World Economic Forum Pilots Effective Program for Digital Inclusion in a Deprived Area of Brazil

With more than six billion people on the planet, it should come as no surprise that roughly 90 percent has limited access to the Internet. And, many of these people live in economically depressed areas. According to the World Economic Forum (WEF), an independent international organization focused on improving the state of the world, the social and economic separation between those with access to the Internet’s vast resources and those without has been a source of mounting concern. In response, the WEF called on the private sector to help create a strategic plan for delivering public services aimed at economic improvement and greater social inclusion for citizens at the bottom of the pyramid. Hence, a successful pilot was born and subsequently implemented in a poor part of Brazil, proving that despite financial status, citizens wanted such services and were willing to pay for them.

BUSINESS CHALLENGES
Limited Internet access worldwide constrains the potential value of the public network to all users, and limits the strategic role that information and technology companies can play in enabling delivery of public services to countries capable of bringing genuine improvements to the lives of its citizens. Recognizing the need to bring Internet and Web-based services to economically challenged areas throughout the world, the WEF and its partner organizations launched the Information Technology Access for Everyone (ITAFE) initiative in 2004, with the aim of countering the effects of digital-technology exclusion on people who are considered to be at the bottom of the
economic pyramid. From there, the WEF invited leading high-tech firms to consider possible solutions to the digital divide; with participating companies organized in consortia supporting the WEF’s objectives.

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Cezar Alvarez, special adviser to President Luiz Inácio Lula da Silva
Federal Government of Brazil

Initially, attention focused on developing an inexpensive, wireless-enabled technology to provide more widespread digital access in emerging countries. However, it soon became clear that an economically viable, market-based solution would require detailed analysis and market research to design and create a sustainable ecosystem model (including technology as one of many enabling components) that could be replicated in other countries where citizens have minimal access to digital technology.

The Cisco® Internet Business Solutions Group (IBSG), in partnership with Cisco Corporate Affairs, worked closely with the WEF and its ITAFE consortia to help shape the strategic framework, and then with the Brazilian government and other agencies on the design and implementation of a pilot project. “Digital inclusion is fundamental for Brazil to capture its full economic growth potential and to significantly improve its biggest development challenge: that of social and economic inclusion of the majority of Brazil’s population,” says Cezar Alvarez, special adviser to President Luiz Inácio Lula da Silva.

SOLUTIONS

The WEF’s digital inclusion strategy was founded on wide-ranging market research to identify the value propositions, ecosystem capabilities, and business-model requirements for large-scale national rollouts. Using the research, ITAFE succeeded in developing a strategic framework to deliver life-improvement services for low-income communities in an economically sustainable way. The team was then able to design and implement an incubator model for rapid prototyping of the concept in a deprived “favela” (slum area) in Brazil.

One of the main reasons why digital inclusion initiatives fail globally is that, typically, citizen-centric solutions attracting high public demand are not normally considered as a route to market. In order to design a citizen-centric sustainable ecosystem model, the consortia made sure that the strategic framework coordinated the various demand and supply drivers and focused on the understanding of the following elements:

- Digital inclusion demand drivers and the associated supply drivers
- Complex orchestration of demand and supply
- Implied market economics of such orchestration
- A process for rapid prototyping to learn from the field before replicating and scaling to designated communities
The ITAFE team conducted four independent in-depth qualitative and quantitative market research projects on Brazil. The reports validated the framework and provided a detailed basis for the pilot business plan. One of the main reasons for choosing Brazil was a set of highly proactive government policies and initiatives aimed at digital inclusion, and because a variety of adoption and usage scenarios could be tested there before transferring the model to other emerging nations.

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Rogerio Santanna, chief operating officer for e-government
Federal Government of Brazil

Contrary to a widespread belief that the Internet would deliver only e-mail, chat, and general entertainment to younger citizens at the bottom of the economic pyramid, it was shown clearly that this group would give priority to “life-improvement service bundles,” which include employment, health, and education public services. “Reducing the enormous digital divide in Brazil will require the creative use of a number of next-generation wireless solutions to deliver life-improvement services to be able socially and economically include a large proportion of Brazil’s population,” notes Rogerio Santanna, chief operating officer for e-government in the Federal Government of Brazil.

The research also uncovered that the highest service priority among potential users in the target population—91 percent—went to employment. Next came health, at 88 percent, and educational services at 87 percent. Low-income citizens saw value in these services and were willing to pay a small sum to access them—not just for the direct benefits, but also to reduce costs incurred by other means of accessing public services, such as bus fees for trips to government offices, as well as to reduce time spent waiting in long lines at public-service facilities.

Another key objective was to show how the different elements of the ITAFE ecosystem would work together in Brazil to create a sustainable, viable business model. This involved collaboration between multiple partners from the public sector, nongovernmental organizations (NGOs), and the private sector, including service providers, digital content providers, and various local delivery and support services. Other critical factors included availability of broadband connectivity, relevant software applications, training, and support and maintenance.

The ITAFE project partnered with Brazilian government ministries (Ministries of Planning, Communications, Science & Technology, Economic Development) and two NGOs—the Fundação Bradesco, Brazil’s largest and most innovative education foundation, and Centro Social Nossa Senhora das Gracas, a community-based NGO—to launch an employment-based pilot based in Osasco, in the Sao Paulo region. With more than 50 percent of adults out of work, it was identified as typical of many areas in Brazil lacking access to both quality public services and digital resources.
BUSINESS RESULTS
The pilot job-training and job-search application service set up by ITAFE, the Brazilian government and Fundação Bradesco was known as Caça Emprego, or “Job Hunt,” and it confirmed substantial interest among Brazilians in the C, D, and E income classes in training for and accessing job-hunting services online.

In addition, the project led to more than 2,800 needs assessment interviews in just six weeks, with 230 people trained in computer skills, 20 more trained as job agents, and five new job offers. The initiative also validated the ITAFE research and strategic framework as a viable model for future projects in Brazil and in the emerging markets—after replication and scalability considerations are duly considered. Finally, the program confirmed that low-income citizens would adopt the various services and pay for job search and training given the high value attached.

The organizations collaborating in the ITAFE initiative unanimously declared the work a success. Not only was it seen as a strong, unified answer to the moral imperative to extend the benefits of technology in the developing world, it was proved that these activities are economically self-sustainable, allowing for robust and long-term solutions.

“We have never seen such a success story before. The project has demonstrated that technology can be used to improve the lives of the poor and marginalized populations in developing countries.”

Stuart Gannes, director, Digital Vision Program
Stanford University

While ITAFE has completed its mandate, the initiative has proved a valuable vehicle for collaborative action. The Osasco digital inclusion program has been extended indefinitely. It is initially supported by additional contributions from ITAFE members, and will enjoy continuing support from Fundação Bradesco’s management for replication and scaling nationally.

The initiative has also highlighted significant learning opportunities that can be achieved by collaborating in the development of public-private partnership models. It is now expected that these lessons will, in the future, directly influence further action between global and local companies, civil society, and government, and can be replicated around the world.

Recognition of the initiative is already reaching distant shores. Stuart Gannes, director of the Digital Vision Program at Stanford University in Stanford, California, comments: “No outside expert would have dared predict such an innovative strategy and pilot application with measurable public benefits, and the potential for a socially and economically justifiable return on investment. But this is precisely what happened.”
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