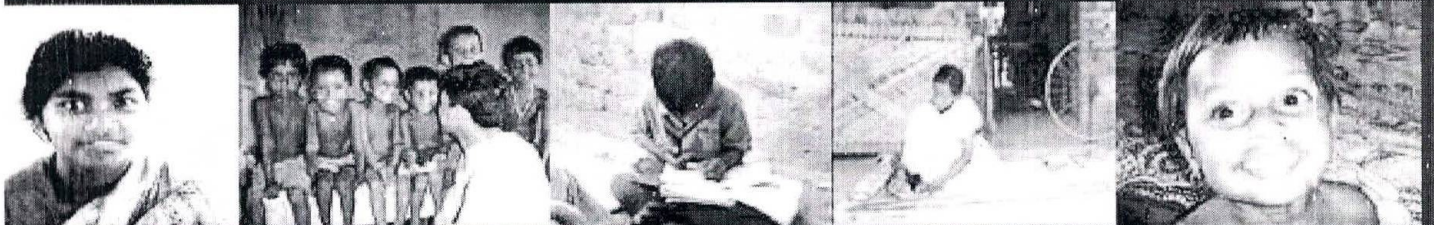


Social Initiatives Group, ICICI Bank



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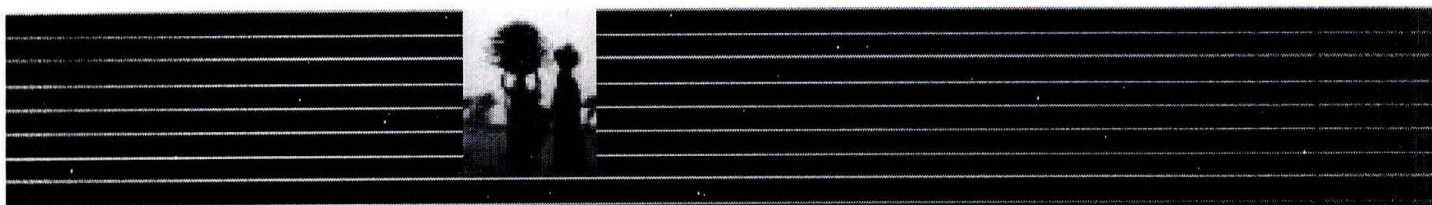
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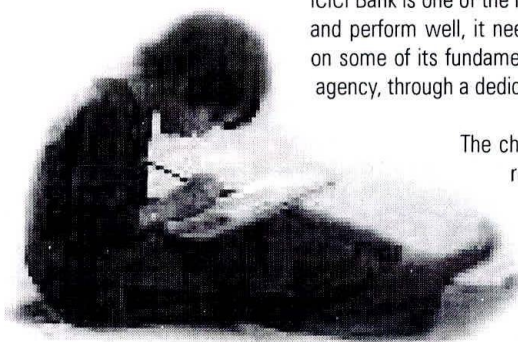
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Introduction



ICICI Bank is one of the largest participants in the Indian financial system. If it is to continue to grow and perform well, it needs to participate in the all-round development of the country by focusing on some of its fundamental problems. ICICI Bank seeks to perform this role primarily as a funding agency, through a dedicated not-for-profit group, the Social Initiatives Group (SIG).

The changed economic climate in India, with a greater emphasis on the market, requires an informed and participatory socio-economic order. As a large player in the economy, it lies in the longer-term interests of ICICI Bank to actively contribute in bringing the above to fruition. In the current environment, the SIG feels that its purpose would be served best by focusing exclusively on improving the capacities of India's poorest people to participate in socio-economic processes.

The mission statement of the SIG is "to identify and support initiatives designed to improve the capacities of the poorest of the poor to participate in the larger economy". The group seeks to achieve its mission by supporting initiatives that are cost effective, capable of large-scale replication and have the potential for both near and long-term impact.

For the poorest of the poor to be able to participate in the larger economy, the SIG feels they must be equipped with certain fundamental capacities. These capacities are in health, education and money. However, given the broad scope of these areas, in order to have a definitive impact, it is imperative for the SIG to focus on much more sharply defined areas for work. The three focus areas are:

1. **Health:** Infant Health at Birth *(Maximising the proportion of infants born healthy)*

This focus seems to have the potential for maximum long and short-term impact and appears achievable in the most cost-effective and therefore scaleable manner.

The Infant Mortality Rate (IMR: measured as the number of deaths per 1000 live births within the first year of birth) provides the best available indicator for gauging progress. The target for the SIG is to work to ensure a steady and significant decline in this rate at a national level, while seeking to reach a goal of 30 per thousand by 2010.

2. **Education:** Elementary Education *(Maximising the number of 14-year olds who have a basic level of elementary education)*

Education (and not just literacy) up to the elementary level seems to be almost a necessary condition for any individual (rich or poor) to be able to participate in any manner in the larger economy – whether at the local farm or in an industrial job.

Here the goal is to work towards the universalization of elementary education all across India by 2010; rural and urban. Clearly, the goal extends much beyond enrolment to cover retention in school and learning achieved. An appropriate indicator that comprehensively captures learning in a standardized manner nationally is not available. Until it is available, the drop-out rate and its reduction will serve as an **indicator**.



3. **Money:** Micro-financial Services *(Maximising access to basic financial services)*

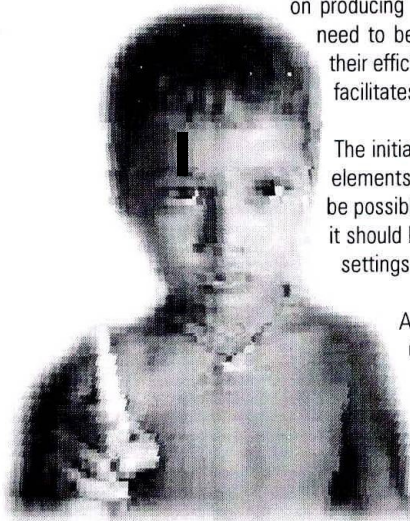
These services would include basic banking (savings and cash management), finance (debt and equity), insurance (life and health) and derivatives.

The goal here is to facilitate universal access to these four services by the year 2010.



Overall Strategy

At a very basic level, the programmes and projects supported by the SIG must cater to the poorest. They must enable them to become active and informed participants in socio-economic processes as opposed to passive observers. These initiatives should, above all, be output oriented, with a focus on producing measurable outcomes that meet a minimum quality requirement. The initiatives need to be cost-effective. This is in recognition of the fact that resources are limited and their efficient use is imperative if the maximum number is to benefit. Cost-effectiveness also facilitates the adoption of the initiative in other contexts.



The initiative must also be scaleable. Scalability implies the ability to draw upon important elements of a programme and adapt them to suit the needs of a specific situation. It should be possible to do so at a national level. Even if the programme itself is not directly scaleable, it should be possible to take away significant lessons from it in order to enrich work in other settings.

All supported initiatives must have the potential for both near and long-term impact. Consequentially, it is important that the impact of these programmes, in the near and long term, be carefully understood and analyzed in a rigorous manner and not through anecdotes. It is critical to clearly understand how an initiative is performing in terms of its predetermined goals and in comparison to alternatives. There is little doubt that a complex of factors, very often beyond the control of the programme/ organization, will influence the outcome. Yet, serious and regular impact analysis can only make the programme richer and is essential. The SIG assigns greater value to programmes/ organizations that carefully examine the short-term and long-term implications of their actions.

In pursuit of its goals in the three focus areas, the SIG tends to support reasonably large-sized initiatives so that issues such as cost-effectiveness, scalability and impact assessment can be dealt with more directly. These initiatives not only have the potential to provide key research inputs to other programmes, but also tend to have a large impact that benefits the communities they work with. The approach of the SIG may thus be characterized more broadly as 'action research', to distinguish it from pure academic research. However, in its research work and impact assessment, the SIG seeks to adhere to the highest standards of academic rigour. It often works in partnership with academic institutions such as Institute of Rural Management Anand, KEM, Massachusetts Institute of Technology, Tata Institute of Social Sciences, University of California, Berkeley and the University of Southampton.

It is crucial that the programmes supported by SIG be time-bound. This lends clarity to the aim of the programme and prevents its intent from getting diluted over time.

The SIG works by identifying gaps in knowledge and practice in its focus areas and locating initiatives that address these gaps in a manner consistent with the SIG's mission. The identification of research needs is followed by an in-depth analysis of the short-term and long-term implications of various forms of action. Among other things, this requires taking a comprehensive overview of work already done in the country and outside. The SIG, thus, seeks to answer certain fundamental questions in its focus areas through the projects it supports and, thereby, contribute to findings that help the sector. It should be pointed out that the SIG does not function as a rollout agency.

An important feature of the SIG's strategy is the belief in strengthening or supplementing existing systems, rather than investing in parallel structures. Another key element of its strategy is the building of long-term relationships with suitable partners. As part of this effort, the SIG works actively to improve the efficacy of these partners and ensure sustained impact.

In pursuit of its goals, the SIG seeks to work actively with research agencies, Non-Governmental Organisations (NGOs), Corporates, Government departments, local stakeholders and international organisations. It should also be noted that the group believes modern technologies, particularly



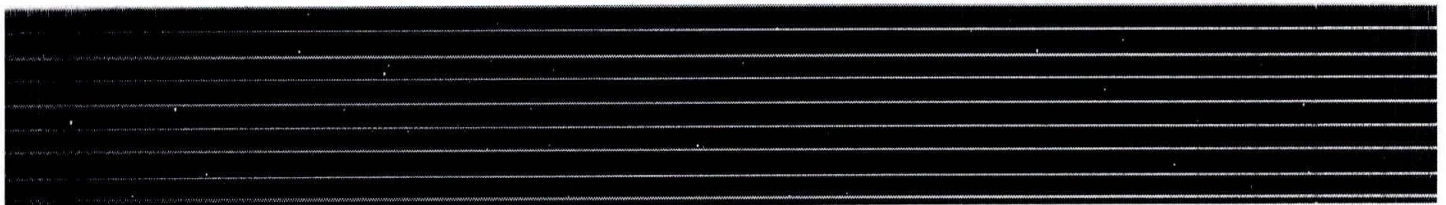
Information and Communication Technologies (ICT) can prove to be important facilitators if used appropriately.

The SIG also seeks to disseminate its findings and that of others in the field to a broad spectrum of participants using a variety of media, such as print and the Internet. It also encourages its team members to develop independent points of view in their own focus areas, and supports the publication of this work. The most recently published papers by the team members are listed below.

1. Aneesa Arur and Shilpa Desphande (2002), *Infant Health at Birth*, Working Paper Series, ICICIsocialinitiatives.org.
2. Tara Beteille (2002), *Elementary Education in India*, Working Paper Series, ICICIsocialinitiatives.org.
3. Bikram Duggal, Bindu Ananth and Kartikeya Saboo (2002), *Micro-Finance: Building the Capacities of the Poor to Participate in the Larger Economy*, ICICIsocialinitiatives.org.
4. Bindu Ananth (2002), *Emerging Perspectives in Corporate Social Responsibility*, ICICIsocialinitiatives.org.

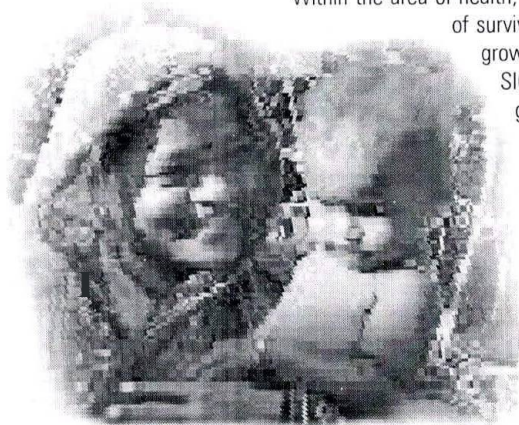
In addition to its core areas of focus, the SIG, in a limited manner, supports some other initiatives:

1. Corporate Social Responsibility (CSR): Promoting the concept of CSR among Indian companies so that more partnerships emerge in pursuit of common **goals**.
2. Non-governmental Organization (NGO) Capacity Building: This is supported through the GIVE (Giving Impetus to Voluntary Effort) Foundation and the web site ICICIcommunities.org. The web site seeks to provide a variety of services to NGOs listed on the site including facilitating the receipt of donations online (Give Online), sale of NGO products (Shop Online), volunteering of time and skills (Volunteer Online) and news (News Online).
3. Modernization of the Indian Financial System: This involves encouraging appropriate research and institution building efforts on a national basis. The web site, www.ICICIRESEARCHCENTRE.ORG, is a virtual non-profit research centre that acts as a platform to address and encourage debate, and develop a non-partisan opinion on various issues of concern and interest in financial economics relating to emerging markets. ICICI Bank has supported the development of various financial institutions such as the National Stock Exchange and the Bombay Stock Exchange. It has also supported the Institute for Financial Management and Research, Chennai.



Infant Health at Birth: Maximising the Proportion of Infants Born Healthy

The focus on health derives from the understanding that health is a fundamental capacity that every individual should have to achieve his/ her potential and participate in the larger economy. Within the area of health, the Social Initiatives Group (SIG) emphasizes both survival and quality of survival. The SIG believes that low birth weight, particularly that caused by growth retardation in the womb, is an important variable in this context. In the SIG's view, its importance derives from its potential influence on survival, general susceptibility to illness, and physical and cognitive development over the life-time of the individual. By focussing on low birth weight and Infant Health at Birth more broadly, the SIG believes that it can have the greatest possible impact on health as an individual capacity.



A high incidence of low birth weight is indicative of poor general and reproductive health and female nutrition across the lifecycle. The SIG envisages its role as (a) facilitating research, debate and action on nutritional deficiencies that cause low birth weight, and (b) facilitating debate on and validating strategies to improve access to and quality of primary health and nutritional services through the public health system.

Malnutrition during fetal development is generally manifested as low birth weight or birth weight less than 2.5 kilograms (kg). Low birth weight has a significant impact on infant survival, morbidity and development. Approximately two-thirds of all infant deaths in the first month of life in India are among low birth weight babies, although not all low birth weight babies die. Death in the first month is a significant contributor to the current high level of infant mortality in India. Out of every 1000 live births, approximately 68 babies die within the first year of life. Of these, approximately 43 babies die within the first month itself (NFHS-2 1998-99).

Nearly a third of all babies in India are born with low weight at birth¹. Of these roughly 70 per cent weigh less than 2.5 kg because of growth retardation during fetal development (Intra Uterine Growth Retardation-IUGR). IUGR babies are more prone to growth and subtle neurocognitive deficiencies. The impact of IUGR on physical and cognitive development tends to be irreversible. Moreover, recent research suggests that IUGR may predispose the individual to cardio-vascular diseases and diabetes in adult life².



IUGR, therefore, has implications for both survival and achievable potential. Its prevalence levels suggest the strategic rationality of a preventive focus on IUGR to reduce low birth weight incidence. IUGR mirrors the health and nutrition of the poorest, particularly that of women. Interventions designed to reduce the proportion of low birth weight babies would necessitate improving female health across the lifecycle, with an emphasis on nutrition. IUGR, thus, constitutes a poverty-centred, capacity-building and gender-sensitive health focus³.



Based on the above, the SIG has adopted the reduction of IUGR as its operational objective in the area of health. Since this is not directly measurable and there is a direct association between the incidence of IUGR and the Infant Mortality Rate (IMR), this indicator is proposed to be used as the best available measure of progress.

The nutrition of the fetus within the womb is not a simple function of maternal dietary intake during pregnancy. Several maternal, fetal and placental factors impinge on the nutrients the fetus receives. These factors are influenced by deficiencies in female nutrition across the lifecycle and over generations. Nutritional deficiencies may be related to both the quantity of intake as well as the composition of the diet. At the same time, a number of nutritional deficiencies tend to co-exist and interact in their impact. Hence a simple increase in dietary intake during pregnancy may not translate into an increase in birth weight, especially among chronically undernourished women.



The SIG has identified the need for further research along three major lines and aims to fund action-research projects seeking to address knowledge and practice gaps here. The research gaps identified may be summarised as follows:

1. The nature of nutritional deficiencies that trigger and sustain IUGR.
2. The point(s) in the female lifecycle at which interventions addressing nutritional deficiencies would have the greatest impact on the reduction of IUGR.
3. Strategies to improve nutrition, particularly female nutrition. This includes bolstering the efficiency of and access to the public health system at the primary level. It would also include more effective strategies to improve intra-household distribution of food and access to health care.



The identification of nutrition-centered research gaps does not reflect the belief that social and economic factors that result in poor female nutrition are unimportant. It is an attempt to define unambiguous nutritional goals for action. This is perceived as a crucial first step towards defining the strategy to achieve these goals. The strategy will be derived on the basis of an indepth study of the factors affecting female access to nutrition. In our opinion, an appropriate strategy does not necessarily involve supplementary feeding.

A brief summary of some of the Infant Health at Birth projects the SIG has supported follows. For details on these projects please visit the website, www.icicisocialinitiatives.org.

First World Congress on Fetal Origins of Adult Disease (February 2-4, 2001)

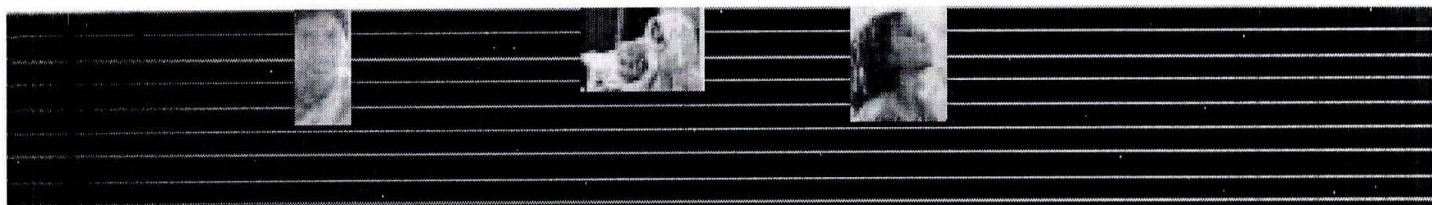
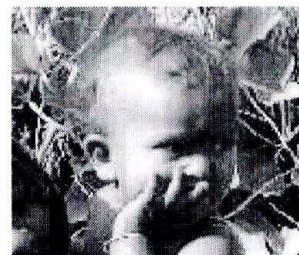
Organised by the Medical Research Council, University of Southampton, U.K. and the SNEHA-India group, the First World Congress, a scientific conference in Mumbai, focused on the emerging Fetal Programming hypothesis. The hypothesis suggests that developmental 'insult' in the womb-such as inadequate fetal nutrition-prompts the fetus to adapt as a survival tactic. A visible marker of this adaptation is often low birth weight. The hypothesis proposes that this adaptation may 'programme' the body with a pre-disposition to developing adulthood diseases like cardio-vascular diseases and type II diabetes.

The First World Congress was attended by approximately 400 International and Indian scientists and researchers working in the area of low birth weight and its impact. It served as a forum for dissemination, discussion and debate on the Fetal Programming Hypothesis and low birth weight. The papers presented at the conference were published in a special supplement of 'Pediatric Research', the official publication of the American and European Pediatric Societies. The SIG was one of the co-hosts of the First World Congress.

The First World Congress was followed by:

1. Infant Mortality Workshop (Mumbai, February 5, 2001)

The Workshop, organized by the SIG in Mumbai applied insights from the First World Congress to the problem of Infant Mortality in India. A specific focus was on the contribution of neonatal mortality and low birth weight to infant mortality. The objective was to identify practical or practicable strategies that address bottlenecks to reducing the Infant Mortality Rate (IMR).





The workshop was attended by representatives of NGOs and research groups from the South Asian Region, the Government of India and international and national scientists. It succeeded in bringing to focus the strategies innovated by various groups in the region to improve the access of the poorest to quality primary maternal and child care and facilitating debate and discussion on them.

2. Maternal Nutrition Workshop (Aurangabad, September 30, 2001)

This workshop was organised by the SNEHA-India group. Several prominent Indian pediatricians and researchers participated in the workshop. The aim was to explore the maternal nutritional factors that impact IUGR and review the validity of strategies adopted to address these factors. The workshop organized in Aurangabad began the groundwork for planned intervention research to increase birth weight by improving maternal nutrition.

Prepregnancy Iron Stores

This three-year community based action research project has been undertaken in conjunction with the Topiwala Medical College and B. Y. L. Nair Charitable hospital, a municipal hospital in Mumbai. The project is based in two slums of Mumbai and seeks to explore the hypothesis that increasing prepregnancy maternal iron stores will result in an increase in the birth weight of babies born subsequently. A significant amount of research has established an associational relationship between iron deficiency anaemia and birth weight. The failure of national programmes to address iron deficiency anaemia during pregnancy suggests the need for a more effective strategy to prevent – rather than cure-it. The 'Prepregnancy Iron Stores' project attempts to achieve the same through the development of innovative Behaviour Change Communication strategies.

Mumbai Maternal Diet Study



The Medical Research Council, University of Southampton, UK in conjunction with SNEHA-India and the Centre for the Study of Social Change, Mumbai has undertaken this three-year study. It aims to research the impact of food based micronutrient supplementation on birth weight through a randomized controlled trial in slums of Mumbai. The study is based on recent research, which has highlighted the potential of micronutrients as factors limiting fetal growth. The SIG is supporting the 'feasibility' and 'preparatory' phases of the study. As part of this study, documentation and analysis of knowledge, attitudes and practices related to the consumption of micronutrient rich foods in India will also be undertaken.

Outreach Services Study

EPOS Health Consultants (India) Pvt. Ltd., a Delhi Based company, is conducting the Outreach Services Study. This is a secondary literature review. The literature review is expected to identify and analyze the most critical factors impinging on the efficiency of the Auxiliary Nurse Midwife (ANM).





The ANM is a Maternal and Child Health worker whose performance is key to improving Infant Health at Birth. She is responsible for providing Ante Natal and Post Natal Care services, attending deliveries, immunizing children and also providing basic curative care. Available literature suggests that the ANM is very overloaded. It also points out that there is considerable room to improve her performance. In the current phase the literature review is focusing on common

factors constraining ANM performance across all states. The findings will better define the SIG's strategy for engaging with the public health system in India.

Sympmed

Sympmed is a diagnostic and MIS software developed by the Foundation for Research in Community Health (FRCH), an NGO based in Pune. Currently functional in the Purandhar taluka of Pune district this software serves to monitor the quality of care 'delivered' by health workers and as a retraining device. It also facilitates decentralised public health planning. The SIG is working with FRCH to understand the training processes that it has developed for health workers. The SIG is also interested in drawing relevant learning from its community-based approach to health care.

Community Based Management of Birth Asphyxia

This three-year project aims to validate a community based strategy for the provision of essential new born care, including resuscitation, in 640 villages of Anand and Kheda districts of Gujarat. The project is being implemented by the Tribhuvandas Foundation, an NGO based in Anand. It envisages the provision of neonatal services by a Village Health Worker, a suitably trained, literate local woman, employed by and reporting to a local community based institution (in this case the Dairy Co-operative Society). A specific objective of this project is to understand the nature of the linkage between the co-operative structure and the provision of primary health services at the village level and explore the potential of such a linkage for adaptation in other contexts.



White Ribbon Alliance for Safe Motherhood in India (WRAI)

The White Ribbon Alliance for Safe Motherhood in India (WRAI) is a network of international and national organisations working at different levels to reduce maternal mortality in India. Member organisations include international aid agencies, national level NGOs, small local NGOs and government departments. The SIG is an active member of the White Ribbon Alliance of India.

WRAI is currently engaged in identifying and analyzing safe motherhood good practices being implemented by development organisations across India. The SIG is supporting the research on effective strategies and also the production costs of a 'Good Practices' manual. The manual is intended for groups working at the grassroots level who are best placed to impact maternal mortality, and, therefore, birth outcomes.

Dissemination of findings from these projects is one of the key strategies of the SIG. The Infant Health at Birth Resource Centre is envisaged as a web based platform for the exchange of ideas, research and action related to the optimisation of birth outcomes. The resource centre will be hosted on the website www.icicisocialinitiatives.org



Elementary Education: Maximizing the Number of 14-year Olds with a Basic Level of Education

The focus on elementary education derives from the belief that education (and not just literacy) up to the elementary level is a necessary condition for any individual, rich or poor, to be able to participate meaningfully in social and economic processes. The Social Initiative Group's (SIG) efforts in elementary education aim towards its universalization, with a substantial difference being made by 2010. To achieve this, the SIG seeks to contribute definitively, through research, debate and action, towards filling key gaps in knowledge and practice in the elementary education system in India in a phased manner.



The SIG believes that elementary education should serve as an effective means in productive and fruitful pursuits, especially in the light of its mission statement. Elementary education implies that an individual should, by the age of 14 years, possess foundation skills such as the ability to read and write with fluency, numeracy, comprehension, analysis, reasoning and social skills such as teamwork. Equally elementary education should instill in children courage, confidence, curiosity, independence, resourcefulness, resilience, patience and understanding. It is only then that an individual will be equipped with the basic skills that foster meaningful participation in social, political and economic processes and allow him/ her to avail of opportunities to learn advanced skills throughout life ⁴.

The two main challenges in universalizing elementary education in India relate to expanding access and maximizing the efficiency of investments made in elementary education. While there has been considerable progress in the former over the last decade, the latter requires urgent attention. Drop-out rates from primary and upper primary school levels at roughly 33 per cent and 37 per cent respectively are high. The problem is compounded by the fact that many who officially complete the elementary cycle have abysmally low levels of learning.

The fundamental aspect of the SIG's work in this focus area, therefore, centres around targeting attendance rates, learning levels and retention rates so as to ensure that everybody acquires the basic skills associated with the elementary cycle. This involves systematically understanding the relationship between various kinds of inputs and the final output - a 14 year old with the requisite levels of learning and the ability to meaningfully utilise this. The two main inputs that the SIG has been working on are pre-school education and teacher performance. By focusing on these two inputs, the SIG hopes to address key intrinsic and extrinsic factors impinging on a child's ability to learn.

1. Universalizing pre-school education



Two key variables believed to impact the participation, learning and retention of a child in school are psycho-social readiness and physical readiness. Many children, especially first generation learners, are at a disadvantage in this regard. A properly designed and implemented pre-school programme (for 3 to 5-year old children) can counter much of this disadvantage. In fact, literature from around the world suggests multi-dimensional benefits of pre-school education including⁵:

- Increasing the efficiency of investments in elementary education
- Lowering welfare, health and education costs
- Increasing social equity



Nevertheless, there are certain questions that remain to be answered in the Indian context. Many of these relate to understanding the effects of pre-school education in urban and rural areas when provided in a cost-effective framework. The SIG is supporting certain initiatives in pre-school education as part of this exercise. Two initiatives worthy of mention are Pratham Mumbai Education Initiative and Jana Sanskriti. The former is an urban initiative working in urban slums, while the latter operates in rural West Bengal.



2. Enhancing teacher performance

Approximately 97 per cent of the expenditure on elementary education is used in paying teachers' salaries, and yet drop-out rates are high and learning levels low. It is widely asserted that the average government-school teacher may be too poorly equipped to perform well⁶. The SIG believes that effort needs to be directed towards:

- Providing academic support to improve general and subject knowledge
- Providing support for improving teaching skills
- Enhancing teacher motivation
- Better representation of disadvantaged group
- Flexibility in curriculum
- Better management and effective feedback mechanisms

In its goal of helping teachers perform better, the SIG is firmly committed to partnering with government institutions, non-governmental organisations and other players. The SIG foresees important partnerships with organisations such as Eklavya in Madhya Pradesh, Vidya Bhawan Society and Digantar in Rajasthan. Eklavya, in particular, has much to offer by way of learnings in improving feedback mechanisms.

While mainly supporting initiatives that address pre-school education and improving teacher performance in a manner consistent with the mission statement, the SIG is also interested in addressing the following related issues.

- Understanding cost-effective means of providing quality elementary schooling to difficult-to-access children.
- Understanding different models for bridging never-enrolled and dropped-out children into age appropriate grades in regular schools.



A brief summary of some of the elementary education projects the SIG has supported follows. For details on these projects please visit the web site, www.icicisocialinitiatives.org.



Pratham Mumbai Education Initiative (1995-6 till date)



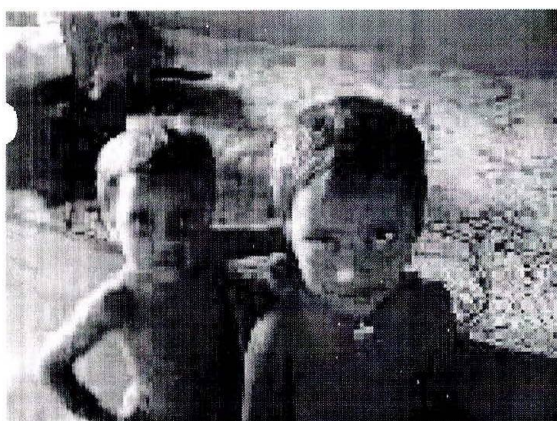
Pratham, a non-governmental organisation, which ICICI Bank has partnered with for seven years, has provided valuable insights on universalising primary education in urban slums. Pratham has developed an innovative strategy for motivating children to enroll and complete the primary cycle. It reaches out to nearly 70,000 children in Mumbai alone. The SIG is supporting three core programmes of Pratham, pre-school (Balwadi Programme), remedial education (Balsakhi Programme) and the Bridge Course Programme, as well as related research studies.

The Balwadi Programme is an important component of Pratham's overall strategy for universalising primary education. In Mumbai, nearly 30,000 children between the ages of 3 to 5 years from slum communities throughout the city receive pre-school education in Balwadis supported by Pratham.

The Balsakhi Programme involves a teacher's assistant – a young and enthusiastic person from the community who assists the regular primary school teacher in teaching children who are lagging behind. The programme started in December 1998.

The Bridge Course Programme, started in October 1998, is aimed at children who have dropped out or never been enrolled in formal school. There is an average of 15 children (between age 6 and 10 years) in each class. The classes generally start in the community, and move to the local municipal school building if space is available. The teacher is usually a local person with Class 10 education. While informal methods are used initially, these gradually give way to a more structured teaching-learning environment.

Through its various programmes, especially the recent Outreach programme, Pratham Mumbai has been able to reach a large number of the urban poor in a cost-effective manner. The model has proved to be replicable, having spread to several urban locations. What remains to be understood is the long-term impact of its core programmes in a systematic and rigorous manner. Pratham Mumbai has constituted a Research Advisory Group to guide such work. It has also initiated a long-term cohort-tracking exercise in the Balwadi and Balsakhi programmes in Mumbai. The Balsakhi research study draws heavily on the Vadodara Balsakhi research project, guided by Abhijit Banerjee, Massachusetts Institute of Technology and funded by the SIG.



The SIG is also supporting the Delhi Pratham initiative in a rigorous study undertaken by it to understand the linkages between learning at the elementary level and basic health interventions such as de-worming tablets, iron supplements and Vitamin A tablets.

Jana Sanskriti Centre for Theatre of the Oppressed

Jana Sanskriti is a voluntary organisation involved in education in the rural West Bengal. The SIG is supporting a programme of pre-primary education in three blocks in South 24 Parganas. Jana Sanskriti has been using theatre as a medium to establish a culture of dialogue (instead of monologue). In addition, it uses a curriculum that it believes will enable children to make the transition into formal school easily and be retained there. This project is particularly attractive because it was set in a rural area with very basic facilities. Given that pre-school education is a priority area, the SIG is interested in understanding the requirements in rural areas in comparison to those in urban areas.



Digantar, Jaipur

Digantar Shiksha Evam Khelkud Samiti (Digantar) is a voluntary organization based in Jaipur, Rajasthan. It has done important work in pedagogy, curriculum and material development, and providing resource support to other agencies. Much of this derives from learnings from three schools run by it in villages off Jaipur. The pedagogy followed in Digantar schools is based on learning with understanding, self-learning and freedom of pace of learning. Critical thinking and questioning is encouraged. The education provided aims at developing autonomy of thought, reasoning and sensitivity. An integral component in this process has been working with teachers to bring out and enhance their various abilities.

Digantar's great strength lies in its ability to take its findings on elementary education beyond the three schools operated by it. It has been involved in training and material development for a number of large-scale government programmes, such as the Lok Jumbish in Rajasthan, as well as those for smaller non-governmental organizations. Apart from having reached a large number of children, as an organization, Digantar also promises to provide important insights into the theory and practice of elementary education in rural India.



Eklavya Foundation, Madhya Pradesh

Eklavya Foundation is an NGO based in Madhya Pradesh that is primarily involved in educational research and innovative action. Its work includes micro-level experiments to evolve educational innovations and macro-level action to introduce as well as sustain educational innovations in the mainstream system.

Eklavya's genesis lies in the Hoshangabad Science Teaching Programme (HSTP) which it has developed over the years. HSTP focuses on improving science education from Class 6 to Class 8. In contrast to the prevailing textbook-based method of 'learning by rote', which negates all child-centric principles of education, HSTP concentrates on learning 'by discovery', 'through activities' and 'from the environment'. It emphasizes the process of science, promoting scientific temper and making the child a confident and life-long learner and creator of knowledge. At present, Eklavya covers nearly 700 middle schools (mainly government schools) spread over fourteen districts of Madhya Pradesh. Over 100,000 children study the HSTP curriculum every year and they are taught by 1500 teachers.

In order to make a comprehensive impact on the quality of education in upper primary schools, Eklavya decided to take up innovations in subjects other than science. A curriculum development programme in social science for Class 6, 7 and 8 was initiated and piloted in nine government middle schools in Madhya Pradesh. While working in middle schools, Eklavya realized that many children had not developed linguistic abilities required for these classes. This was the starting point for the Prashika primary education programme. The Prashika package focuses not only on linguistic abilities, but also on cognitive and affective skills that are important for the overall development of the child at this stage. Eklavya's approach involves development of teaching-learning material, teacher training, non-invasive examination and methodology, and facilitating administrative and management structures in the school system.



Eklavya also plays an important role as a resource agency, providing intensive inputs to collaborators, interacting extensively with various groups involved in education and participating in seminars and workshops.

CII-Khullam Khulla

An important area of interest for the SIG has been to utilize mass media to invigorate the process of learning and thereby enliven the work being done by children and teachers in schools. The SIG has been supporting an educational television serial, CII-Khullam Khulla, designed to motivate children to learn and teachers to perform better. The series brings to its viewers the alphabet, numbers, concepts, values and specific subjects in science and social studies through an interesting mix of puppetry, animation, graphics and music. The inspiration for Khullam Khulla drew from the belief that the television is a highly effective and widely available resource. CII-Khullam Khulla is currently being aired on the Doordarshan National channel. The SIG has been exploring options for using radio for the same purpose.



Bal Vividha Education Fairs 2000 and 2001

Bal Vividha is an educational resource fair organized every year by Comet Media Foundation, a voluntary organization working in the field of educational media. The fairs are based on the principle that learning should be joyful and relevant to the child's everyday experiences. They seek to reach out to those looking for viable options and alternatives in enhancing the learning experiences of their children. Apart from displaying the work of various voluntary organizations in elementary education, the fairs also feature learning workshops where resource people pass on their insights to teachers for use in their classrooms.

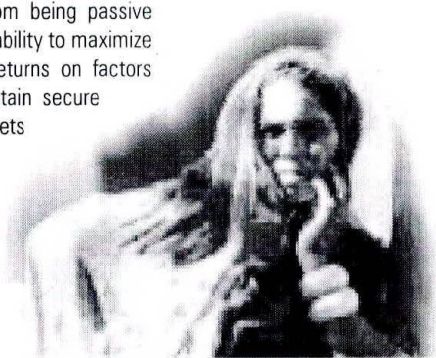
Given the importance accorded to dissemination of learnings by the SIG, platforms such as these fairs are important. In addition, the SIG will be hosting the Education Resource Centre in the portal, www.icicisocialinitiatives.org, which aims to be an interactive cyber storehouse of material in its focus areas.



Micro-financial Services: Maximising Access to Basic Financial Services

Participation of the poor in the larger economy necessitates a transition from being passive observers to active participants in the growth process. This may be seen as the ability to maximize returns on factors of production and manage vulnerability/risk. Maximizing returns on factors of production in turn would entail the ability to engage in an enterprise, obtain secure wage employment, maximize return on surplus and access mainstream markets and competitive technologies. Managing risks, on the other hand, would entail effective strategies to counter structural, market and life-cycle related risks.

The Social Initiatives Group (SIG) understands the economic development of the poor as progressing along a continuum; from a state of reduced vulnerability to a greater ability to take risks and participate in mainstream markets and further towards scaling operations and creating opportunities. Continued access to financial services is instrumental in enabling mobility along this continuum⁷.



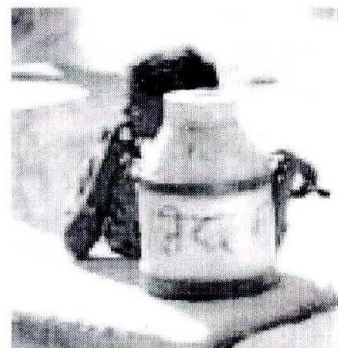
Micro-financial Services has therefore, been defined by the SIG as those financial services that enable the poor to reduce their economic vulnerability and participate in the growth process. The SIG's understanding of the role of Micro-financial Services yields a typology of financial services that spans both protective and promotional services⁸.

1. Banking and investment services

Basic banking services that include savings and withdrawal facilities meet the demand for liquidity whether it be for enterprise purposes or for emergencies. The availability of savings products, the design of which takes into account the cash flows of the poor would be very crucial to the effective mobilisation of savings. There is also a need to innovate for 'micro-investment' products that enable the poor to maximise returns on their surplus.

2. Insurance including life, disability, health and assets

The vulnerability of the poor points to insurance being a crucial product. Existing ways of informal insurance among the poor are: drawing down on savings, reciprocal need-based gift exchange, selling physical assets and diversifying income sources. However, there is only a limited role that these informal mechanisms can play. There is a need for a mechanism to pool, price and trade the risks of the poor and the means to do this would be an insurance product that is able to bring under its fold the poor with varying risk profiles.



3. Finance including credit, equity and leasing

This class of products has great relevance to the promotion of micro-enterprises. Even when these services do not benefit the poorest of the poor directly, they may provide benefits to them through the promotion of economic activity and employment. Equity is an important means of sharing the risk of enterprising poor to engage in ventures with the possibility of high returns.

4. Derivatives

Derivatives are instruments the value of which is derived from the value of an underlying asset. Derivatives enable a buyer and a seller to enter into a contract in the present period to buy/sell at a future date at a pre-determined rate. The principles of a derivative contract appear to have relevance in the context of commodity markets and indices based on weather and other variables that have a bearing on the livelihoods of the poor.



Bhartiya Samruddhi Finance Limited (BSFL), Hyderabad

BSFL is a Micro-finance Institution (MFI) that provides credit in the rural areas of Andhra Pradesh, Karnataka, Maharashtra and Orissa. BASICS Ltd. is a group of financial services and technical assistance companies. BSFL, registered with the Reserve Bank of India as a Non-Banking Finance Company, is the main operating entity through which credit is delivered by BASICS.

BSFL's mission is to promote a large number of sustainable livelihoods especially for the rural poor and women through the provision of financial services and technical assistance in an integrated manner. BSFL is run with a commercial orientation. It is the only MFI in India and is among the few in the world that has been capitalized by mainstream financial institutions. ICICI Bank has invested in the equity of BSFL.

BSFL believes that credit is a necessary but not sufficient condition for sustainable livelihoods. Therefore, while BSFL provides different loan products for individuals as well as Self Help Groups of women, Indian Grameen Services, which is an affiliate company, provides the technical assistance and training. The customers of BSFL include subsistence farmers and the landless poor, small farmers, micro-enterprises and small enterprises.

Being one of the earliest practitioners of micro-finance in India, BASICS constantly endeavours to share its expertise with other organisations in the field. BSFL is emerging as an important partner for the SIG's work in the field of micro-finance. The relationship with BSFL has provided insights into the challenges in effectively providing financial services to the poor while addressing the questions of sustainability and outreach.

Joint Study with UNDP on the Impact of Social Mobilisation and Micro-Credit on Women's Empowerment

United Nations Development Programme (UNDP) has undertaken a study, with support from the SIG, to examine some of the implicit assumptions regarding the impact of micro-credit on women's empowerment that currently appear to be guiding policy and practice debates. The study attempts to bring out the impact through an analysis of six case studies of organizations working in different parts of the country.

The initial field studies and subsequent analysis demonstrate that credit has made a significant impact on poverty reduction. There are also some "first level" changes resulting from membership and participation in a women's collective. These changes have been observed even in cases where the intervening voluntary agency may be focused solely on mobilizing women to provide access to finance. Agencies with an explicit empowerment agenda, working on what is popularly called a "credit plus" approach, have been able to create changes with deeper ramifications as far as women's sense of agency, the scope of choices and the ability to make these choices is concerned.

A document that synthesizes and brings out the experiences and findings of the studies shall be published for wider dissemination.



Research by Sa-Dhan on the Development of Standards for Micro-finance Institutions

Sa-Dhan is an association of Micro-finance Institutions (MFIs) in India. With support from the SIG, Sa-Dhan has undertaken a study to identify standards for MFIs. The research attempts to identify accounting and reporting, performance and governance standards. Specific benchmarks will be recommended as part of this effort and Sa-Dhan will strive for the acceptability of these among the MFI community.

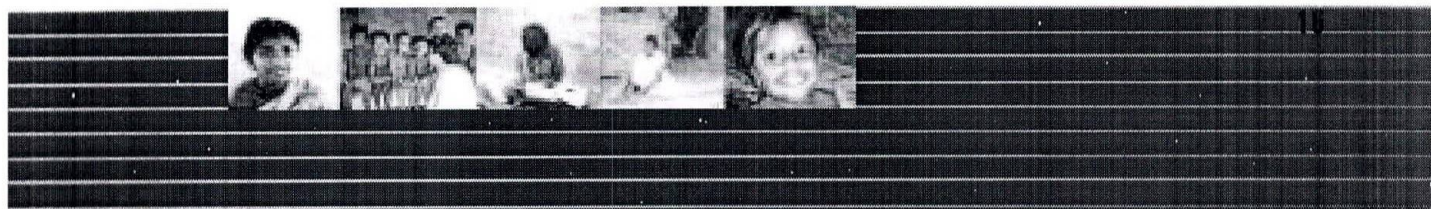
Sustainable Access to Rural India (SARI) Project for providing Internet connectivity in rural Madurai

This project attempts to enable connectivity through a new technology, corDECT Wireless in Local Loop, which is capable of providing both telephony and Internet connectivity simultaneously. A hundred kiosks shall be established in the first phase of the project. The next step in the project will be to provide a number of applications over the network. These would include applications in education, health, micro-finance, rural banking and e-governance. Local banks in the area may be wired and they may be able to use the remote connectivity to provide banking services to customers. DHAN Foundation, a local NGO, is partnering with the SIG to implement fifty of the kiosks through its SHG members. The project is at the same time striving for commercial viability that may in turn have implications for the scalability of the provision of Internet access for rural India. SARI Foundation is part of the Digital Nations consortium of the MIT Media Laboratory and Harvard University's Center for International Development in collaboration with IIT Madras and the I-Gyan Foundation.



Dissemination of research findings and models in micro-finance is an important aspect of the SIG's work. The Micro-finance Resource Centre on www.icicisocialinitiatives.org is envisaged to be a web-based platform for information dissemination, dialogue and debate on issues critical to micro-finance. It shall disseminate key findings from the projects supported by the SIG and build a community of users who will contribute to the resource centre being at the cutting edge of micro-finance. The resource centre will be critical in promoting successful models of micro-finance.

- ¹ UNICEF (2000), *The State of the World's Children*, Geneva, United Nations Children's Fund.
- ² David Barker (1998), *Mothers, Babies and Health in Later Life*, Edinburgh, Churchill Livingstone.
- ³ Aneesa Arur and Shilpa Deshpande (2002), *Infant Health at Birth*, Working Paper Series, ICICIsocialinitiatives.org.
- ⁴ Tara Beteille (2002), *Elementary Education in India*, Working Paper Series, ICICIsocialinitiatives.org.
- ⁵ Mary Emming Young (1995), *Investing in Young Children*, World Bank Discussion Papers, Washington D.C.
- ⁶ The World Bank (1997), *Primary Education in India*, New Delhi, Allied Publishers Limited.
- ⁷ Bikram Duggal, Bindu Ananth, Kartikeya Saboo (2002), *Micro-finance: Building the Capacities of the Poor to Participate in the Larger Economy*, Working Paper Series, ICICIsocialinitiatives.org.
- ⁸ With a population of over one billion, of which the poor constitute over 300 million, the number of poor households in India could be estimated at over 75 million. The dependence of low-income households on informal sources of finance is as high as 78 per cent (Vijay Mahajan (1999), "A Framework for Building a Sustainable Rural Financial System for India", BASIX Publication). Roughly 4.5 million households have been reached by the banking system. Another 0.5 to 1 million are clients of various Non-Governmental Organisations/ Micro Finance Institutions in the country. Despite a massive rollout, 70 million households are yet to access formal financial service providers. This points to an urgent need for innovations in rural banking and micro-finance.



The Team

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Formerly the Head of Mid-Office Operations in the Treasury, ICICI Ltd., Samyukta S. Rao is the Financial Controller for the SIG and also looks after initiatives in Corporate Social Responsibility, NGO Capacity Building and Modernization of the Indian Financial System.



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The SIG is headed by Nachiket Mor, Executive Director, Wholesale Banking, ICICI Bank.

The SIG has gained significantly from the contributions of former team members, Bikram Duggal and Kartikeya Saboo, who now work in the Rural and Micro-banking Group.

The SIG also draws on the expertise of consultants in its work. In 2001-02, Dr Bela Doctor and Rajeev Cherukupalli worked with the Infant Health at Birth team and Mili worked with the Elementary Education **team**.



The mission of the Micro-financial Services team at the SIG is to act as a catalyst in the development of a vibrant micro-financial services market that will improve the access of the poor to these services. This access is envisaged to be both reliable as well as cost-effective. Towards this end, the SIG works on two fronts: sustainable delivery mechanisms and appropriate products.

The SIG's work in this area is based on an analysis of gaps in existing delivery mechanisms and products. Where existing models display no potential for scale, it becomes imperative to innovate to reach larger numbers of the poor. The effort towards mainstreaming would be preceded by significant testing of models and rigorous research. Models are tested for their potential to scale-up, cost-effectiveness and ability to reach the poorest of the poor. Such innovations are then expected to be mainstreamed by scaling up through the existing institutional structures such as the banking network in India. Dissemination of tested models for their rollout and up-scaling will be the next steps in the process.



Therefore, the three broad elements of our strategy are:

1. Fine-tuning existing models for scale
2. Innovating to address gaps in access to financial services by the poor and
3. Researching the impact of micro-financial interventions to improve programme designs.

There is a need to enhance the role of mainstream institutions in extending micro-financial services to the poor. In this regard, sustainable mechanisms by which mainstream banks and financial institutions can provide financial services to the poor even in remote locations in a cost-effective manner are being explored. There have been several innovations demonstrated by the voluntary sector in this regard and the SIG would actively pursue collaborations between mainstream institutions and voluntary sector organizations to scale-up such innovations. An important strategy has been to understand the role of technology in impacting cost-effectiveness of providing financial services to the poor. For instance, one of the SIG's projects in Tamil Nadu attempts to understand whether wireless technology can be put to use to develop low-cost models of banking. Another technological intervention being explored is the use of smart cards in rural banking.

With a mission to catalyse the development of a vibrant micro-financial services market for providing financial services to the poor, the SIG works towards the development of appropriate products and delivery mechanisms through research, pilot-testing and dissemination for up-scaling.

A brief summary of some of the Micro-financial Services projects the SIG has supported follows. For details on these projects please visit the website, www.icicisocialinitiatives.org.

