



## INSIDE INDIA

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### Working and Doing Business at the Base of the Pyramid in India: A Workshop for Change

On Wednesday, October 8, 2008, USAID held a workshop to highlight what is becoming an increasingly attractive development model that engages the private sector. Instead of dismissing the poorest socio-economic groups as inaccessible and unviable, the “Base of the Pyramid” model of development encourages the private/profit sector to look at them as a business opportunity that can also foster development objectives. The workshop brought together business managers, policy makers, social entrepreneurs, non-profit experts and U.S. government professionals to discuss the concept, strategies, and opportunities for working at the BOP in India. Vijay Sharma, President Marketing, Career Launcher and CEO CL Media, Vikram Manchanda, Microsoft, and Sachid Madan, ITC provided a robust discussion about their experiences with the BOP, which was moderated by Kristi Ragan, Adjunct Faculty Member, Georgetown University and Strategic Advisor to USAID.

Opening the workshop, USAID Acting Mission Director Beth Hogan said: “We at USAID remind ourselves everyday that we will need to do more: we need to seek new partnerships, both public and private, we need to tap expert technical assistance, and we need to utilize international best practices to accelerate inclusive growth and halve poverty in India by 2015.” She went on to say, “We are looking at the private sector for support in achieving these goals. It is important to recognize that making a profit at the BOP is not a bad thing, as long as it is not exploitive.”

*“These unhappy times call for the building of plans that rest upon the forgotten, the unorganized but the indispensable units of economic power...that build from the bottom up and not from the top down, that put their faith once more in the forgotten man at the **bottom of the economic pyramid.**”*

*U.S. President Franklin D. Roosevelt, 1932*

Giving the example of ITC’s E Choupal initiative, a market-led business model which has improved the lives of Indian farmers, Sachid Madan said, “Before ITC introduced its business model, farmers were restricted to selling their produce through middlemen and often at very low prices. ITC provided internet kiosks and trained farmers to use them. Today we have a community of e-farmers who have daily access to crop prices and can now make informed decisions on selling their crops. They can also find out weather forecasts, scientific farming techniques, and crop insurance, through the internet. While e-choupal was conceived as a method to improve the supply chain for the company, it has brought huge benefits to the farming community.”

Speaking from the perspective of a key player in both business and global citizenship, Microsoft’s, Vikram Manchanda said “Microsoft’s mission is to facilitate social and economic prosperity for the 5 billion people at the middle and bottom of the pyramid. Our program ‘Unlimited Potential’ aims to reach 1 billion people by 2015 by exploring solutions in key sectors - education and employment which are crucial to developing sustained economic opportunity. “

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According to recent estimates, 828 million people in India live on less than \$2.00 a day. As the speakers at the workshop could attest, increasingly, these people can be thought of as resilient and creative entrepreneurs and value-conscious consumers as opposed to a burden on society. By working towards improving the quality of lives of this impoverished sector, investing in their health and education, and generating large-scale employment opportunities, the private sector can empower the poor to provide for themselves and become producers and consumers. This shift in thinking has led the private sector, academia, donors, and civil society to recognize the Base of the Pyramid as a source of innovation and consumption – a market that can work for the poor. In fact, a growing number of private sector entities have discovered that they can achieve financial, social, and environmental benefits working with this largest but also poorest socio-economic group. In India, large corporations have a long record of community involvement and many Indian companies have gone beyond the confines of traditional corporate social responsibility to engage in proactive partnerships that address significant health, education, and economic development issues. More and more corporations in India, including American companies like Microsoft, Dell and Hewlett-Packard are investing in communities at the BOP.

USAID/India has distinguished itself among donors for its ability to leverage considerable public and private resources through cutting edge agreements with U.S. and Indian companies as well as Government of India partners to work at the BOP. Our partnerships with the private sector have delivered both a business value for the corporate partner as well as a development impact for USAID. For example, USAID/India recently signed four new agreements with the University of Wisconsin, Michigan State University, the International Food Policy research Institute (IFPRI), and World Vision as part of the Partnerships for Innovation and Knowledge in Agriculture (PIKA) program, focusing on public-private partnerships to foster innovation, the development of micro-enterprises and institutional capacity, and the diffusion of knowledge and information to support agricultural development in India. Also, USAID is investing in market based partnership for health to improve the environment for commercial sector engagement in USAID's key priority health areas by forging partnerships between the commercial sector and other public or private sector actors in order to expand distribution, service delivery and information networks to improve health outcomes in selected areas.

### **Innovative Partnership Redefines Municipal Waste Water Recycling and Reuse**

In a collaborative public private partnership under its Water-Energy Nexus (WENEXA) Program, USAID provided technical assistance to the Nagpur Municipal Corporation (NMC) and the Maharashtra State Power Generation Corporation, Limited (Mahagenco) to design, develop, and implement an innovative waste water recycling and reuse project in Nagpur City, Maharashtra. The project was designed to develop large scale industrial applications for treated municipal waste water and allowed NMC to fulfill its environmental compliance obligations to treat municipal sewerage and Mahagenco to purchase the treated water to meet part of its demand for water in its power plant operations. Because this collaborative project was a win-win proposition for both NMC and Mahagenco, both parties agreed to jointly develop the waste water treatment facility. USAID helped the parties to obtain an agreement for project development, complete the feasibility analysis, prepare the detailed project report, mobilize resources, and finalize the transaction agreement between the buyer and the seller of the treated water. Not only has this project proved successful for both NMC and Mahagenco but it has had farther reaching impact by establishing a new direction for municipal waste water recycling and reuse. Now many Indian municipal utilities are eager to adopt the Nagpur model.