forgotten in the benefits and opportunities of the Digital Age.

However, even as new strategies are being developed and resources expended, many question remain about whether countries in the developing world can afford to focus on ICT for development purposes while millions of people still do not have adequate access to even basic resources. They argue that these technologies are too far removed and incapable of addressing the everyday concerns of the poorest constituents of the country. However, the work that we do at Digital Partners has convinced us that such pessimism is misplaced. In fact, my personal belief is that we run tremendous risks if we neglect to widely deploy the power harnessed by technology. Models for bold new measures to jump-start development already exist. All that is missing is the courage and the will to move forward rather than continue to hesitate.

The Opportunity

It is generally assumed that technology is disempowering to poor, rural communities. However, our experience working with social entrepreneurs and their constituents in remote villages has shown that this is simply not true. In fact, it is becoming increasingly clear that technology, and especially Information Communication Technology (ICT), can be an agent of empowerment opening up new opportunities for healthcare, education, government relations, as well as livelihoods for the poor.



Take the example of Jumabhen, an illiterate Kutchi woman in Gujarat, India living deep in the desert. Believe it or not, she is earning a living, editing videos. She explained to us how a phone and video-editing technology has allowed her to make a respectable living and has made her life easier. She states that her biggest problem is no longer poverty. Instead her main complaint is that the technology she is using keeps changing, forcing her to relearn what the different buttons do on the machine.

Or take the story of the 35-year old loan officer of SKS Foundation in Medhak District – a microfinance agency in Andhra Pradesh, India. She is responsible for disbursements and collection of loans in her district. Her education is only up to 4th standard, but she has taught herself to use Microsoft Excel so that she can keep all her records on a spreadsheet. She now interacts with software developers to help design better user-interface programs for her organization and for her record keeping.

Such examples abound. They demonstrate the tremendous untapped potential of our greatest resource - the people of this world. They point to ways of empowering people so that they can be of greater benefit to their families, their communities and to the world at large.

In every case we must:

- Leverage investments in ICT to serve traditionally bypassed communities
- Invest with real economic and social outcomes in mind
- Develop realistic goals and outcomes based on what people see as their top priorities
- Have a realistic appreciation for the challenges low-income communities face and not an overzealous faith in the promise of technology
- Insure that investments - social or economic - are not done to simply satisfy our desire to be philanthropic, but come with a commitment to produce real improvements in people's lives

Drishtee – Connecting India One Village at a Time¹

There are many examples of Village Information Kiosks around the world ranging from government led efforts, to corporate initiatives, to development agency supported projects, to community led projects. Drishtee, is an entrepreneurial effort started by a young businessman from New Delhi and is modeled on the Gyandoot effort launched by the state government of Madhya Pradesh, India. This is a franchise model consisting of kiosk operators who start off with providing e-government services and to augment their income provide e-commerce and e-education services. Currently operating over 200 kiosks in 5 states in northern India, Drishtee provides the following services:



(i) Governance Applications

- Land Records
- On-line Registration of Applications – Certificates
- Complaints

(ii) Private Services

- Village Auction Center
- Village Mailing System
- Village Online Bidding
- Matrimonials
- Question Forum



The Operation

Drishtee operates on a revenue sharing model. Each franchise pays an upfront licensee fee of Rs 10,000. The Kiosk Owner buys the equipment – computer, printer and peripherals to set up the kiosk, usually through a government sponsored loan of about Rs 70,000/-. The kiosk owner charges a set fee established jointly by the local government office and Drishtee for each government service offered. There is also set fees for non-government services. Drishtee then shares in the revenue collected at each kiosk.



Drishtee works with the District Administrator and sets up a backend center at the District headquarter. A Local Area Network (LAN) links all the major district offices to the local village level government offices. The Information Kiosk is located in village government offices. In Rajasthan State the model is somewhat different. The kiosk is not located in the government office but outside and is connected through a cable (there is an agreement between Drishtee and the cable company) and the kiosk owner also is the local cable service provider.

Drishtee is innovative on a number of levels. First, it is taking technology to the "last mile", enabling a feasible, sustainable model to reach down to the poorest segment of the population and dispelling myths that technology cannot change the lives of the uneducated in rural settings. Second, it is scalable, because the franchise model allows for quick adaptation and efficient integration into the community. Third, the open platform allows for any government, non-profit, or commercial entity to participate in the network and offer products or services, thus allowing virtually any organization the ability to directly address the largely untapped discretionary purchasing power controlled by India's rural citizens. This scalable, customized, inclusive model allows individual entrepreneurs to find creative uses for the kiosk and for Drishtee to offer extensive reach to product and service providers.

Benefits of the Drishtee Effort

It is hard to determine quantifiable benefits yet, however, preliminary findings show that villagers are benefiting from the services provided by Drishtee. For example, in the past villagers had to make extended and multiple trips to district authorities to obtain such services as marriage licenses, land records, and income, caste, and domicile certificates. These processes could take months. Now, through Drishtee, the same information can be obtained within a week, saving the villager significant time and money. Using Drishtee's commodity price service, local farmers can obtain the prevailing rates of commodity products in multiple markets. Producers can obtain higher prices by selecting the best markets in which to sell their products. As the network becomes more robust with additional product and services, the ultimate beneficiaries are the villages. Although we will have to wait for the study to be completed before hard evidence can be cited, Drishtee's internal projections suggest that the main benefits delivered are: There are several challenges faced by Drishtee in its effort to develop an extensive network of Kiosks across India:

Drishtee Benefits

- Reducing travel time and related costs
- Bringing government services to village doorstep
- Livelihood to kiosk operator and enhancement of his/her social status
- Reduction in corruption, harassment and exploitation of especially illiterate villagers
- Reduction in migration towards towns/cities
- Reduction in gap of services/facilities available in a village vis-a-vis towns/cities

1. Inadequate telecommunication infrastructure – most of the kiosks, except in Jaipur District, do not have an internet connection and use LAN to send data from local kiosk to district headquarters
2. Dependence on District Administrator to set up the hub – in case of position change renegotiation has to take place
3. Overdependence on government services to generate revenue

Role of Digital Partners

Clearly the model developed by Drishtee is innovative as it impacts development at various levels in a rural environment. However, Drishtee's initial business model was focused on kiosk expansion rather than a variety of kiosk services offered. This was rationalized as capturing market share and revenue generated by the one-time license fee of Rs 10,000. Digital Partners was clearly impressed by the

entrepreneurial model but recognized the problems that the organization would face if it did not focus on service expansion and augmenting kiosk revenue. Prof. Nirvikar Singh and P.D. Kaushik in their research on Drishtee point out the lack of additional services and the infrequent or one-time use of many e-government services. They stated: "In particular, the narrowness of the initial offering is a concern, but the effort of broadening the services provided will compete for resources and attention with plans to complete the coverage of the district with 100 kiosks."²



Recognizing this dilemma faced by Drishtee, Digital Partners invested USD 150,000 and helped develop a business plan to expand the services provided and increase the revenue of each kiosk owner. The plan, dubbed Mission 6K, is focused on achieving an increase in monthly revenue of Rs 6,000 for each kiosk owner. This is to be achieved by:

1. Freezing all expansion into new districts and only expanding in exiting districts if no additional resources are to be expended
2. Reducing the dependence on Drishtee's value proposition on government based offerings
3. Entering into mutually beneficial relationships with corporations to undertake business process outsourcing; insurance, agri-business, healthcare, and education

Currently, Drishtee, with support from Digital Partners, has entered into initial agreements with several major Indian and multi-national companies such as New York Max Life for insurance services provided through the kiosk, Hero-Honda to sell motorcycles, ICCI Bank for financial services. The aim is to make the kiosk owner as financially viable as possible and then offer additional services, which are more social in nature. This way, kiosks will not shut down or require cash infusion to keep their doors open.

Conclusion

The Drishtee example is by no means conclusive and we are in the experimental phase, but we believe that through an entrepreneurial approach there is a far greater chance of long-term sustainable impact. What we are seeing is that people are using the kiosks, and as services increase and the performance level improves the kiosk is moving from being a place to get information to a place to engage and develop.

Even though Digital Partners emphasizes financial sustainability, we are also concerned with social impact our effort is to facilitate a paradigm shift from the old way of doing business to social venturing. This we believe will lead to a whole new dimension where measuring impact is not limited to ROI's but there is an equal emphasis on SROI's (social return on investment). This demands a fundamental shift in thought and action in public policy, philanthropy, and corporate and non-profit leadership.

Efforts to close the digital divide have mobilized resources and sparked attention across the nation. Now is the time to leverage the resources already committed to this cause and use them as down payment towards more sizeable investments that will be required.

¹ Digital Partners has invested in Drishtee and has taken an active management role in the organization.

² PD Kaushik and Nirvikar Singh, "Information Technology and Broad Based Development: Preliminary Lessons from Northern India, July 2002.