


**i ICICI Foundation**  
FOR INCLUSIVE GROWTH

ICICI foundation  
**for inclusive  
growth**

Annual Report 2008-2009





A world free of poverty  
in which every individual  
has the freedom and  
power to create and  
sustain a just society  
in which to live.

## Vision

## Mission

To create and support  
strong independent  
organisations which  
work towards  
empowering the poor  
to participate in and  
benefit from the Indian  
growth process.



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# Message from the Chairman

Through the global economic downturn of the past year, India's economy has continued on its trajectory of growth. Yet more than 600 million Indians remain outside of the economic mainstream, unable to take advantage of the opportunities presented by this high rate of growth. At the ICICI Group, we are seeking to address this by promoting inclusive growth of all sectors of the nation's economy. To give a focus to these efforts, the ICICI Group established the ICICI Foundation for Inclusive Growth (IFIG), which came into being in January 2008.

Through IFIG, we have deepened our investment in several critical areas required for inclusive growth in India and strengthened the ICICI Group's commitment to create conditions for the empowerment of the low-income segment of our people. By working to enhance basic health, elementary education, access to financial services, strong civil society and environmental sustainability, IFIG carries on a tradition at the ICICI Group that goes back over half a century. As one of India's largest partners in economic growth and development over the last five decades, the ICICI Group has played various roles in promoting inclusive growth — supportive partner, innovative leader and quiet facilitator. ICICI Bank's Social Initiatives Group (SIG) a non-profit group set up within ICICI Bank in 2000, built partnerships to strengthen the capacity of marginalised communities to participate in and influence the social, economic and political processes that determine their lives.

We believe that ultimately efficient markets are the key to achieving sustainable growth. We have worked in the mainstream markets to partner others in the creation of the National Stock Exchange (NSE), the promotion of the Credit Rating Services of India Limited (CRISIL) and National Commodity and Derivatives Exchange (NCDEX), and the development of other institutions that helped mainstream markets acquire more depth and reach out to a wider audience.

While IFIG represents a continuation of our commitment to promoting inclusive growth, it also represents a new path, based on learnings from past efforts and crystallization of our thinking. As we work through IFIG to find solutions to the complex challenges surrounding inclusive growth, we will continually strive to deploy our considerable experience and insight while constantly evolving to meet new challenges.



**Through IFIG, we have deepened our investment in several critical areas required for inclusive growth in India and strengthened the ICICI Group's commitment to create conditions for the empowerment of the low-income segment of our people.**

A handwritten signature in black ink, appearing to read 'K.V. Kamath'.

**K.V. Kamath**  
Chairman, Governing Council, ICICI Foundation for Inclusive Growth



# Message from the President



The period since the ICICI Foundation for Inclusive Growth was founded in January 2008 has been a remarkable time of learning. We have built the Foundation from the ground up – defining our vision and mission, and developing the operating style and strategic plan that will guide our work.

I want to share a few of our experiences in the last few months that have helped to shape our thinking on these issues, and about how we as a Foundation can best work towards our vision of “a world free of poverty in which every individual has the freedom and power to create and sustain a just society in which to live.”

- In the Koriya district of Chhattisgarh, we spoke to Kamala\*, a Community Health Worker known as a Mitavn (“friend” in Chhattisgarhi), who is part of a unique civil society-government health partnership. She spoke with enthusiasm about the ways in which she has been able to persuade her neighbours to initiate breastfeeding of babies within the very first hour of birth, noting with regret that she herself had not known to do so for her firstborn. She spoke with pride about the respect she now enjoys in her community, but she is anxious that her neighbours cannot follow her advice to feed their children roti (flatbread) with oil because they are too poor to buy the oil.
- In the Baran district of Rajasthan, we spoke to Shri Kailash Chand Nandoo, the headmaster and math teacher in the government primary school in Dhaturia, Shahabad block. The school has no roof except in one small building, but it has a beautifully constructed ramp for disabled children to enter on motorised wheelchairs. The ramp was of no use and is unlikely ever to be, said Shri Nandoo, since his school children were too poor to afford a motorised wheel chair. And while a roof for the school would be appreciated, Shri Nandoo told us that for the moment the children are able to manage under the nearby tree. His more pressing concern was that his students had no notebooks and no pens since the “government scheme” does not provide for them. He is happy to have been shown a way to teach concepts such as “lowest common multiple” and “highest common factor” to his fifth graders with the help of pebbles. He finally felt like he was getting somewhere with his students and was valued by the community.
- Jayakumar is a Wealth Manager (WM) at Pudhuvaru Khetriya Gramin Financial Services, one of the new generation rural financial services providers that have begun work in Thanjavur district of Tamil Nadu. His clients are both rich and poor households in Alakudi village in Thanjavur district, all of whom are financially very active and transact often. Tragically one of his female clients, Lakshmi, recently died in a car accident, leaving behind five dependents for whom she was the sole breadwinner. A daily wage earner, she had not taken personal accident insurance. When we spoke to a member of the Pudhuvaru team, we learnt that with the gold jewellery that Lakshmi had pledged for her loan with them, Pudhuvaru would be able to easily and completely recover its dues. However, since they felt that they had not done nearly enough to persuade Lakshmi to take the personal accident insurance being offered, they believed they had not discharged their responsibility as community wealth managers adequately. They saw no choice but to admit their responsibility, waive the loan and return the jewellery to the family.

\* Names have been changed to protect the privacy of the individuals referenced here.



We chose to collaborate with and foster the development of independent organisations with focused expertise in five areas: (i) primary health and (ii) elementary education, which would be financed and delivered to the poor by the government, (iii) financial inclusion through which the poor would be able to harness market forces, (iv) protection of the rights of the poor, driven by civil society at large, and (v) environmental responsibility.

Learning from these and other conversations, we realised that no single institution working alone can fully address the complexities of these situations. What does it mean to provide better health, without economic improvement? What does it mean to provide better education, without teaching materials? What does it mean to provide access to financial services, so that people can make good financial decisions? How does one prevent exploitation? How does environmental degradation affect everyday living standards?

We concluded that only by drawing on high levels of expertise in several different areas, and harnessing the power of three institutions, namely civil society,

government and markets, could we hope to see any answers to questions like these. Instead of trying to answer all the questions at once, we felt it would be best to address each issue individually and in-depth. There are no quick solutions.

Having taken this view, we chose to collaborate with and foster the development of independent organisations with focused expertise in five areas: (i) primary health and (ii) elementary education, which would be financed and delivered to the poor by the government, (iii) financial inclusion through which the poor would be able to harness market forces, (iv) protection of the rights of the poor, driven by civil society at large, and (v) environmental responsibility.

Our mission has become "to create and support strong independent organisations which work towards empowering the poor to participate in and benefit from the Indian growth process." Having established five independent organisations to work with, our goal over the next year is to find various ways to collaborate with them, to strengthen their ability to make a definitive impact in their respective focus areas and to work jointly towards achieving inclusive growth.

**Nachiket Mor**  
President, ICICI Foundation for Inclusive Growth

# Our Reach





## ICCHN

- Jharkhand
- Bihar
- Orissa
- Chhattisgarh
- Maharashtra
- Tamil Nadu
- Andhra Pradesh
- Mumbai



## ICEE

- Rajasthan
- Madhya Pradesh
- Maharashtra
- Chhattisgarh
- Gujarat
- Karnataka



## IFF

- Rajasthan
- Gujarat
- Uttarakhand
- Orissa
- Madhya Pradesh
- Uttar Pradesh
- Assam
- Bihar
- Andhra Pradesh
- Karnataka
- Tamil Nadu
- Delhi
- West Bengal



## ESF

- Tamil Nadu
- Kerala
- Karnataka
- Orissa
- Bihar
- Jharkhand
- Madhya Pradesh
- Andhra Pradesh
- Maharashtra
- Uttar Pradesh
- Uttarakhand

## CSO Partners

CSO Partners, a platform to connect civil society organisations (CSOs) with social contributors across India, has a pan-India reach.

# Introduction and Strategy

While India's recent economic performance makes it one of the world's fastest growing countries, many of its citizens continue to live in extreme poverty, with 42 percent living on less than \$1.25 per day (PPP in 2005 international prices)\*. To find ways to address the root causes of this poverty and empower the poor to participate in and benefit from the Indian growth process, the ICICI Foundation for Inclusive Growth (IFIG) was founded by the ICICI Group in early 2008. The foundations of ICICI Group's approach towards human and social development were established with the Social Initiatives Group (SIG), a non-profit resource group within ICICI Bank, in 2000.

\*Source: World Bank's World Development Indicators 2008





We believe our fundamental challenge is to create a “just” society – one where everyone has equal opportunity to develop and grow. Toward this end, IFG is committed to making India’s economic growth more inclusive, allowing every individual to participate in and benefit from the growth process.

Rather than build departments within a large, monolithic foundation, we have chosen to collaborate with and foster independent, responsive organisations, each with deep expertise in one of the five areas that we believe provide essential elements for inclusive growth: primary health, elementary education, comprehensive access to financial services, civil society and environmental sustainability.

Informed by lessons learned on the ground and ongoing research, IFG’s five strategic partners enhance knowledge, build networks and advocate for changes necessary to catalyse inclusive growth and create a just society.



We hold a set of core beliefs and values that defines our pathway towards inclusive growth and guides our five strategic partnerships:

**GOAL 1** Good health and basic education are fundamental prerequisites to achieving inclusive growth.

■ **Primary health**

**ICICI Centre for Child Health and Nutrition (ICCHN)**

[www.icchn.org.in](http://www.icchn.org.in)

Through ICCHN, we work to strengthen the ability of the government to deliver primary healthcare and nutrition to every child in the 0-3 year age group – a critical period for growth and development.

■ **Elementary education**

**ICICI Centre for Elementary Education (ICEE)**

[www.icee.org.in](http://www.icee.org.in)

Through ICEE, we work to strengthen the ability of the government to provide high quality education to every child from pre-school through elementary school.

**GOAL 2** While healthy and educated individuals have the capacity to transform their lives, their ability to do so depends on the quality of their access to transformative tools such as finance. Access to comprehensive financial services is therefore an essential part of the development process. Financial services enable individuals and enterprises to allocate their resources most productively by allowing them to better manage risk (e.g. buy insurance) and take advantage of future opportunities (e.g. saving today to build capital for tomorrow).

■ **Access to finance**

**IFMR Finance Foundation (IFF)**

[www.ifmrfoundation.org.in](http://www.ifmrfoundation.org.in)

Through IFF, we work to ensure that every individual and every enterprise in India has complete access to financial services.

**GOAL 3** For the Indian growth process to be truly inclusive, health, education and access to complete financial markets are necessary but not sufficient. Ensuring that every individual has the freedom and the power to create and sustain a just society and thereby benefit from the Indian growth process requires additional efforts on the part of civil society and policymakers. Grassroots organisations and regulatory infrastructure, for example, must be strengthened to ensure that the market does not exploit marginalised sectors of the population or the environment.

■ **Strong civil society**

**CSO Partners**

[www.csopartners.org.in](http://www.csopartners.org.in)

Through CSO Partners, we seek to support social change and build a defence against exploitation of all kinds by strengthening civil society organisations (CSOs).

■ **Environment**

**Environmentally Sustainable Finance (ESF)**

[www.ifmr.ac.in/cdf/esf.htm](http://www.ifmr.ac.in/cdf/esf.htm)

Through ESF, we support policy and regulations that ensure that growth and development processes proceed in an environmentally sustainable manner.

The Foundation provides active support and mentorship to each of these strategic partners – a strategy we believe will build knowledge and specialisation in each field and ensure long-term impact. But these organisations will not achieve maximum impact by working alone. As shown, these five strategic partners in turn work closely with other partners, building networks and deepening the effects of our programs.



- ICCHN - ICICI Centre for Child Health and Nutrition
- ICEE - ICICI Centre for Elementary Education
- IFF - IFMR Finance Foundation
- CSO Partners
- ESF - Environmentally Sustainable Finance

# ICICI Centre for Child Health and Nutrition (ICCHN)

[www.icchn.org.in](http://www.icchn.org.in)



# 1 About

Child survival and early child development are among the most significant and urgent challenges facing India today. High levels of preventable child deaths persist in many parts of the country. Chronic undernutrition – expressed in terms of indicators such as low birth weight and poor height at three years of age – is a crucial underlying variable in this context, with the potential to influence survival and susceptibility to illness as well as physical and cognitive development in childhood and later life. At an estimated 30 percent, India has one of the highest incidences of low birth weight in the world. Almost 50 percent of Indian children are undernourished by the age of three.

The ICICI Centre for Child Health and Nutrition (ICCHN) is an interdisciplinary grantmaking and research centre focused on the health and nutrition of vulnerable women, infants and young children across India. It works to ensure that infants in the poorest communities across India are born healthy and grow and develop to their full potential in the critical first three years of life.

The high levels of infant and child undernutrition in India are rooted in and mirror the poor health and nutritional status of Indian girls and women. In India, a significant number of girls and most poor women enter pregnancy nutritionally under-prepared. The adverse effects of inadequate nutrition, illness and inappropriate care often continue throughout the pregnancy period and combine to adversely affect women's health, foetal development, birth weight and birth outcomes.

Women's health experiences unfold within the context of household realities, including unequal access to nutrition and healthcare, lack of decision-making power and difficulties in negotiating the pressures of early marriage and pregnancy. Young girls and women are thus not able to protect their own health and ensure appropriate care for their children. Sub-optimal infant feeding practices – for example, lack of colostrum feeding – are largely determined by weak support structures and unfavourable household environments. These experiences often operate in cumulative and irreversible ways to perpetuate undernutrition and sub-optimal development across generations.



**Child mortality and malnutrition are among the most stark and significant dimensions of poverty in India. ICCHN believes that investing in early child health, nutrition and development is one of the most important and farsighted ways to build human capacity, especially the capacities of the poorest, to participate in larger social, economic and political processes.**

## 2 Strategy

Given the multidimensional nature of these problems, ICCHN believes that it is essential to ensure access to optimum nutrition, health services and caring practices for young children and women at critical stages in their lifecycles (infancy, childhood, adolescence, pregnancy and the reproductive years) in order to address the widespread and chronic undernutrition experienced by a majority of Indian children in the 0-3 year age group.

**Early childhood health is intertwined – biologically and socially – with the health, nutritional and social status of women across their lifecycles. To be effective, strategies focused on improving child health and nutrition in India must take a multidimensional approach to women's health, nutrition and socioeconomic status.**

Existing health and nutrition programmes in India suffer from gaps in quality and usually do not reach poor and high-risk populations. The public health system and the Integrated Child Development Services (ICDS) – collectively mandated to provide key promotive, preventive and primary care to poor communities – face multiple constraints in planning, finance,

human resource capacity and community participation.

In this context, ICCHN focuses on two fronts:

- Community-based strategies to improve household knowledge and practice on nutrition and health
- Strengthening primary health and nutrition systems to extend coverage and improve quality of essential services

Working in partnership with civil society groups, national and state governments, research institutions and policy networks, ICCHN supports field-based action research across India; develops a variety of knowledge, policy and capacity building initiatives to address key sectoral gaps; and facilitates state-civil society resource partnerships to strengthen public systems and programmes. Throughout, the focus is on generating and translating strategies with the greatest potential for securing large-scale and sustainable improvements in child survival and development in India.



## ACTION RESEARCH FOR NEWBORN HEALTH IN URBAN SLUMS

Slum populations in India rank among the poorest, most under-served and, consequently, most vulnerable groups in terms of health. In contrast to rural areas, the extremely poor health and nutrition outcomes in urban contexts such as Mumbai, India's most populous city, persist even with the existence of geographically accessible health infrastructure and services.

The City Initiative for Newborn Health (CINH) is an action-research study aimed at reducing maternal and newborn morbidity and neonatal mortality among slum communities in Mumbai. One of the project's foci is work with municipal health service providers to improve quality of maternal and neonatal services at maternity homes and hospitals, and along the referral chain.

Using the technique of Appreciative Inquiry for the formation of action groups of health care providers – doctors, administrators, nurses and para-medical staff – in a non-hierarchical setting, the project has conducted situational analyses, strategic planning, implementation and reviews in areas such as facilities upgradation, human resource development and training.

"The training they organised for us was very useful and very informative. It helped upgrade our knowledge and reduce our mistakes."



reported **NUCHI BHANDARE**, a nurse in Rawall Camp, MH who received training through the project. "Because of training, I have managed a patient in the absence of the doctor. Also, due to the participatory we get the history of the patient before delivery, and at the time of exchange of our duties we get the exact condition of the patient."

Established in 2004, the project is spread over 24 slum clusters across six wards of the city, with an active surveillance system covering a population of approximately 400,000. CINH is a collaboration between ICCHN, Society for Nutrition, Education and Health Action (SNEHA), the Municipal Corporation of Greater Mumbai and the University College London (UCL) Centre for International Health and Development.

In addition to working with municipal health service providers, the project seeks to mobilise the community to improve maternal and neonatal care practices and care seeking in urban slums, as well as to increase the availability and quality of decentralised antenatal, postnatal, and neonatal services at primary healthcare facilities.



### 3 Areas of Work

#### Supporting community-based research to advance sectoral knowledge

While there is an emerging consensus in the scientific community on the effectiveness of a set of interventions to reduce child mortality and promote child development in resource-poor contexts, not as much is known about the programmes, systems and institutions needed to deliver these interventions. To address this gap, ICCHN, with partners, has developed action-research field sites in different socioeconomic and geographic contexts to understand the design and implementation of community mobilisation and public health system strengthening strategies required to impact child health outcomes, including neonatal mortality, low birth weight, anaemia and child nutrition.

#### PUBLIC HEALTH CAPACITY BUILDING PUBLIC HEALTH RESOURCE SOCIETY (PHRS)

In 2008-2009, ICCHN supported the setting up of the Public Health Resource Society (PHRS) to address the critical and growing need to build capacity amongst public health practitioners across the state and civil society sectors. Through a range of training programmes and capacity building initiatives, the PHRS seeks to enhance and consolidate resource capacity in states with some of the poorest health indicators, and to facilitate state and civil society partnerships for health systems reform.

The PHRS works directly in the states of Chhattisgarh, Jharkhand, Bihar and Orissa and has been involved in capacity building programmes in the North Eastern states, Haryana and Rajasthan. Central to all PHRS initiatives is the desire to empower practitioners at the district and sub-district levels with the knowledge, skills and tools to systematically identify and understand local health needs, harness existing resources, and plan and implement health programmes that reach out to the poorest and most vulnerable groups for health change.

Specifically, the PHRS has initiated the following programmes:

- Distance learning on public health
- Focused training programmes on District Health Management in collaboration with the National Health Systems Resource Centre (NHSRC)
- A Fellowship Programme for Community Health (see case study on page 21 for more information)





### Building resource capacity

Reform and strengthening of public health and nutrition programmes and systems in India requires a continuous process of innovation, research, capacity building, partnerships and engagement between multiple actors and stakeholders. ICCHN supports innovative and pioneering civil society groups, individuals and institutions to consolidate their existing resources – including research, training modules and manuals, behaviour change communication material – and partner with state systems and other practitioners to mainstream these resources. It enables such groups to carefully document and study their field-based initiatives, highlighting the underlying perspectives and the processes and structures that played a crucial role in ensuring the effectiveness of strategies. Most importantly, ICCHN supports the





development and strengthening of institutional capacity to ensure that the process of innovation and mainstreaming persists and remains responsive to context.

### Facilitating state-civil society partnerships to strengthen public health capacity and reform practice

India's National Rural Health Mission (NRHM) (2005-2012), the government's flagship programme for improving rural health services, includes – along with increased financial allocations – provisions for building community participation in health programmes through Accredited Social Health Activists (ASHA) as well as for improving district health management, integration and decentralisation of all health programmes. NRHM presents an opportunity to strengthen the public health system and reduce infant and child mortality and undernutrition. However, the perspectives, capacities and resources required to translate the provisions of the NRHM into effective practice span the state and civil society sectors. As such, ICCHN facilitates creative partnerships between state and local governments and civil society groups to enable the development and implementation of responsive and effective programmes and institutions.

### DISTRICT HEALTH PLANNING IN BIHAR

The preparation of District Health Action Plans (DHAP) is a key strategy of the National Rural Health Mission to ensure decentralisation of health planning and implementation. The rationale for having district health plans comes from the concept of addressing health and nutrition needs at the local level.

In 2008-2009, ICCHN in collaboration with its partners facilitated the preparation of District Health Action Plans for 2009-2010 in ten districts of Bihar. This initiative marked the first time that block and district level functionaries of the public health system in Bihar actively participated in preparation of the annual plan.

### INSTITUTIONAL DEVELOPMENT FOR PUBLIC HEALTH REFORM JHARKHAND STATE VILLAGE HEALTH COMMITTEE AND SAHIYYA RESOURCE CENTRE (JSVSR)

Jharkhand has been one of the pioneering states in promoting community participation through programmes for state level community health workers (known as the Sahiyya) and village health committees (VHC).

In 2008-2009, ICCHN signed a Memorandum of Understanding (MoU) with the Government of Jharkhand, Child in Need Institute (CINI) - Jharkhand and National Health Systems Resource Centre (NHSRC) - New Delhi to set up a Jharkhand State Village Health Committee and Sahiyya Resource Centre (JSVSR).

The JSVSR will be the central nodal agency to facilitate the implementation of the Sahiyya and VHC programmes under the National Rural Health Mission (NRHM) by addressing issues related to the standardization of training and continuous supportive supervision of Sahiyyas and VHCs across the state, preparation of training modules, coordination, capacity building and supervision of implementing agencies in the state, and convergence between community agents and the health system. ICCHN is facilitating the setting up of JSVSR through financial and technical support.





## ONE COMMUNITY HEALTH FELLOW'S WORK: MOBILISING COMMUNITIES TO CONTROL KALA AZAR IN BIHAR

**SREKALI KUNTAL** is one of 25 Community Health Fellows working to strengthen the programmes of the National Rural Health Mission (NRHM) by improving community participation in public health services. Supported by ICCHN and its partners, Kuntal's work in the East Champaran district of Bihar involves an behavioural change communication (BCC) strategies to control kala azar (visceral leishmaniasis), a parasitic disease that damages the immune system, resulting in anaemia, wasting, and - without treatment - death.

The sand fly that transmits kala azar thrives in cow dung and crevices of mud- and dung-plastered houses. The disease therefore is more commonly found in poor and rural households who work with livestock, use dung for fuel and live in simple mud- and dung-plastered homes. Approximately 90

percent of Bihar's kala azar cases are in rural Bihar.

Community action is central to the control of kala azar. Kuntal reports that in general, villagers are not aware of the causes of kala azar or the methods of controlling it, such as closing cracks and crevices of their homes, proper insecticide spraying and keeping houses and animal shelters clean. To enable Kuntal and the other fellows to work towards change with communities, they have received training on public health perspectives and community mobilisation. Kuntal says that the training "gave me the three major objectives of this fellowship, that is, self-development, community development and network development. I came back with the fresh energy and inspirations to work for the community and with the community."

Kuntal now works with 20 villages in her district, holding community discussions, conducting sessions to map the spread of kala azar in villages, meeting with officials regarding action plans for insecticide spraying and helping to guide the spraying in communities.

### About the Community Health Fellowship Programme

Kuntal is part of the Community Health Fellowship Programme that is implemented by the Public Health Resource Society (PHRS) in partnership with ICCHN, the National Health Systems Resource Centre, and SEARCH, Gadohri. Under this initiative, a fellow trained in public health perspectives, knowledge and skills is placed in a district to improve the capacities of and coordination between District Health Societies and local NGOs for the implementation of government health programmes.



# ICICI Centre for Elementary Education (ICEE)

[www.icee.org.in](http://www.icee.org.in)

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# 1 About

ICCI Centre for Elementary Education (ICEE) is an interdisciplinary organisation that is focused on ensuring universal elementary education in India. ICEE believes that education up to the elementary level is a minimal and necessary condition for individuals to participate meaningfully in society and the economy. It is therefore an essential constituent of each individual's growth.

To this end, ICEE is dedicated to improving the provision of elementary education in government schools in India through research, debate and action. It collaborates with NGOs, state governments and academic institutions to deepen and broaden institutional reforms in India's state system of elementary education.

# 2 Strategy

ICEE's mandate covers children in the age group of 3-14 and includes a strategic focus on Early Childhood Education (ECE), a core prerequisite for elementary education and also for later life. Given that the state is the primary provider of elementary education in India and around the world — a role necessitated by considerations of systemic quality and equality — ICEE focuses on improving the provision of education in government schools.

In line with its vision of high quality education, ICEE works to improve teacher performance, advance curricular reform, build a discourse on education through research, and support the development of elementary education as an academic discipline in India. To advance these aims, ICEE supports innovations, builds resource organisations, and creates strategic partnerships to change mainstream practice in school education, all of which promote the ethos and momentum necessary for reform of the education system.

# 3 Areas of Work

## Supporting innovations

The foundations of systemic change in education can often be traced to efforts to reform practices that affect children's educational experiences, such as teaching-learning processes and classroom organisation.



## SUPPORTING INNOVATIONS IN EARLY CHILDHOOD CARE AND EDUCATION

### JANA SANSKRITI CENTRE FOR THEATRE OF THE OPPRESSED

In the Sundarbans area of West Bengal, Jana Sanskriti ([www.janasanskriti.org](http://www.janasanskriti.org)) runs 100 pre-primary centres across three blocks of the South 24 Parganas district. Through ICEE's support, Jana Sanskriti has developed an innovative curriculum for Early Childhood Care and Education (ECCE), which it implements through its Nibedita Shikshayatan programme.

By closely working with the community, Nibedita Shikshayatan has developed a contextual ECCE curriculum and training methodology to address the specific needs of children in the region, using materials and metaphors from the surrounding physical environment.

Jana Sanskriti has also built linkages with the Integrated Child Development Services (ICDS) in the district in order to reach out to a larger number of children and to mainstream the impact of its innovative approach to ECCE.

Documentation and research form an additional part of Jana Sanskriti's work. In 2007, a documentation and research study was initiated under the guidance of the Prachi Trust, to understand the impact and future potential of the ECCE programme. The study surveyed 15,724 households in 55 villages where Jana Sanskriti works. Data collection was completed in late 2008 and the report will be published in 2009.



Though several innovative efforts have taken root in India, it is vital to ensure that such reform efforts succeed in becoming a core, sustained part of change. ICEE partners with NGOs and academic institutions to research and implement innovations, and to analyse and document the role these innovations can play in reforming mainstream educational practice.

### Building resource centres

In order to broaden resources and capacity in elementary education, ICEE has built long-term partnerships with organisations – 'resource centres' – that develop teaching-learning material and training curricula, and work directly with schools and teachers – particularly those situated within the state system. These resource centres develop knowledge and ideas in education, undertake field research, and document effective practices in school education, many of which are disseminated in the form of publications. Through such efforts, resource centres aim to bridge the theory and practice gaps that exist in India's education system today. Their work with government education institutions such as District Institutes of Education and Training (DIETs) and State Councils for Educational Research and Training (SCERTs) – institutions that occupy pivotal positions and yet are often in acute need of capacity building – is notable in this regard.



## QUALITY EDUCATION PROGRAMME, BARAN RAJASTHAN

Quality Education Programme (QEP), Baran is jointly coordinated by ICEE, Digantar, VBERC and the Government of Rajasthan. It aims to build on existing government efforts to improve teaching and learning in the schools of Baran, one of the most backward districts in Rajasthan. The QEP focuses on capacity building in the Baran DIET, Block Resource Centres (BRCs), and Cluster Resource Centres (CRCs), which together are responsible for training teachers and providing academic mentorship. The programme also works with 78 government schools in four clusters in two blocks.

In 2006-2008, Digantar and VBERC helped steer the annual in-service teacher training organised by the Sarva Shiksha Abhiyaan (SSA). Working alongside the Baran DIET faculty, these organisations assisted in preparing the training module and undertook a workshop on action research with the DIET faculty. Teacher training activities included a ten-day master trainer's training at the Vidya Bhawan campus in Udaipur and two five-day training sessions in December 2008 and February 2009 for teachers who could not participate in the initial summer training.

In order to institutionalise some of the features of the initiative, negotiations are currently underway with the Rajasthan Council for Elementary Education to set up a Quality Improvement Unit (QIU) consisting of faculty from the DIET, BRCs and CRCs, as well as master trainers, who together would be responsible for future in-service training programs.

## RESOURCE CENTRES SUPPORTED BY ICEE IN 2008-2009

### ■ Centre for Learning Resources [www.clrindia.net](http://www.clrindia.net)

Centre for Learning Resources (CLR) focuses on improving the quality of Early Childhood Care and Education (ECCE) and elementary education for children across rural and urban regions of India. Based in Pune, CLR develops material and training approaches, conducts research, and provides technical services to implement capacity building programs.

### ■ Digantar [www.digantar.org](http://www.digantar.org)

Digantar Shiksha Evam Kheikud Samiti (Digantar) is based in Jaipur, Rajasthan. It has undertaken groundbreaking innovations in pedagogy, curriculum and material development, which have gone on to have sectoral impact. Some 655 children attend the four schools that Digantar's Alternative Elementary Education Programme (AEEP) runs in rural Jaipur.

### ■ Eklavya Foundation [www.eklavya.in](http://www.eklavya.in)

With a legacy of working with thousands of children and teachers in Madhya Pradesh over more than three decades, Eklavya's work includes curriculum and textbook development, teacher training, development of teaching-learning material, and research and documentation.

### ■ Vidya Bhawan Education Resource Centre [www.vidyabhavansociety-semisar.org](http://www.vidyabhavansociety-semisar.org)

Vidya Bhawan Education Resource Centre (VBERC) is part of the larger Vidya Bhawan Society in Udaipur, Rajasthan. It works in the areas of curriculum and material development (specialising in science, maths and language teaching), teacher training, and research and documentation activities.



## EARLY CHILDHOOD CARE AND EDUCATION: AN ANGANWADI WORKER'S PERSPECTIVE

*For the last two years, ICCE's partner, Centre for Learning Resources (CLR), has been working closely with select anganwadis (early childhood care and education centres) in Mulshi block in Pune. Resource persons from CLR meet regularly with the anganwadi workers to discuss issues in Early Childhood Care and Education (ECCE) and anganwadi workers' role in ECCE, and to demonstrate good ECCE practices.*

**ANITA KALEKAR**, an anganwadi worker reflects on her experiences after working with CLR:

"I have made several changes in my work. I have started planning my day, and it has helped me to manage my children and anganwadi in a better way. In my class there are two children called Manju and

Vijay. Earlier, they did not come regularly to the anganwadi, and were very quiet in the classroom. But now they are coming to the anganwadi regularly and they also talk a lot. How did this happen? I will share some anecdotes.

One day I asked the children to sort the pictures of fruits and vegetables. During this exercise, children started asking me several questions. One boy asked, "If mangoes grow here, why not apples?" Another said, "I like potatoes a lot." Then I realised that I should give children opportunities to express their opinions.

One day I took some cards with animal pictures, and asked children to separate water animals from land animals. Then children asked me many questions. "How do fish sleep in the water? What do they eat? Do they have a house in the water? Why do crabs have so many legs? Why do they have such tough bodies?" From these questions, I have realised that children think about a lot of things. Children are also very eager to share their thoughts.

In my anganwadi, children now have free play sessions. I give them creative activities like drawing, playing with mud and also early learning materials given by Centre for Learning Resources (CLR). Friends, I think I have lost a lot of my time and children's time earlier. Now I plan my day and give a lot of opportunity to children to speak and share their thoughts. Now I find teaching in my anganwadi a truly joyful activity."





### Systemic reform through partnerships with the government

Owing to the substantial efforts made by the Indian government to improve schooling infrastructure and reach, the Indian education system currently provides opportunities for elementary education to nearly 200 million children. However, only with equivalent attention to quality in the areas of teacher professionalism, teaching-learning materials, infrastructure and school management can every child in the country access an enriching educational experience. Improved teaching, learning and assessment standards need to take account of the degree to which the educational experience is shaped by the relative quality of these areas.

Given this challenge of systemic reform, ICEE facilitates and supports collaborations between government educational institutions (such as SCERTs or DETs) and resource centres. The aim of such partnerships is to build sector-specific knowledge and change education processes, such as the ways that children are taught and assessed, curricula designed, textbooks written and teachers trained and academically supported.

### Developing the discipline of elementary education

Elementary education historically has not been recognised as a professional field in India. Partly due to the interdisciplinary character of

### COLLABORATIVE POST GRADUATE PROGRAMME IN ELEMENTARY EDUCATION

TATA INSTITUTE OF SOCIAL SCIENCES, MUMBAI  
[www.tiss.edu/trate.htm](http://www.tiss.edu/trate.htm)

ICEE, together with the Sir Ratan Tata Trust (SRTT), has supported a flagship programme aimed at developing elementary education as an academic discipline in India. The Collaborative Post Graduate Programme in Elementary Education, or CPG-Edu (Elementary), is a Master's degree provided by the Tata Institute of Social Sciences (TISS). It is the result of collaboration between six institutions: TISS, the Homi Bhabha Centre for Science Education (Mumbai), Ekavya Foundation (Bhopal), National Institute of Advanced Studies (Bangalore), Digantar Shiksha Evam Khelkud Samiti (Jaipur), and Vidya Bhawan Society (Udaipur).

To facilitate and encourage the participation of working professionals (including government functionaries in education), the programme is structured as a distance course facilitated by a web-based module system, with periods of contact each semester.

Ekavya, VBRC and Digantar are currently developing the course content for an equivalent M.A. Elementary Education Programme in Hindi.



## IMPROVING EDUCATION IN CHHATTISGARH

"Among the many challenges that a newly formed state faces, an important one was to provide quality education to all its children," says Anupama Nalgandwar, a lecturer at the State Council of Educational Research and Training (SCERT), Chhattisgarh.

Since 2003, ICCE and its partner organisations Vidya Shiksha Education Resource Centre (VBERC), Ekanya Foundation and Diganta Shiksha Evam Kshikud Samiti have been collaborating with SCERT, Chhattisgarh, in its initiative to strengthen the academic structure and processes for elementary education in the newly formed state.

In order to provide quality education, continues Nalgandwar, "SCERT took initiatives on many fronts, an ambitious one being the writing of new textbooks. To write textbooks comprehensible to children was a very difficult task given that writing of textbooks entails detailed understanding of issues such as how do children learn, what is child psychology, what can be the best way to learn, how can a facilitative environment be created for learning, how concept mapping could be used in learning so that children learn to see concepts in their day to day lives."

Arshana Verudkar, also a lecturer at SCERT, says that "The exercise of writing textbooks for classes 1 to 8 began with brainstorming on some questions and issues like how do children learn, is a child an empty pot, what do children already know when they enter to school. Resource people from these organisations (Ekanya, Vidya Shiksha, Diganta) played an important role in helping us understand these questions, undertake the process of developing a curricular framework, write textbooks and undertake the training for the same."

Answers to the questions, Nalgandwar says, were explained by these resource people "in



such an easy manner that one felt it as an eye opening experience. I will not hesitate in accepting that I had never been able to learn as much as I learnt from these resource persons. I have learnt a lot from them and I would like to realise the learnings for the benefit of the children of Chhattisgarh."

In addition to the textbook development process, which was completed this year, the collaboration extended to areas like curriculum, review and improvement of Diploma in Education (D.Ed) curriculum and administration in SCERT.

The Chhattisgarh Education Resource Centre (CERC) was set up in June 2007 to anchor and take forward the work that has taken place since 2003. Over the past year, CERC has worked with the District Institute of Education and Training (DIET) and SCERT faculty to develop a reformed curriculum for the two-year D.Ed programme. This process, which is expected to be complete in June 2008, is an important step towards redefining the teacher as a professional and improving the quality of teaching in schools. CERC is also partnering with DIET, Pendra, to develop a resource centre at the DIET.

education at the school level, it is often assumed that planners and implementers of educational programmes do not require specialised training in education. However, given international experience and academic research efforts, theory and a specialised body of practice-knowledge on education does exist. At both the policy and practice level in India, there is a growing need for professionals to design and implement educational programmes. ICEE supports efforts to develop high quality academic programmes to prepare these professionals.

### Supporting research

ICEE is working to establish links between resource organisations and universities, both in India and internationally, to build research expertise in the education sector. ICEE supports research on the processes of institutional reform, effective evaluation and assessment practices at the elementary level, teaching and learning in the classroom, children's home context and its influence on the classroom, and comparative studies of education as well as educational policies and provision across countries.

### Publications

The dissemination of research, practice and theory is a necessary prerequisite for catalysing reform and innovation, as well as strengthening

## RESEARCH ON EFFECTIVE TEACHING AND LEARNING PRACTICES

An essential aim of elementary education is language learning, in particular the critical abilities to read and write to express oneself. ICEE has supported qualitative research in this direction, undertaken by Digantar and a researcher at the University of Leeds (UK), Dr. Caroline Dyer. The research analyses the determinants of children's reading and writing in their early years, and how this is affected by teachers' own conceptions about children who are from socio-economically disadvantaged backgrounds.

As part of this research, a baseline study was undertaken in 2008 which studied the reading and comprehension abilities of 995 children in classes I, II and V in Jaipur, Rajasthan. This provided background information on the relationship between reading ability on the one hand, and gender, community, caste, and school on the other. The researchers are now undertaking a deeper analysis based on this information.



## A BEGINNING READER'S SERIES IN NINE INDIAN LANGUAGES

With ICEE's support, Tulika Publishers ([www.tulikabooks.com](http://www.tulikabooks.com)) is developing ten titles in the "Thumb Thumb Series," a beginning reader's series for children in grades I to IV. These titles will be published in nine Indian languages (English, Hindi, Tamil, Telugu, Kannada, Malayalam, Marathi, Gujarati and Bangla) to maximise their accessibility and outreach. The books are designed for schools, NGOs and government programmes trying to improve children's early reading and writing habits and abilities.

sectoral knowledge. While ICEE's partners also engage in publication and dissemination efforts independently, ICEE encourages such efforts directly by supporting the publication of books and journals.

In the past, ICEE has supported the background research and subsequent publication of the book, "Improving Government Schools: What has been tried and what works." Subsequently, ICEE has supported a biannual education journal, *Contemporary Education Dialogue*, and is currently supporting Tulika Publications, a publisher of children's literature, to develop an early reader's series.

# IFMR Finance Foundation (IFF)

[www.ifmrfoundation.org.in](http://www.ifmrfoundation.org.in)



# 1 About

Access to financial services enables individuals and enterprises to smooth consumption and allocate resources most productively, for example, by allowing them to better manage risk (e.g. insurance) and take advantage of opportunities at different points in time (e.g. saving today to build capital for tomorrow, or taking a loan for an opportunity today). A well-functioning financial system and access to financial services can also enable households to engage with the larger economy by providing payment and settlement systems (e.g. electronic payment systems) and by transmitting price information through the economy. Access to comprehensive financial services is therefore an essential part of the development process and of inclusive growth.

Building on this understanding of the importance of access to finance, IFMR Finance Foundation's (IFF) mission is to ensure that every individual and every enterprise in India has complete access to financial services.

IFF's vision of an inclusive financial system entails community financial institutions providing continuous, reliable, flexible and convenient delivery of financial services, together with wealth management at the 'front-end,' and the aggregation of risk by a range of diversified, well-managed and well-capitalised institutions at the 'back-end.' Such a financial system would require appropriate transfer of risk between the front-end and the back-end, as well as sufficient financial markets infrastructure, such as a credit bureau and payment systems.

# 2 Strategy

Since its creation in 2008, the IFF team has applied its focus and resources to initiate action research projects, provide support to new institutions, establish partnerships, and document and disseminate knowledge. Its central intent has been to become a creative and strategic group that can deploy its ideas, energies and funding to create leveraged impact on the state of access and use of high quality financial services for the financially excluded in India.

Advocacy forms the core strategy of IFF. To bring about changes in policy and practice






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 उपलब्धता  
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that lead to complete financial inclusion, its advocacy efforts are supported by systematic research and on-the-ground demonstration of models of financial service delivery that work. IFF works with its partners to develop and demonstrate models that are consistent with its conceptual design in order to enable replication by others, inform policymaking, and expand general knowledge of the potential of such models. To do so, it draws on past experience, research insights into the financial lives of low-income communities, and a deep understanding of finance and markets.

system requires mechanisms for orderly risk transmission from local originators to well-capitalised and diversified aggregators in a better position to manage risk.

- **Managed aggregation of risk** – This refers to the capacity to manage risk through a range of institutions (e.g. commercial banks, insurance companies, mutual funds) with the appetite and ability to hold and manage it.

All of IFF's work is directed to making this model of financial system work in India.

### 3 Areas of Work

From the institutional perspective, IFF envisages three well-functioning key pillars of the financial system:

- **Adequate and high quality origination** – Origination refers to creation of assets, like loans or insurance policies; continuity, flexibility, reliability and convenience are central to the notion of quality in this context, as is the use of a wealth management approach, wherein the institution can advise the client based on a deep understanding of the client's needs and risks.
- **Orderly transmission of risk** – Risk refers to the possibility that a given investment or loan will fail to bring a return and result in a loss of the original investment or loan. The financial



## Developing, testing and disseminating models of high quality origination

IFF believes that the approach to origination should be guided by an intention to use finance and financial services to steadily increase the wealth of clients over a period of time. In IFF's view, this can best be done by localised entities, embedded in the community and well-positioned to understand clients' needs and risks.

## DEVELOPING A NEW MODEL OF FINANCIAL SERVICES

### KSHETRIYA GRAMIN FINANCIAL SERVICES

[www.fmrtrust.co.in/ventures/fmrholdings](http://www.fmrtrust.co.in/ventures/fmrholdings)

Consistent with its strategy of using demonstration as a tool for advocacy, IFF has partnered with IFMR Holdings to learn from its work piloting and demonstrating high quality origination for remote rural India through its Kshetriya Gramin Financial Services (KGFS) companies.

The KGFS companies promoted by IFMR Holdings seek to improve the financial well-being of their clients by providing a complete range of financial services, along with advice by trained wealth managers, working out of village-based branches. The innovations being implemented through the KGFS model are not limited to the design of the delivery channel, but also focus on product design. For instance, in order to provide a micro investments-type product to clients, the KGFS companies make available a money market mutual fund instrument that offers safety, ease of operation and the opportunity to earn a reasonable rate of return. (For more details on this product, please see the case study on page 34 of this report.)

The first KGFS started in Thanjavur, Tamil Nadu, in June 2008. The next KGFSs have been launched in Ganjam district of Orissa and the Hilly districts of Uttarakhand.

## BUILDING A NEW MODEL FOR AN UNDERSERVED POPULATION

IFF is working with Aajeevika Bureau ([www.aajeevika.org](http://www.aajeevika.org)), an NGO focused on rural migrants in Rajasthan, to develop origination models for rural migrants, a group largely left underserved by the mainstream financial system. Aajeevika Bureau has initiated Rajasthan Shram Sarathi Association (RSSA), an institution focused on developing and delivering financial solutions for rural migrants. Based on insights from this work, IFMR Holdings may, in the future, develop products that cater to the needs of rural migrants.

### MANJULAL GARETI

a tribal man from Chorabawan village in Udaipur district, was an unskilled labourer who migrated to urban areas to work in the construction sector. In 2006, Aajeevika Bureau trained him to work as a plumber. Following his two-month training, the Bureau successfully facilitated Garet's placement with a contractor, working for Rs. 60 a day.

In 2007, Aajeevika Bureau linked him to their subsidiary company, Rajasthan Shram Sarathi Association (RSSA), for financial services. Garet took a loan of Rs. 2500 to buy small tools, which allowed him to become self-employed. After repaying his loan on time, Garet took another loan in June 2008 for Rs. 2000, enabling him to purchase more tools and employ other labourers. Now a plumbing contractor who employs 10-15 labourers to work at multiple sites - including his own village - Garet is a training resource and inspiration for others at Aajeevika Bureau.



## PROMOTING RURAL SAVINGS

[www.ifmrtrust.co.in/fieldreports/mmmf](http://www.ifmrtrust.co.in/fieldreports/mmmf)

**MEGALA R.**, a homemaker in Karambeyam village, Thanjavur district (Tamil Nadu), was in a paradoxical position. She wanted to put aside small sums regularly in a safe place but the nearest commercial bank branch was in Pattukattel, some 18 km away.

Megala was a ready customer, without a satisfactory product or provider.

This situation is repeated in millions of cases across rural India – where 80 percent of the rural population remains ‘unbanked’ – and it has serious implications for the ability of people in rural areas to save, accumulate capital and invest in income-enhancing opportunities.

Anil S. G., Senior Vice President, IFMR Trust, explains: “Lacking savings instruments, rural households invest in informal savings vehicles such as gold, even if the returns on these assets can be negative in the short run. Often, households borrow to save – they ‘save down’ rather than ‘save up.’” Household savings therefore constitutes only a risk-coping mechanism, he adds, they do not enable people to take advantage of existing and emerging formal opportunities.

To meet the needs of customers like Megala for a safe fixed-income investment option with low entry barriers, Kabeerika Gramin Financial Services (KGFS) companies, promoted by IFMR Holdings, have developed and launched a Money Market Mutual Fund (MMMF) product that offers safety, ease of operation, and the opportunity to earn reasonable returns. Since December 2008, Padhusaru KGFS in Thanjavur has offered its customers the product, called ICICI Prudential Liquid Plan.

Anyone with a Permanent Account Number (PAN) card can invest in an MMMF with as little as Rs. 100; no introduction is called for.



(Padhusaru KGFS assists its rural customers to apply for the cards.) Unlike many other mutual fund products, MMMFs usually do not carry an entry or exit load. That is, the customer bears no charge on investments or redemptions.

Investments in MMMFs are a good way to build capital for customers like Megala, who invests Rs. 100-200 periodically in MMMFs, applying for redemptions only when required. Other customers like Rajkumar, who has a small cycle-repair shop next to the Padhusaru KGFS branch in Karambeyam, use MMMFs more like a short-term smoothing facility by investing and redeeming frequently.

Within three months of introducing the product, Padhusaru KGFS had over 80 MMMF customers who had invested a total of around Rs. 75,000 just in its Karambeyam branch – it is in the process of rolling out this product to all its branches and those of its affiliates.

IFF is now working to make the product more widely known amongst others interested in offering safe and liquid investment options to low-income households in India.

To develop, test and disseminate models of high quality origination, IFF has partnered with companies, research centres and NGOs to build and evaluate new models of financial services delivery.

IFF works with research and resource centres focused on developing new insights into design of financial products and channels for delivery of financial services. These centres include:

- Centre for Micro Finance (CMF) at IFMR ([www.ifmr.ac.in/cmfi](http://www.ifmr.ac.in/cmfi))
- Centre for Insurance and Risk Management (CIRM) at IFMR ([www.ifmr.ac.in/cirm](http://www.ifmr.ac.in/cirm))
- Centre for Innovative Financial Design (CIFI) at IFMR ([www.ifmr.ac.in/cifi](http://www.ifmr.ac.in/cifi))

## TESTING MODELS OF ORIGINATION: SAVINGS VS. LOANS

IFMR Holdings and Centre for Micro Finance (CMF) are partnering in a randomised study of KGFS's repayment schedules and Money Market Mutual Fund (MMMMF) product. Half of KGFS's branches will offer the product, and the other half—the control group—will delay introducing it for one year. Client repayment schedules will also vary.

The project aims to:

- Determine the extent to which a savings-type product attracts clients who would not otherwise have taken loans
- Examine whether savings provide a substitute for loans, by allowing customers to amass capital
- Determine whether moving from a weekly to a monthly repayment schedule affects loan repayment
- Observe whether there are differences (in income level, repayment rates, etc.) between people who switch from loans to savings and those who remain with loans

## ENABLING OTHERS TO LEARN FROM PAST CHALLENGES

As part of IFF's efforts to ensure appropriate development and growth of originators in rural finance, IFF provided capacity-building support to 19 micro finance institutions (MFIs) through partnerships with BASIS and Access Development Services. The aim was to understand and document the capacity-building needs of new MFIs, the challenges they face and what can be done to address those challenges.

A potential obstacle for those keen to enter the space of financial services for the poor is lack of easily accessible information on the subject. IFF will use the insights from this initiative to bring out a handbook that provides information for anyone looking to establish a new rural finance institution.

These specialised centres undertake high quality research on issues relevant to financial services access and influence policymakers and practitioners through dissemination and advocacy efforts.

While IFF's current definition of high quality origination is reflected in the design of KGFS companies, it recognises that there may be other models of origination that have the potential to evolve and fulfil the key origination functions in the long run. IFF will continue to study the strengths and weaknesses of models of financial service delivery – such as cooperative banks and micro finance institutions – and to advocate for appropriate changes to shape these models ever closer to the ideal model of origination.





### CENTRE FOR INNOVATIVE FINANCIAL DESIGN

[www.ifmr.ac.in/cifd](http://www.ifmr.ac.in/cifd)

To support research on the financial needs and behaviours of low-income consumers, financial design for emerging markets and the development of usable conceptual advances, IFF is providing incubation finance to Centre for Innovative Financial Design (CIFD) at the Institute for Financial Management and Research (IFMR), Chennai. Established in partnership with ideas42 at Harvard University, CIFD will create usable conceptual advances in financial design for emerging markets like India, develop scalable financial products, and actively disseminate them to financial designers and policy makers. CIFD's work is expected to directly inform the KGFS product development.

### Understanding the financial needs and behaviours of individuals and households

Certain characteristics of emerging market finance defy the assumptions underlying many standard financial models. To inform design and delivery of financial services in these markets, IFF has partnered with diverse research institutions to better understand the nuances of financial needs and behavioural characteristics of low-income and rural clients.

### Understanding the impact of financial access on clients and economies

IFF believes that access to finance is a fundamental need for households and enterprises, and works continually to expand the understanding of how and why access to financial services has impact. IFF supports and

### RESEARCH ON FINANCIAL NEEDS AND BEHAVIOURS OF SPECIFIC MARGINALISED SECTIONS OF INDIAN SOCIETY

#### ■ Innerworlds

[www.innerworldsindia.com](http://www.innerworldsindia.com)

IFF's project with Innerworlds seeks to understand rural households' economic lives from their own perspectives, beyond assets and externally visible parameters.

#### ■ Institute for Human Development (IHD)

IFF's research-cum-advocacy effort with IHD New Delhi focuses on micro credit initiatives and entrepreneurship among Scheduled Castes or Dalits.

#### ■ Aajeevika Bureau

[www.aajeevika.org](http://www.aajeevika.org)

IFF's project on financial services for migrants with Aajeevika Bureau provides insights into the financial needs and behaviours of rural migrants.

■ Queen Elizabeth House, University of Oxford. This new partnership, currently being shaped, aims to better understand the links between financial inclusion and caste/community dynamics.





### UNDERSTANDING THE IMPACT OF SPANDANA'S MICRO FINANCE PROGRAMME IN HYDERABAD

Through Centre for Micro Finance (CMF) at IFMR, a research centre with extensive expertise in the area of impact evaluation, a project was launched to evaluate the impact that participation in Spandana's micro finance programme in Hyderabad had on household consumption, business income, health expenditure and empowerment.

The results of the study – the first randomised evaluation of its kind – indicate that the availability of credit results in a significant increase in new business creation. Household spending patterns shifted towards more durable goods purchases, with reduced expenditure on alcohol, cigarettes and festivals.



## ENSURING THAT THE PREREQUISITES FOR ORDERLY RISK TRANSMISSION ARE IN PLACE

### Understanding markets

■ In March 2009, IFF along with IFMR Capital ([www.ifmrtrust.co.in/ventures/ifmrcapital](http://www.ifmrtrust.co.in/ventures/ifmrcapital)) and Dun & Bradstreet, organised an event on "The Originate to Distribute Model of Credit Provision and Future of Financial Systems Design." The objective of the conference was to bring together academicians, market participants and regulators to debate ways to strengthen the originate-to-distribute (OTD) model, particularly for rural finance.

■ The IFF team published an article in the newspaper the Mint, titled "Don't Reject Structured Finance," which discussed the merits and possible misuses of the OTD model in the wake of the sub-prime crisis, and stressed the importance and the virtual inevitability of the model in some areas, particularly in rural finance.

### Institutional structures and innovations for risk transfer

■ IFF has partnered with IFMR Capital, which is working to develop models for linking asset classes relevant to low-income households with mainstream capital markets. IFMR Capital recently completed the first rated securitisation of micro loans, opening a host of new avenues for raising resources for micro credit. It is also working to develop innovative models of financing for small and medium enterprises (SMEs), commodities and urban local bodies.

■ IFF initiated a partnership with Centre for Advanced Financial Studies (CAFS) at IFMR ([www.ifmr.ac.in/cafs](http://www.ifmr.ac.in/cafs)) to develop risk management tools to help local/community banks to access different risk management mechanisms, which is crucial when diversification is not possible within the institution.

### Supporting market infrastructure

■ IFF has partnered with CRISIL, the Indian subsidiary of S&P credit ratings agency. The main purpose of this partnership is to develop products for rating micro finance institutions, urban local bodies, and vocational training institutes, enabling better analysis and a deeper understanding of these entities. CRISIL will also publish and disseminate rating criteria for such entities.

"The future of the [originate-to-distribute] model appears uncertain, as some say its overuse was a key cause for the global financial crisis. Yet, the model itself is sound, and can play a key role in scaling up financial services delivery in India....The case for the OTD model is most compelling in rural finance."

*IFF's Sona Varma and Soyesh Rai, published in the Mint, "Don't reject structured finance," April 3, 2009*

works with Centre for Micro Finance (CMF), which has built extensive expertise in the area of impact evaluation, among other areas. Centre for Innovative Financial Design (CIFD) and Centre for Insurance and Risk Management (CIRM) are developing similar evaluation expertise.

### Supporting orderly transmission of risk

Given their small size and local orientation, local originators are not in a good position to hold certain kinds of risks. Insurance requires wide diversification, and so do savings facilities. A natural disaster in a local institution's work area could make it difficult for it to stay afloat. To ensure that originators are sustainable, the financial system must provide mechanisms for orderly transmission of systemic risk from local originators to well-capitalised and diversified aggregators with sound financial management.

### Understanding how best to manage aggregation of risk

A well-functioning financial system should have a range of well-capitalised, prudentially regulated institutions (e.g. commercial banks, insurance companies, mutual funds) with sophisticated financial management expertise and the appetite and ability to hold and manage the risks. This complements the success of local community-based originators whose footprint is narrow

and local. In insurance, for example, it is critical that the risk pool is large enough to prevent any single systemic shock from wiping out the entire insurance corpus in a community; herein lies the need for better risk pooling across a variety of local originators. The important questions here are around appropriate regulation of aggregators.

IFF is working with the Center for Global Development (CGD), a Washington DC-based think tank, on a research project that lays out for regulators a series of financial system design principles and a case for why financial inclusion and the stability of financial systems are complementary goals. Researchers affiliated with IFF authored a paper "Financial Services for the Poor - Is There a Trade-off between Access and Stability?" that argues this dynamic.

In addition to its own work, IFF will actively continue to learn from other research and policy initiatives in this area.



# CSO Partners

[www.csopartners.org.in](http://www.csopartners.org.in)



# 1 About

CSO Partners believes that the path to inclusive growth in India is defined by the active participation of a wide variety of players, with special emphasis on civil society organisations (CSOs). CSOs' status as grassroots bodies positions them to reflect community-level needs and aspirations and enables them to influence community views on key issues.

There are more than 1.2 million NGOs, foundations and associations, and 300,000 Gram Panchayats (local self-government bodies) – all types of CSOs – working throughout India. However, many of these organisations face challenges such as a shortage of adequate financial and human resources.

CSO Partners is supported in this effort by its partners – specialist organisations with expertise in various levels with diverse groups. CSO Partners seeks primarily to enhance the effectiveness of CSOs. CSO Partners works towards inclusive growth by strengthening CSOs and forging key partnerships for them from its expanding network of support partners and contributors, including corporate groups, governments, and individuals.

# 2 Strategy

Given the critical role of civil society in advancing development across India, CSO Partners aims to serve as a single window for engaging with the social sector and meeting the support requirements of CSOs.

CSO Partners aims through its network of partners and innovative initiatives to mobilise human and financial contributions and organise appropriate support services for CSOs, as their clients.

CSO Partners' partners in this effort include specialist organisations with expertise in various areas ranging from donor service, human resources, social investment services, financial management, governance, documentation, advocacy and communications.

With the support of these partners, CSO Partners develops appropriate programme opportunities for government, corporate, and individual contributors to engage with CSOs in a process of social change that benefits all stakeholders.



CSO Partners works towards inclusive growth by strengthening CSOs and forging key partnerships for them from its expanding network of support partners and contributors, including corporate groups, governments, and individuals.

## 3 Areas of Work

CSO Partners mobilises and channels resources to CSOs, and facilitates support services that enable them to achieve high standards of quality and efficiency. Its belief is that providing these critical services to CSOs frees them to deploy their core strengths on the ground in their chosen fields, broadly strengthening the effectiveness of the social sector.

In addition, CSO Partners invests significant effort in research and brand building – areas that cut across all facets of its work.

### Mobilising and channelling resources

To mobilise resources and channel them appropriately, CSO Partners has developed a range of innovative initiatives, including:

**CSO Partners website** - CSO Partners' website aims to be a one-stop solution for services related to the social sector. Through the website, contributors and CSOs can be matched to partners by keying in information about areas in which they seek involvement or require support. Contributors, for example, might indicate that they want to get involved in corporate social responsibility (CSR) or responsible sourcing in their business supply chain. CSOs might indicate that they need to mobilise resources or build capacity in a certain area. CSO Partners' website will allow them to connect with an appropriate partner organisation to support their requests.



### MOBILISING RESOURCES CORPORATE DISASTER RESOURCE NETWORK (CDRN) [www.cdm.org.in](http://www.cdm.org.in)

The 2004 Indian Ocean Tsunami and the 2008 floods in Bihar exposed gaps in India's disaster response network and highlighted the need for an organised information system for disaster response at district, state and national levels.

To meet this need, CSO Partners has collaborated with National Disaster Management Authority (NDMA), Response Net Development Services and AidMatrix to develop the Corporate Disaster Resource Network (CDRN). CDRN is a web-based supply chain management system that enables relief agencies, first responders and local governments to highlight their immediate resource needs and access response offers from potential product suppliers, donors and volunteers in real-time. CDRN will also provide a directory of manufacturers, distributors and suppliers of essential humanitarian relief supplies. This will enable needed resources to reach disaster-affected areas more quickly and efficiently.

The website will also provide a range of interactive features such as a blog, an expert chat, opinion polls, relevant sectoral news and regular updates from partners and NGOs. In addition, CSO Partners will administer an online library that provides direct access to research papers, studies and articles of relevance to the social sector.

### Designing standardised contribution packages

CSO Partners offers many pre-packaged services for facilitating contributors' engagement with the social sector. For instance, through iVolunteer (an initiative of one of the specialist partners, MITRA, which focuses on addressing the challenge of human resources for CSOs), corporate contributors will be able to set up a programme



to assist their employees in volunteering for CSOs, whether during work hours or in their own time. This can be combined with a payroll giving effort at the company through GiveIndia, another partner of CSO Partners that focuses on mobilising financial resources for CSOs serving low-income communities. CSO Partners is in the process of developing standardised contribution packages for Private Banking Divisions of banks, small and medium enterprises (SMEs) and large companies.

**NGO Marketplace - CSO Partners** is developing NGO Marketplace, an online portal to provide national networking opportunities for the social sector in India. NGOs will be able to engage directly with contributors and service providers. The intent is to facilitate collaborative work and networking with other CSOs as well as with donors, social contributors, researchers, policymakers and other stakeholders.

### Facilitating support services

In today's rapidly changing times, many CSOs require improved and in some cases new or different sets of capabilities and resources in order to provide an effective platform for just citizen participation. Without these, CSOs may be prevented from reaching their full potential and be unable to most effectively represent people's needs and aspirations. CSO Partners is thus focused on facilitating support services to enhance CSOs' capabilities and resources and thereby strengthen their impact on the ground.

CSO Partners currently has established partnerships with eleven credible social sector affiliates with varying expertise in donor services, social investment services, financial management, governance, documentation, advocacy and communications.

Together with these partners, CSO Partners has developed several initiatives to facilitate support services and improve the capabilities of CSOs, including:

**Annual report awards** - Accountability and transparency in the social sector often adds to the ability of an organisation to build confidence among contributors and other stakeholders. To promote transparency and accountability, better standards in financial reporting and improved

## NGO MARKETPLACE

**For NGOs, NGO Marketplace can be used as a(n):**

- free web presence (of particular use for small organisations)
- platform to promote and showcase their work, planned events, products, etc.
- means to source human resources (volunteers and staff)
- way to access and share best practices and news
- appeal and resource-raising platform
- blog to voice opinions and views

**For corporate bodies and research agencies, NGO Marketplace can be used as a:**

- sourcing and marketing platform (especially for service providers)
- platform to promote their corporate social responsibility (CSR) activities
- way to network with NGOs
- means to share feedback on their interactions with NGOs

presentation of annual reports in the non-profit sector, CSO Partners presented the First Annual "Outstanding Annual Report Awards" for the voluntary sector on March 27, 2008. The award was created together with Financial Management Service Foundation (FMSF), Murray Culshaw Consultancy (MCC) and Credibility Alliance (CA). It will be given on an annual basis. In 2008, 207 NGOs participated.

**NGO workshop series** - To facilitate access to expert organisations for CSOs across India and to effectively respond to today's changing context, CSO Partners has initiated a workshop series titled "Opportunities in Challenging Times - A Workshop for NGOs." The series is envisaged to help NGOs by assisting them to identify challenges and opportunities in their fields and by providing them with the opportunity to consult with expert organisations on a one-on-one basis. These consultations aim to produce organisation-specific action plans in areas such as fundraising, governance, retail donation and others.

**Expert meetings** - CSO Partners holds a monthly meeting for its expert partners to discuss their work and brainstorm ways to make their services

## STRENGTHENING THE SOCIAL SECTOR

### CSO PARTNERS OUTSTANDING ANNUAL REPORT AWARDS

[www.annualreportawards.org](http://www.annualreportawards.org)

CSO Partners Outstanding Annual Report Awards seek to:

- Recognise and promote good standards and practices among non-profit organisations in their resource management, public distribution, accountability and transparency in annual reporting
- Promote the overall credibility of the non-profit sector for long-term sustainability
- Encourage healthy debate in the areas of better reporting practices
- Recognise and celebrate excellence in the non-profit sector
- Highlight examples and provide inspiration for other non-profit organisations to follow higher standards as well as to promote cross-regional learning
- Explore branding opportunities and visibility for each of the organisations associated with planning and execution of this project
- Disseminate best practices gleaned from the winners to the entire voluntary sector



more accessible to a wider variety of CSOs. The idea to have one-on-one interaction between CSOs and expert organisations, for example, emerged from one such brainstorming exercise.

## Research

By investing in research and publications, CSO Partners aims to fill knowledge gaps and generate insights on issues related to its work. It will make the information generated available to stakeholders like policymakers, civil society, corporate bodies, academics and the public.

CSO Partners' first research initiative will be on corporate social responsibility (CSR). Using several case studies of CSR initiatives in India, the research will generate information and insights about the relationship between CSR initiatives and business benefits.

## Brand building

CSO Partners uses online as well as offline methods to build its brand and thereby expand the reach of its partners. By attracting CSOs and contributors to the website and holding events and workshops, CSO Partners increases awareness of its work among individuals, corporate bodies and CSOs across India. Within each of these segments, certain populations will also be targeted. Among individuals, for example, CSO Partners may undertake specific activities to increase its name recognition among non-resident Indians (NRIs), persons interested in the social sector, or high net worth individuals.

In addition to activities directed towards its target audiences, CSO Partners aims to reach a wider audience through promotional activities and media coverage.

CSO Partners has initiated discussions with a group of senior journalists to develop a journal and platform that will reach out to rural populations through the media, build the capacity of media professionals outside of metropolitan areas, and bring stories on development issues to the mainstream media.



## EXAMPLES OF SESSIONS IN THE NGO WORKSHOP SERIES INCLUDE

- **Building credibility** – how to demonstrate stewardship to build stakeholders' confidence and how third party accreditation based on transparent and effective public disclosure can help NGOs to manage trust of donors, beneficiaries, government and other stakeholders.
- **Good governance** – what governance is all about and why it is important for the effective functioning of CSOs. The role of the board in effective governance is also discussed.
- **Opportunities in retail fundraising** – how to harness the power of retail donations. Session covers the "marketplace" concept that can help NGOs expand donor base and type and become less dependent on donor agencies.
- **Volunteer management** – methods and skills for NGO managers to make the most effective use of volunteers at their organisations.
- **Tips for start-ups** – highlights essential ingredients for early-stage social entrepreneurs to accelerate the growth of their project, indicate the potential of their project to investors and ensure sustainable impact on the community.

# Environmentally Sustainable Finance (ESF)

[www.ifmr.ac.in/cdf/esf.htm](http://www.ifmr.ac.in/cdf/esf.htm)



# 1 About

India's soaring rate of economic growth has come at a great cost to the environment, bringing increased use of natural and energy resources and rising emissions of pollution and waste. To identify ways that resources for growth can be more effectively channelled to support environmental sustainability, the Centre for Development Finance (CDF) at the Institute for Financial Management and Research (IFMR) Chennai created the Environmentally Sustainable Finance (ESF) group in early 2007.

ESF focuses on research and action to inform environmental policymaking and implementation, integrate environmental sustainability into development initiatives, and support scalable commercial and non-profit interventions to make India's economy more environmentally sustainable from the bottom up. ESF's approach combines academic research and strategic consulting, with careful attention to political economy and market incentives as the drivers of any sustainable solutions.

ESF pays particular attention to the environmental issues and technologies that affect everyday living standards – for example, access to renewable energy sources – as these are the areas in which mitigating environmental impact and alleviating poverty go hand in hand. ESF's work on climate change illustrates this approach: it focuses on strategies to reduce black carbon (soot) emissions from rural cooking and small industry use of biofuels. Black carbon is not only one of the major contributors to regional climate change and glacial melting, but is also a rural public health problem. Emissions can be dramatically reduced with existing technology; dissemination is the challenge.

# 2 Strategy

ESF's research and consulting rest on three pillars:

**Information and evidence** - ESF's researchers contribute to the debate on environmental policy by helping to bridge the perspectives of the scientific and policymaking communities, as well as by developing rigorous ways to benchmark environmental outcomes as guides for policymakers and citizens.



**"India needs a climate change action plan and the political will to execute it in step with the magnitude of the challenge. We are sitting on a huge opportunity to harness our vast human capital, scientific prowess and entrepreneurial zeal to develop and deploy the technology to both mitigate and adapt to climate change. In the process, we can wean off from reliance on imported energy and export technology to other developing countries. We can also shore up long-term inclusive growth, something that requires diversification of energy sources."**

*- ESF's Shaanti Kapila,  
Op-ed in the Mint,  
June 26, 2008*

**Economic growth gives an incomplete picture of a country or state's development, as it does not reflect the effects of development on ecological and natural systems. From a sustainable development perspective it is essential to examine environmental sustainability in relation to economic and social development.**

**Integration of sustainability with development** - The group works closely with other programme areas at CDF to demonstrate ways in which sustainability norms can be integrated into provision of infrastructure and services. In particular, the focus is on methods of valuing and monitoring environmental goods such as biodiversity, air quality, or low-carbon business practices so that these can become clear targets to strive for.

**Green markets** - ESP's research draws on global experience to identify critical regulatory and policy infrastructure in order to support local markets for environmental goods such as greenhouse gas (GHG) reduction and mitigation of environmental impact. Its consulting practice also works with entrepreneurs seeking to disseminate sustainable technologies.

## 3 Areas of Work

### Online mapping

To enable citizens and policymakers to access data on pollution levels, ESF is creating a map and online community as a central repository for data from public and private pollution monitors and sensors across India. It has two informational goals: to highlight the inadequacy of the pollution monitoring regime in India by showing the extent of uncharted, unmonitored territory; and to provide as complete, timely, and localised a picture of pollution in India as possible.

### Identifying low carbon growth solutions for the BaP

ESF believes that access to energy is essential for poverty alleviation and inclusive growth. Despite the developmental strides India has made in the last decade and a half, nearly half of Indian households lack access to a reliable source of energy. For want of other options, many of these households meet their basic energy needs by burning biomass for cooking,


## ONLINE REPOSITORY OF POLLUTION MONITORING INFORMATION

Research and recent experiences show direct cause-effect evidence of pollution impacts on human health - cases of high levels of lung disorders like asthma due to vehicular emissions, carcinogenic ducts in breast milk of women living near dumpsites where garbage is burned, and birth defects due to chronic exposure to pesticide-contaminated groundwater and soil.

Yet the environmental priorities of the country appear to be disconnected from pollution hazards in everyday lives. Environmental monitoring, regulation and protection have not matched the pace of India's development. A major advance is required in the direction of information collection and dissemination about the sources, standards and levels of

pollution. To facilitate pollution mitigation efforts and to make the population aware of the quality of India's environment, a well thought through combination of efforts is demanded.

ESF's work on environmental quality and justice endeavours to provide this advance by creating a repository of information on pollution monitoring targeted at civil society to catalyse citizen action. The pollution map initiative will capture information about location of pollution sensors and couple it with data from environmental agencies. Information about air and water pollution and other forms of point-source (from a single location, e.g. a pipe or drain) and non-point source (from diffuse sources, e.g. fertilizer run-off) pollution will be presented with data on socioeconomic inequalities to portray scenarios involving environmental justice through dynamic visualisations.



## SCALABLE CLEAN ENERGY BUSINESS MODELS FOR THE BASE OF THE PYRAMID (BOP)

Deploying existing technologies and innovative services in emerging markets, especially to BoP market segments, has the potential to drive a broad spectrum of energy use efficiency, reduce CO<sub>2</sub> and other greenhouse gas emissions, curb local air pollution, and provide livelihood opportunities. CDF believes that innovation in product and service delivery – rather than technology – is the core barrier to realizing this potential.

In direct response to this, CDF has partnered with World Resources Institute (WRI) to conduct a broad-based scan of leading clean energy business models that serve the BoP across the globe. While previous studies in this space have raised the profile of social enterprise and captured the experience of individual companies, they have yielded limited insight into the factors that hinder clean energy social ventures from reaching scale. By examining in-depth the experience of nearly 20 companies, this study seeks to help investors and entrepreneurs: 1) better understand the risks and opportunities associated with investing and doing business in this space, and 2) identify scalable clean energy business models capable of serving the BoP.

To accomplish this, ESF is developing an extensive knowledge base on the sector, including insight into BoP needs, consumer preferences, the competitive and policy landscapes, and combinations of business models and technology combinations that show promise on the ground. To date, ESF researchers have profiled over 50 companies across the globe and spent over 75 days in the field conducting analyses of 9 companies across rural India. The findings of this study will be published in early 2010.

and kerosene or diesel for lighting and other needs. In addition to its harmful health impacts, this process contributes to deforestation, black carbon and greenhouse gas emissions. Appropriate renewable energy technologies offer the possibility of increasing reliable energy access to the underserved at an affordable price, while protecting the environment and improving livelihoods through new opportunities for income generation.

ESF has partnered with World Resources Institute (WRI), a leading US-based environmental think tank, to identify financing mechanisms that have potential to drive investment into clean energy and to identify business models to deliver clean energy to Base of the Pyramid (BoP) consumers in India.

## BRINGING CLEAN ENERGY TO RURAL INDIA: A CASE STUDY OF THE BAGEPALLI CDM BIOGAS PROJECT

ESF's work on clean development mechanisms (CDM) focuses on increasing the bankability and viability of small-scale CDM projects by identifying innovations in structuring and models for development that can be replicated at low cost. As part of this work, ESF prepared a case study of the Bagepalli CDM Biogas Project, where 5500 biogas digesters for rural households in Karnataka were financed by revenue generated through the advance sale of Certified Emission Reductions (CER). Biogas digesters produce clean and efficient biogas for cooking fuel, using cow or goat dung as raw material.

CDM projects are designed to promote sustainable development by enabling industrialised countries to invest in "clean" (carbon reducing) projects in developing countries in order to gain emissions credits. The Bagepalli Biogas CDM Project went beyond this mandate to produce additional benefits for the rural community. Benefits of the digesters included employment generation (building them), savings in time and money spent on wood collection or fuel purchase, and improved quality of life and health, as the digesters do not produce kitchen smoke.

The case study illustrates that the key to the project's success has been the active involvement of the local community. It further highlights the sustainable development and community involvement aspects and identifies keys to scale up an NGO-promoted CDM project. The case study is being developed into a training module for NGOs wanting to invest in clean energy for the BoP sector.



Krishnappa, a mason who worked on the biogas digesters in several villages around the Chintamani taluk, talks about the respect that the poor households have for his work and how they turn to him in case of any difficulty with the digesters. Despite having to work harder and for longer hours, he is happy. He believes that such respect would not have been possible without this project and Agricultural Development and Training Society (ADATS), one of the project's implementing NGOs.

### Examining environmental sustainability in relation to economic and social development

The Environmental Sustainability Index (ESI) for Indian states – Economic growth gives an incomplete picture of a country or state's development, as it does not reflect the impacts on ecological and natural systems. From a sustainable development perspective it is essential to examine environmental sustainability in relation to economic and social development. ESF's Environmental Sustainability Index (ESI) of Indian states is an effort to link environmental



sustainability and development activities by gauging a state's performance over the years. The ESI is designed to reveal trends and draw attention to phenomena that require further analysis and action. It aims to raise public awareness by sensitising people to environmental degradation, to create baseline data of environmental performance of states that can be used in the future to analyse trends and patterns, and to inform the decision making of policymakers, industries and individuals.

## ENVIRONMENTAL SUSTAINABILITY INDEX 2008

[www.greenindiastandards.com](http://www.greenindiastandards.com)

Launched in December 2008, ESF's annual Environmental Sustainability Index (ESI) 2008 maps the performance of the 28 Indian states in terms of natural resource stocks and flows, pollution and environmental governance. Based on secondary data collected from official and other credible databases, ESI ranks the states on their performance. The best performing state in the current ranking is Manipur, followed by Jammu & Kashmir and Tripura. The lowest ranking states are Gujarat, Punjab and Haryana. The ESI reveals that most Indian states are facing population pressure, unsustainable levels of consumption of some natural resources, and pollution problems. Most states have done well on some issues and poorly on others: every state has something to learn from benchmarking its environmental performance against relevant peers.

The Award for 'Green States' was also given to five select states that had performed well on various aspects of Environmental Sustainability, namely: Himachal Pradesh (for best government initiative), Manipur (for best peoples' initiative), Chhattisgarh (for least polluted water), Sikkim (for best conservation of natural resources) and Meghalaya (for best air quality).



- ▶ ESF's portal [www.greenindiastandards.com](http://www.greenindiastandards.com) provides an interactive display of the annually updated ESI study

The ESI map generates environmental profiles of each state in detail, showing the dimensions where they have done well and areas that need improvement. It allows users to compare their state to others on the overall index as well as on specific dimensions, and to experiment with different ways to combine various indicators of environmental quality to form an aggregate ranking. Google.org funds were used to support the creation of the initial site. ESF is undertaking maintenance and expansion.



## PROJECT SURYA

A JOINT PROJECT WITH SCRIPPS INSTITUTE OF OCEANOGRAPHY AT UNIVERSITY OF CALIFORNIA, SAN DIEGO (UCSD); SRI RAMACHANDRA UNIVERSITY, CHENNAI; UNIVERSITY OF CALIFORNIA, LOS ANGELES (UCLA); AND THE ENERGY AND RESOURCES INSTITUTE (TERI), NEW DELHI

[www.ramanathan.ucsd.edu/ProjectSurya.html](http://www.ramanathan.ucsd.edu/ProjectSurya.html)

Project Surya is an integrated climate science, public health, and social science project to study the impacts of rural biomass and biofuel use on black carbon emissions and impact on global warming. The climate research seeks to confirm a growing mass of scientific evidence demonstrating that cooking, lighting, heating, and small industry use of biofuels and biomass are some of the leading contributors of soot particles in the Atmospheric Brown Cloud (ABC) over much of Asia. The public health study will pioneer new measurement technology to quantify public health impacts of the black carbon emissions. These are known to have significant public health consequences: indoor air pollution is a leading cause of death among rural women and children. CDF will be undertaking social science research to identify and reduce barriers to large-scale adoption of cleaner technology and fuels.

### Research on black carbon

Black carbon (more commonly known as soot) is a pollutant produced from biomass burning and fossil fuel combustion. When released into the atmosphere, black carbon mixes with other particles and pollutants to form atmospheric brown clouds, which manifest locally as indoor air pollution and regionally as smog. Scientific research suggests that atmospheric brown clouds contribute to global warming by absorbing heat that normally would have escaped into space. The effects of black

carbon release in India may include lower agricultural production, respiratory illnesses and environmental degradation – all inhibitors of inclusive growth.

ESF is conducting research to map areas of high biomass burning for cooking and identify incentives that could be effective in shifting to cleaner cooking fuels.

### Policy advocacy on environmental regulation

The implementation of environmental regulation in India has declined in the face of weakened environmental legislation and institutional structures, resulting in ad-hoc and ineffective enforcement. As part of ESF's activities on environmental policy advocacy, a series of policy papers are being developed to identify ways to improve environmental policy enforcement.

The first paper in the series, "Environmental Regulation – The 'Is' and 'Buts' of enforcement in India," analyses the potential gaps in implementation of environmental legislation and controls, drawing from secondary research and environmental NGOs' experiences. The report identifies the key problems associated with the enforcement of major acts, rules and notifications relating to pollution, waste management, environment impact assessment (EIA) and coastal protection. The paper aims to direct the attention of policymakers to critical areas of implementation and provide national level policy prescriptions.

### Understanding rural markets

The marriage of three concepts – market based solutions to poverty, social entrepreneurship, and Base of the Pyramid (BoP) markets – has captured the imagination of traditional development players, spawned the creation of a new generation of development funders, and attracted traditional investors who see an opportunity to do well while doing good. Not surprisingly, the emergence of this space represents a new and



nontrivial channel of development finance. While the social and economic viability of market based solutions to poverty remains to be seen, this approach is increasingly driving development discourse and defining a new development agenda.

Driven by the belief that the BoP must be respected as both clients and consumers, ESF's Rural Market Insight (RMI) initiative seeks to improve the impact of social venture investing and social enterprise by delivering deep insight into rural market behaviour. Leveraging core strengths across CDF, RMI draws upon behavioural economics, social psychology, qualitative research methodologies, traditional market research tools, and participatory rural appraisal techniques to develop: 1) tools to rapidly characterize need and demand, and 2) concrete methods to efficiently uncover consumer preference in BoP market segments. Recognising the challenges associated with marketing products with strong environmental, health, and livelihood co-benefits, RMI's work focuses primarily on the energy and water sectors.



## ENVIRONMENTALLY SUSTAINABLE FINANCE BEGINS WITH RECOGNISING THE RISKS

Internationally, examples abound of companies or projects that have been shut down or heavily penalised as a result of adverse environmental impacts. Financial institutions that invest in such projects face a multitude of risks – to credit and collateral, as well as legal, regulatory and reputational risk. The threat of such penalties creates a strong incentive to integrate environmental and social risk assessment and management into financial institutions' risk management processes.

The ESF team is currently identifying ways to increase risk recognition in the Indian context. This work has two strands: first, ESF is compiling case studies on projects that have incurred heavy losses from temporary or permanent closure due to harmful environmental impacts. The case studies will be published as a handbook to be shared with financial institutions, ratings agencies and regulatory authorities, as part of the evidentiary base CDF is developing to encourage financial institutions to integrate sustainability policies into core business operations. Second, ESF is identifying and analysing ways that Indian environmental law could be strengthened as well as the implementation obstacles that have prevented India's existing environmental laws from being consistently enforced.



# Financials





## Registration and Tax Status

ICICI Foundation for Inclusive Growth (IFIG) has been set up as a public charitable trust registered at Chennai vide registration of the Trust Deed with the Sub-Registrar's Office at Chennai on January 04, 2008.

The application for registration of the Foundation under section 12AA of the Income tax Act, 1961 ("the Act") was filed on February 7, 2008 and the application under section 80G of the Act was filed on February 14, 2008. Subsequently, IFIG was registered as a "PUBLIC CHARITABLE TRUST" under Section 12AA of the Act with effect from February 7, 2008. Further, IFIG received approval under Section 80G(5)(vi) of the Act on March 19, 2008. This approval is valid in respect of donation received by IFIG from February 14, 2008 to March 31, 2008. Accordingly, ICICI Bank and Group Companies will be eligible to get a deduction under section 80G on donations made during this period.

IFIG has also obtained its Permanent Account Number (PAN) and Tax deduction Account Number (TAN).

## Governance Management and Staffing

IFIG is governed by a Council chaired by **K. V. Kamath** (Chairman, ICICI Bank) and comprises **Chanda Kochhar** (MD & CEO, ICICI Bank), **Sandeep Bakhshi** (CMD, ICICI Bank), **V. Veidyanathan** (MD & CEO, ICICI Prudential Life Insurance Company) as its members. **Nashiket Mor** is the President of IFIG.

In addition, the Foundation benefits from the services of:

**Prerana Langa**, responsible for strategy, communications and ICICI Group CSR

**Vidhya Muthuswari**, responsible for policy

**Lokanath Setpathy**, responsible for finance and accounts

**Padma Sirha**, responsible for ICICI Group CSR

**Rata Kasade**, responsible for ICICI Group CSR



## Other Responsibilities of the Foundation

Assisting each ICICI Group company in formulating and implementing its own Corporate Responsibility Strategy, particularly in the areas in which they seek to engage with civil society organisations in a mutually beneficial manner, is an added responsibility of IFGL. It has assisted the ICICI Group of Companies with the following partnerships:

### 1. ICICI Bank

- Elementary education partnership with CSO Partners under the umbrella branding of "Read to Lead"
- Vocational training partnership with the Vocational Training Network Enterprise of the IFMR Trust

### 2. ICICI Prudential Life Insurance

- Productive ageing partnership with Dignity Foundation
- Protection partnership with Janaagraha

### 3. ICICI Venture

- Micro venture capital partnership with CSO Partners and Rang De

### 4. ICICI Lombard General Insurance

- Maternal and child health care services for local tribal communities in Maharashtra in partnership with Bhavishya Alliance

### 5. ICICI Securities

- Elementary education partnership with Doorstep and Muktaangan Education Initiative

### 6. ICICI Group-wide programmes (across all the companies)

- ICICI Fellows Programme in partnership with CSO Partners
- Disaster relief with CSO Partners and CARE India
- Urban advocacy and training with Common Purpose
- Civil society engagement products and services for various stakeholders in partnership with CSO Partners (including volunteering for employees, payroll giving, donation products for clients of private banking and international banking and small donations products around disasters for Internet banking customers)



## Funds Flow

IFIG received **Rs.617.80 million** from the following sources as grants (January 4, 2008 to March 31, 2009) (spanning two financial years)

(Rs. million)

SOURCE (January 4, 2008 - March 31, 2009)	Amount
ICICI Bank	500.00
ICICI Prudential Life Insurance	67.72
ICICI Lombard General Insurance	17.12
ICICI Securities	14.98
ICICI Securities PD	6.99
ICICI Home Finance	1.99
ICICI Venture	9.00
<b>Total</b>	<b>617.80</b>

Disbursements (January 4, 2008 to March 31, 2009)

(Rs. million)

Grant Beneficiary (January 4, 2008 - March 31, 2009)	Amount
<b>IFIG Programmes</b>	
ICICI Centre for Child Health and Nutrition	150.00
IFMR Finance Foundation	200.00
Environmentally Sustainable Finance	20.00
CSO Partners	50.00
CARE (Policy Unit)	5.00
Strategy and Advisory Group	20.00
<b>ICICI Group Corporate Social Responsibility Programmes</b>	
Road to Lead	25.00
MITRA (ICICI Fellows Programme)	55.00
CARE (Disaster Management Unit)	5.00
Rang Do	25.00
<b>Total</b>	<b>555.00</b>

IFIG also incurred total expenses of Rs.1.25 million during this period and had a fund balance of Rs.61.55 million as on March 31, 2009.



## Grant Beneficiaries

### ICICI Foundation Programmes

#### 1. ICICI Centre for Child Health and Nutrition (ICCHN)

The grant of Rs.150.00 million was provided to ICCHN by way of corpus support and for pursuing various projects consistent with its mission.

#### 2. IFMR Finance Foundation (IFF)

The grant of Rs.200.00 million was provided to IFMR Finance Foundation by way of corpus support and for pursuing various projects consistent with its mission.

#### 3. Environmentally Sustainable Finance (ESF)

The grant of Rs.20.00 million was provided to ESF for their collaboration work with Rural Energy Network Enterprise (RENE) on sustainable energy and environment projects benefiting remote rural end users. The proposed projects will promote developing tools and driving innovation to scale rural energy access for remote rural users.

#### 4. CSO Partners

The grant of Rs.50.00 million was provided to CSO Partners by way of corpus support and for pursuing various projects consistent with its mission.

#### 5. CARE (Policy Unit)

A grant of Rs.5.00 million was provided to CARE, an Indian NGO that is closely affiliated with CARE (USA), to create a policy unit in Delhi. Learning from CARE's work in India and world-wide as well as from the work of ICICI Foundation and its partners, the unit will serve as a platform to engage the government and policymakers in an effort to bring about required policy changes in areas such as maternal and child health.

#### 6. Strategy and Advisory Group (SAG)

Charitable foundations in India and world-wide struggle to fully develop the strategy formulation, knowledge management and impact assessment dimensions of their work. A grant of Rs.20.00 million was provided to Strategy and Advisory Group (SAG), a team at Centre for Development Finance that provides strategic advisory services to clients in the development sector, to develop these functions and to offer their expertise to foundations in general, including IFIC.



## Grant Beneficiaries

### ICICI Group Corporate Social Responsibility Programmes

#### 1. Read to Lead

Read to Lead is an initiative of ICICI Bank to facilitate elementary education for disadvantaged children in the age group of 6-13 years. The project is being implemented by NGOs listed with GiveIndia (one of the affiliates of CSO Partners) following a due diligence process. CSO Partners has facilitated the identification and selection of NGOs, the development of reporting formats, and the design of the monitoring systems using the GiveIndia platform. Funds are disbursed on a quarterly basis by GiveIndia. NGOs will submit consolidated reports of project activities and the status of funds utilization to CSO Partners and IFIG on a quarterly basis. This initiative plans to reach 100,000 children; the amount budgeted per child is Rs.1000. An amount of Rs.25.00 million has thus far been disbursed to 100,000 children through 30 NGOs. The balance amount of Rs.75.00 million is planned to be disbursed during the period 2009-2010.

#### 2. MITRA (ICICI Fellows Programme)

MITRA is an affiliate of CSO Partners that is focused on addressing the challenge of human resources for civil society organisations (CSOs). In partnership with CSO Partners and MITRA, ICICI Foundation proposes to launch an ICICI Fellows Programme. This programme is intended to be a high-profile leadership programme to attract India's top emerging talent, equip them with intensive and relevant training and deploy them in management capacities to carefully chosen rural organisations. ICICI Fellows will be selected through a competitive process based upon assessment of candidate's leadership qualities, academic excellence and passion for nation building. The objective of the programme is to create a cadre of responsible leaders for India and to position the civil sector as a viable alternative career option for Indian youth. An amount of Rs.55.00 million has been disbursed to MITRA for developing and launching the programme over the period 2009-2010.

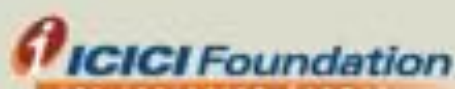
#### 3. CARE (Disaster Management Unit)

In the year 2008-2009, ICICI Bank and ICICI Group companies were successfully able to mobilise and disburse Rs.106.00 million for disaster relief following the devastating floods that occurred in Bihar. The money was raised as a combination of grants from the employees of ICICI Bank and ICICI Group companies as well as from its customers. A grant of Rs.5.00 million has been given to CARE in India to enable it to prepare for any future disasters that may strike and respond immediately with the required relief efforts.

#### 4. Rang De (Micro Enterprise Development)

Rang De, an affiliate of CSO Partners, has partnered with ICICI Venture to roll out funds for micro enterprise development in rural and semi-urban locations. Rang De is India's first peer-to-peer micro lending platform, enabling individuals to become social investors by lending to borrowers from low-income households. The amount of Rs.25.00 million that has been disbursed to them will support micro enterprises to the extent of Rs.15.00 million and the balance amount of Rs.10.00 million will go towards meeting their expenses to build the platform.

# Balance Sheet as on March 31, 2009



## THE ICICI FOUNDATION FOR INCLUSIVE GROWTH Balance Sheet as on March 31, 2009

(Rs. in thousands)

	Schedule No.		As on March 31, 2009	As on March 31, 2008
<b>SOURCES OF FUNDS:</b>				
<b>Trustees' funds:</b>				
Corpus Fund (Refer note no.1)		10		10
Reserves and Surplus	1	56,116		19,916
			56,126	19,926
<b>TOTAL</b>			<b>56,126</b>	<b>19,926</b>
<b>APPLICATION OF FUNDS:</b>				
<b>Current assets, loans and advances:</b>				
<b>A Current assets</b>				
Cash and bank balances	2	61,561		20,010
		61,561		20,010
<b>Less : Current liabilities and provisions</b>				
Current Liabilities	3	5,455		94
		5,455		94
<b>Net Current Assets</b>			<b>56,126</b>	<b>19,926</b>
<b>TOTAL</b>			<b>56,126</b>	<b>19,926</b>

Significant accounting policies and notes to accounts

5

As per our Report of even date

For and on behalf of the Governing Council

For KHANDELWAL JAIN & CO.  
Chartered Accountants

Mr. K.V. Kamath  
Chairman

SHYRATAN AGARWAL  
Partner  
Membership No. 104180

Dr. Nachiket Mee  
President, ICICI Foundation for Inclusive Growth

Place: Mumbai  
Date: August 6, 2009

Place: Mumbai  
Date: August 6, 2009

# Income & Expenditure account for the year ended March 31, 2008



<b>THE ICICI FOUNDATION FOR INCLUSIVE GROWTH</b>			
<b>Income and Expenditure account for the year ended March 31, 2008</b>			
(Rs. in thousands)			
	Schedule No.	For the year ended March 31, 2009	For the year ended March 31, 2009
<b>INCOME</b>			
Grants / Donations received		417,800	200,000
<b>Funds Available for Projects</b>		<b>417,800</b>	<b>200,000</b>
<b>EXPENDITURE</b>			
Fund Raising Cost		-	
<b>Net Funds Available for Projects</b>		<b>417,800</b>	<b>200,000</b>
Application of fund as per the object of the trust		375,000	180,000
Administrative expenses	4	6,600	84
		<b>381,600</b>	<b>180,084</b>
<b>Surplus before tax</b>		<b>36,200</b>	<b>19,916</b>
Provision for taxation		-	
<b>Surplus after tax</b>		<b>36,200</b>	<b>19,916</b>
Balance brought forward from previous year		19,916	
<b>Balance carried to Balance Sheet</b>		<b>56,116</b>	<b>19,916</b>

Significant accounting policies and notes to accounts

5

As per our Report of even date

For and on behalf of the Governing Council

For KHANDELWAL JAIN & CO.  
Chartered Accountants

Mr. K.V. Kamath  
Chairman

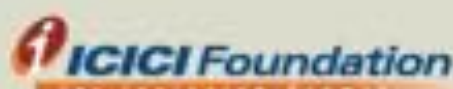
SHIVRATAN AGARWAL  
Partner  
Membership No. 104180

Dr. Nachiket Mor  
President, ICICI Foundation for Inclusive Growth

Place: Mumbai  
Date: August 6, 2009

Place : Mumbai  
Date: August 6, 2009

# Schedules forming part of Accounts as on March 31, 2009



<b>THE ICICI FOUNDATION FOR INCLUSIVE GROWTH</b>		
<b>Schedules forming part of Accounts as on March 31, 2009</b>		
Particulars	As on	As on
	March 31, 2009	March 31, 2008
<b>Schedule 1: Reserves and surplus</b>		
Surplus of income and expenditure account	56,116	19,916
<b>Total</b>	<b>56,116</b>	<b>19,916</b>
<b>Schedule 2: Cash and bank balances</b>		
Bank balances with scheduled banks (Refer Note No.1) - in current accounts	61,581	20,010
<b>Total</b>	<b>61,581</b>	<b>20,010</b>
<b>Schedule 3: Current Liability</b>		
ICICI Bank	5,334	84
TDS payable	26	
Provision for auditor fees	25	
Provision for Legal and Professional fees	56	
Provision for expenses	15	
<b>Total</b>	<b>5,455</b>	<b>84</b>
<b>Schedule 4: Administrative Expenses</b>		
Rent for Guest House at Chennai	2257	
Travel Exp- Foreign	1974	
Telephone expenses	255	
Printing & Stationary Expenses	234	
Prof Fee-Consult Fee	1381	56
Audit Fee	27	28
Courier Charges	194	
Travel Expenses- Domestic Other	131	
Mobile Phone Expenses	58	
Car Hire Charges	31	
Telephone Telex & Fax	23	
Office Expenses	17	
Repairs & Maintenance -Office	11	
Travel Expenses Domestic-TrvFre	6	
Conveyance	1	
<b>Total</b>	<b>6408</b>	<b>84</b>

For KHANDELWAL JAIN & CO.  
Chartered Accountants

Mr. K.V. Kamath  
Chairman

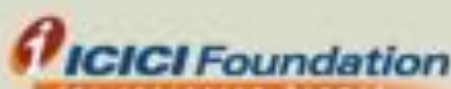
SHYRATAN AGARWAL  
Partner  
Membership No. 104180

Dr. Nachiket Mee  
President, ICICI Foundation for Inclusive Growth

Place: Mumbai  
Date: August 6, 2009

Place: Mumbai  
Date: August 6, 2009

# Significant Accounting Policies & Notes to Accounts



## THE ICICI FOUNDATION FOR INCLUSIVE GROWTH

### Schedule 5

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

##### 1. Basis of preparation of financial statements:

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI").

##### 2. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of grants/donations and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

##### 3. Revenue recognition:

Grants/Donations are accounted on accrual basis.

##### 4. Contingent liabilities:

The Trust estimates the probability of any loss that might be incurred on outcome of contingencies on the basis of information available up to the date on which the financial statements are prepared. A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are determined based on governing council estimate required to settle the obligation at the balance sheet date, supplemented by experience of similar transactions. These are reviewed at each balance sheet date and adjusted to reflect the current governing council estimates. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. In case of remote possibility neither provision nor disclosure is made in the financial statements.

#### NOTES TO ACCOUNTS

1. The trust has, in terms of the Indenture of Trust, received Rs. NIL (FY. Rs. 13,000) as corpus fund from ICICI Bank Limited.

2. Related party information.

a) Names of related parties and nature of relationship are as follows:

Sl.No	Nature of Relationship	Name
1	Settler	ICICI Bank Limited
2	Trustee	ICICI Trusteeship Services Limited
3	Group Companies	ICICI Lombard
4	Group Companies	ICICI Securities Limited
5	Group Companies	ICICI Home Finance Company Limited
6	Group Companies	ICICI Venture Funds Management Company Limited
7	Group Companies	ICICI Prudential Life Insurance Company Limited
8	Group Companies	ICICI Securities Primary Dealership Limited

Nature of Transaction	Current Year (Rs. Thousand)	Previous Year (Rs. Thousand)
<b>Corpus Fund</b>		
ICICI Bank Limited	0	10
<b>Grants &amp; Donations from ICICI Bank Limited &amp; Group</b>		
ICICI Bank Limited	300000	200000
ICICI Lombard	57123	0
ICICI Securities Limited	14980	0
ICICI Home Finance Company Limited	1992	0
ICICI Venture Funds Management Company Limited	9000	0
ICICI Prudential Life Insurance Company Limited	57720	0
ICICI Securities Primary Dealership Limited	6985	0
<b>Found Expenses</b>		
ICICI Bank Limited	5334	0

#### Notes:

(i) Related party relationship is as identified by the trust.

3. The ICICI Foundation for Inclusive Growth ("Trust") is engaged in the areas of corporate social responsibility, philanthropy and community development with the objective to catalyse and accelerate social and economic inclusion by working in the areas of increase in the incomes and earnings of the poor, needy, low-income population and the underserved strata of society including low-income households of India in a sustainable manner.

4. The amounts in the balance sheet, income and expenditure account and schedules are rounded off to the thousand.



**Registered Office**

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Chennai 600 019, India  
Tel: +91 (64) 4203 - 1300

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[www.icicifoundation.org](http://www.icicifoundation.org)