

BUSINESS PLAN / PROPOSAL
ARMONIA YOUTH AND
COMMUNITY CENTRE
INCLUSION OF TELECENTRE
ACTIVITIES
JALALPAS, MEXICO CITY,
MEXICO
MARCH 2001

INTRODUCTION	2
PROPOSAL DEVELOPMENT	4
OBJECTIVES.....	5
TELECENTRE OBJECTIVES	6
ISSUES TO BE ADDRESSED BY TELECENTRE DESIGN.....	7
PROPOSED ACTIVITIES.....	10
DISTINCTIVENESS AND ADDED VALUE.....	12
HUMAN RESOURCES.....	14
COMPETITION.....	16
FINANCIAL DATA.....	16
REVENUE STREAMS	16
CAPITAL EXPENDITURE.....	18
ONGOING COSTS.	19
PROFIT AND LOSS.....	19
TIMING	19
PROMOTION AND MARKETING.....	20
FINANCIAL SPREADSHEETS	20

INTRODUCTION

Armonia is a non-governmental organisation in the service of the most needy communities in diverse parts of Mexico. Armonia works in a predominantly Catholic area and identifies its work as having Christian motivation to serve the poor.

Armonia works through a Christian Urban Transformation Centre named **CUTC Armonia-Jalalpa** in the west of Mexico City. Armonia has been able to expand its services to a Sub-urban area of Mexico City (CSUTC Armonia-Santa Cruz) and, at present is advancing its efforts towards a community of artisans and towards an Indian community in semi-rural and rural areas respectively.

Armonia, was founded in Mexico in December 1987 by Saúl and Pilar Cruz and from that time onwards has been directed by professional Mexicans with a strong sense of social responsibility for the contemporary problems of their city. The work has been carried out in association with humanitarian groups from the United Kingdom, United States, Germany and Mexico, with whom they share the vision of integrated service to needy communities in large cities.

Armonia as an Organisation now has over ten years of experience, eight of which include the existence of a formally appointed Board. It has managed an average of US \$350,000 per year, which has financed various projects at the Community Centre, housing projects, emergency aid and the development of micro-enterprises. Over the past eight years it has received a series of acknowledgements from the government of the city, thanks to services to communities within the district of Álvaro Obregón.

Armonia has set itself up in one of the areas of most need and highest risk by means of a Community Centre. It has defined its working agenda according to the real needs of the Community. For this reason, it has built 65 houses in an area known as "The Ditch" in one the poorest zones of the Ravine, with the help of foreign volunteers and members of the Community. One of its main tasks has been the prevention of disasters caused by the possible collapse of mines over which literally thousands of people have built their homes.

Over the years, the Organisation has gained an excellent reputation for itself within the Community and surrounding area, and with certain members of the government. Consequently, one of the problems they face at this time is that of finding more resources to let the Centre building grow, since the demands of the Community are such that our Community Centre is not big enough to accommodate all those who wish to participate in the programmes.

Armonia recently purchased a new warehouse in the Jalalpa valley and is the process of upgrading it to be a second community centre. This new centre is called Presedentes.

A participatory analysis of the core problems facing the community, undertaken by Armonia, has led Armonia to conclude that the poor face four key challenges –

isolation, exploitation, hopelessness, and “choicelessness”. This analysis fuels its guiding principles among which are:

- Giving relevance to the problems faced by the Community and considering them ours in the fullest sense of the word.
- Concentrating efforts into one area of great need and advancing slowly and gradually from a centre of original influence towards other areas, without trying to take on all the problems of the city as a whole.
- Learning to work with and walk alongside the Community. That is to say, emphasise that every member of Armonía should learn to walk alongside the community people and accompany them through all the typical experiences and emergencies they face. This means that the Organisation has almost its whole life orientated towards field-activities.
- Employing a participatory approach to the solving of problems. In this way, the Community Centre becomes a meeting place and a Christian Urban Transformation Centre of a very participatory nature.
- Selecting the majority of the personnel from the same community, especially for the department of operations

The operative area is defined as that which comes into direct contact with the Community and those related to it in a specific way. The personnel in this area are the teachers, co-ordinators, supervisors, builders and all those who have a responsibility to develop programmes directly with the beneficiaries. In this case, with only a few exceptions in the area of administration or if the Community Centre requires skilled teachers from elsewhere, **all the personnel are originally from the community where the work is being carried out.**

The job of setting up a network for stimulating work locally is carried out mainly by the Co-ordinator of the Community Centre under the supervision of the Operations Director and in agreement with the General Director and all those from the community, staff or volunteers who will participate in the programme.

Poverty is epidemic in Mexico, exacerbated by the 1994 peso collapse and economic crisis, and the more recent jolt in currency exchange rates in world financial markets. Seventy percent of the federal district's estimated population of 12 million people -- some 8.5 million people -- survive on about 2,200 pesos a month -- \$260. And 3 percent of those 8.5 million people live in conditions of extreme poverty, earning about 250 pesos or \$30 dollars a month.

Public programs to help the poor have long been subject to corruption and an inability at the federal level to resolve structural problems that leave most of the needy with little government support.

PROPOSAL DEVELOPMENT

This proposal/business plan was developed after consultation with the community in Jalalpa and Santa Cruz . The details of the consultation are to be found in the visit report “Consultation Visit for KAR R7842 Big World/Gamos Jan 2001. The methodology of the consultation was informed by the experience of IDRC. IDRC guidelines suggested an outline for a Telecentre scoping process. However this scoping process assumed that there was no existing community centre and so the methodology was modified accordingly.

In brief the consultation included the following exercises conducted with 30 people drawn from the community.

- Exercise – Profiling the group
- Exercise - Life events.
- Exercise - Objectives
- Exercise - Technology familiarity
- Exercise - Technology services
- Exercise - Service scoring.
- Wider community consultation

The profile of the group was that they were all local residents; they have had interaction with the centre either through children and youth activities or have shown a spontaneous interest. There was a spread of ages and youth (under 25 and single) made up approximately 30% of the group. There were a slightly more females than males.

Armonia’s goal is that its centres are staffed by the community supported by a central group of senior management and the board. There is a process of further localisation going on at present and management responsibilities have been handed over to the community groups. This is explained further in the visit report.

The community centre workers had already expressed an interest in telecentres before the arrival of BigWorld consultants. Armonia was already paying for the training of 5 workers in Basic Computer Literacy and had obtained 5 laptops in order to start using computers with the community. No formal plan had been made, and the management were trying activities on an *ad hoc* basis towards a general aim of “facilitating ICTs for the community”.

The outcome of the consultation was that this desire to develop information and communication technologies as part of the community centre was strengthened and the following plan was developed.

OBJECTIVES

Like many NGOs Armonia has a wide range of activities. Table 1 gives the main objectives as documented in their annual and strategic reports. The intention of this proposal is to support existing objectives not to create a parallel set for a telecentre. All telecentre objectives will be a subset of, and supportive to, Armonia main objectives.

The core Armonia objectives are: -

- Educational opportunities for Children
- Support for Families
- Personal development opportunities for all the community

Armonia and the community group that run the Centre together subscribe to a strong set of values. They wish these values to be supported by technology not eroded by it, hence their strong emphasis on **content**.

CHILDRENS WORK. AIMS:
To support children's education. Continuation of the Wonderful Homework Club, plus establishing two Montessori workshops to educate children in Montessori teaching methods.
To support children's Christian spiritual development. The practical teaching of the real meaning of love.
To encourage the children to understand and manage their environment, their community and their ecological surroundings, and to integrate into and participate in them. This includes camps, retreats, workshops, eco-tourism and special programmes to stimulate their initiative, participation and creativity.
To celebrate the life of the children.
To encourage the children to understand, respect and participate in all social institutions including their homes and the community centre.
To support improved nutrition.
To support the organisation of local parents in looking after their children and working with them to better their lives in their homes and in the community.
Immediate objectives:
To maintain existing facilities for children to carry out their homework.
To maintain a minimum attendance of 200 at the club (50 in the morning and 150 in the afternoon.)
To improve the health of community members by continuing to provide at least one nutritionally balanced meal a day to the 200 children and adults attending the centre.
To educate parents in the importance of good nutrition for physical and intellectual development
YOUTH WORK. AIMS:
To work towards the spiritual transformation of our young people by focusing on the following areas: reconciliation with God, responsibility, independence, reflection, image of God, self-control, socialisation, sharing, gratitude, skills, developing a Christian mind-set etc.
To facilitate their awareness both of the problems and temptations they face and of the abilities and potential they have to overcome them.
To support the growth of their abilities and potential so to encourage them to participate in standing against those traditions and forces that damage and oppress their community, and in working towards a more just and peaceful community.
Immediate Objectives:
To provide an environment: where young people can have fun in healthy ways and where they can grow in their understanding of God's word and learn to apply it to their lifestyle.

ADULT TRAINING ASSOCIATION. AIMS:
To attempt to meet the needs of the community in terms of the lack of primary and secondary education in adults.
To stimulate adults to apply new knowledge to their everyday life by making it relevant to their context, thus helping them to resolve immediate problems and to face the complex modern world.
To enable adults to take responsibility for their own training and to ensure that they are treated with respect and consideration.
To seek the spiritual transformation of adults through encouraging a change in values and even mental frameworks.
To equip parents to serve in evangelistic programmes and acts of service to other communities.
To stimulate awareness of the value of their own abilities and knowledge, and of how they can use their abilities and education as a vehicle to help improve their community.
Immediate Objectives:
To facilitate the spiritual, mental, and emotional transformation of participants through a 12-week course of teaching, practical workshops and community service.
To stimulate community members through this teaching to respond in spontaneous love and compassion towards their own community.

TELECENTRE OBJECTIVES

Having presented Armonia objectives the exercises identified the following main problems: -

The exercises identified the focal problem. Three themes arose.

- Employment, lack of opportunities and, lack of capacity
- Communication – many husbands migrate to the USA, high phone charges make for little contact and family dysfunction
- Education – the cost of schooling puts the children of poor families at a long-term disadvantage (leading to unemployment)

As a backdrop to these points there was a re-occurring theme of lack of money; and destruction of traditional culture was also mentioned.

The problems were reworked to provide the positive, desired conditions.

- Employment – awareness of opportunities and training for capacity
- Communication – frequent cost effective contact with dispersed family or employment opportunities so that migration is not necessary.
- Education – equal opportunity for education

ICTs were identified as having a role on reaching the above. An emphasis from the consultation was on “shared knowledge”. Much of the discussion revolved around how the wisdom of a person (such as an elderly member of the community) could be stored on a computer and offered not only to the youth of the immediate area, but even to other communities.

ISSUES TO BE ADDRESSED BY TELECENTRE DESIGN

Since the emphasis is on shared knowledge the following general issues were raised: -

The telecentre should have a **Content Led Approach**. The heart of the Digital divide is the recognition that Information is valuable. It is an opportunity for power. A key objective for Armonia is to create a mechanism for allowing the poor to realise the economic worth of local knowledge and know-how.

Therefore the centre should include:

A Multimedia Content **Design Studio** as part of telecentre – triggered when local understanding and capacity building phases have been achieved.

A system for rewarding indigenous content

To make the content immediately accessible and obviously appropriate to local people the service provision to be based on the **Life Events approach**. (This has some similarity with the DFID Livelihoods Approach but is presented on a simpler basis so the community can understand). The Life Events approach goes one step further than simple problem tree analysis. It was used during the consultation to draw out the opportunities for supporting poor people in positive expressions of life as well as tackling their immediate needs. For instance, the challenges of a wedding and minimising the expenses thereof may not be considered a major problem, but through the Life Event approach they were identified as a significant potential problem for families. There will be an ongoing selection and **creation** of a local taxonomy of information needs

The initiative should be **Youth Led**. Even in these poor areas generation Y have been exposed to computers and accept their potential as the norm. The consultation showed that many poor children had some, albeit extremely limited, access to computers, and or saw them on television and understood the significance of their potential. The ideas of producing local content can be enhanced by letting Youth be involved. Challenges in this area are:-

Youth have technical expertise (or gain it very quickly) but may not have the authority/leadership skills.

The older members of the community may be the repositories of helpful life experience.

There are opportunities for South-South Co-operation and mutual capacity building

Where possible build using **Open Source Options**. The rationale for this lower “per seat” and life time costs. Open source options also means that local staff are paid to develop and maintain the software (keeping finance within the community) not the license holders through their agents (often part of the wealthy elite). Open source also has the potential allow people to graduate from the Telecentre and start their own businesses at minimal cost.

For instance:- Operating Systems - E.g. Linux, Office applications - E.g. StarOffice, Browsers - E.g. Opera, Open Content, Collaborative Working Environment.

The Open source approach raises an added issue regarding employment. The dominance of Microsoft mitigates against this open source approach. Many companies and personnel departments believe that Microsoft accreditation on Word and Excel is superior to say a genuine working knowledge of StarOffice. In practice anyone using StarOffice can effectively use Word and Excel.

Based on the last comment above, Certificates are important and valued by the business community therefore **accreditation** is important. Due to the general perception of companies in Mexico (and the world), there may be a need to enhance the open source options with some sort of generally accepted accreditation in order to maximise employment opportunities.

The possibilities include:-Telecentre Generated e.g. Induction, Right to use certain equipment. Global Proprietary e.g. CISCO E-Academy, Microsoft¹. Generic e.g. International Computer Driving Licence²

Focus on delivery of services via consumer **Alternative Information Appliances (AIAs)**. There is an increasing range of alternatives from a standard multi media personal computer for **delivery** and gaining **basic** computer literacy. The Knowledge and Research project has identified a number of workable alternatives for delivery of services. For want of a better term we have generically called these Information Appliances. AIAs again offer lower “per seat” and lifetime costs. They are often more robust, require only minimal maintenance and are more affordable. Examples of AIAs for **delivery of information** include (this is not an exhaustive list by any means)

Vtech educational laptops³ ; Games Consoles⁴ ; DVD⁵ ; Use of multiformat CDs⁶

¹ Microsoft offers self taught certification for £200 in Mexico available widely.

² <http://www.icdl.org.za/>

³ Vtech have been contacted. They have sales outlets in Mexico. They offer a basic children’s educational tool which looks like a laptop and has word processor with built in educational games. Some of their systems have the ability to send emails and plug into televisions emulating a PC. Costs of systems vary between £50 to £200.

The AIA approach opens up the potential for significant cost savings per seat and on lifetime costs. While content is not readily available (except for Vtech educational programmes), the AIAs offer a possible cost effective and wide audience for long term distribution of home grown local content. An analysis of AIAs can be found in the KAR supporting report.

There is to find the **optimal risk adverse approach**. It is important to offer security of data as well as equipment and yet to include a scalable system to allow for future expansion. There is a need to explore Alternative Networking Strategies. Most Telecentres seem to be built around client server networks which can be very vulnerable to disruption and expensive to support.

The options include:-Peer to Peer, Client Server, Remote Host, ASP

Key elements resulting from this risk aversion are:-

Gradual purchase of equipment as human capacity develops⁷,

Minimise the need for onsite 24/7/365 support and work towards outsourcing technical support. This has the added bonus of reducing reliance on any single technical person⁸.

Important to provide **Personal Digital Storage**. As well as general security on data it is particularly important that individuals with possibly only transient access to ICT services and equipment need a persistent, accumulative, future proof collection of personal digital assets.

Accordingly the telecentre should offer:- individuals a repository to store many personal CDs⁹ (with R/W capability), off-site backup¹⁰

⁴ Games consoles offer a multimedia menu driven experience without the need for keyboard skills. They can be a robust hardware, which could withstand harsh environments. There are technical problems to using older consoles such as playstations which retail at between £20 to 80. The new generation of consoles will have connectivity, and offer basic communication but retail at around £300.

⁵ DVD is a menu driven multimedia experience. It is an open source format. DVD home systems are being sold in Mexico for \$100.

⁶ e.g. <http://www.osta.org/> Possible delivery of material via many alternatives. For instance a CD may have visuals for DVD of Games consoles and yet still play audio on a common walkman.

⁷ It was noted that many other Telecentres fully equip themselves with high specification systems from the start. By the time the Telecentre is in full use with capable staff, the systems are out of date and the users and staff are frustrated with obsolete technology. It would therefore seem better to start small and upgrade as capacity develops.

⁸ The consultation identified that a common problem in Telecentres is that one person becomes the full time technical support, they gain experience and confidence and then either command a salary which is considerably higher than the equivalent community worker, or they leave to find a well paid job. Armonia wishes to train people for jobs in the city and therefore does not itself want to be reliant on a particular inhouse technical support individual.

There should not be an assumption of 24/7 connectivity with the global community. It is important to explore **Alternative Connectivity Options**. The last mile is the most difficult part of the network in areas with low infrastructure and low consumers spend.

Alternatives explored as part of this proposal include:- Wireless LAN
PSTN, Lease Line, Radio Internet, Satellite, Terrestrial Set-top boxes

Finally, an idea raised in the consultations that should not be lost, is that the telecentre should be membership based to develop a stable clientele that would contribute to the main objectives. An approach for this would be a **Vouchers system** that would allow free trials and then work towards Training. A voucher system is already operating in the centres – children who do their homework well get vouchers enabling them to use the sports facilities, community volunteers earn vouchers which enable them preferential dental treatment. This offers the possibilities for a PR and Marketing Tool for the most marginalised based on yield optimisation techniques,.

PROPOSED ACTIVITIES

Given these underlying issues and decisions, the consultation took people through the process of designing a telecentre.

Having explored and ranked their problems, and discussed how technology might address these problems, the community suggested activities that should be conducted within the Telecentre. The group did not have a strong knowledge of what a computer can and cannot do, and this proved helpful in terms of not restricting their imagination by existing technology. Initially the group were aware of only basic computer activities such as word processing and sending emails. The team discussed learning programmes for children and the various opportunities presented by peripheral technology (eg web cameras).

The emphasis was on ICTs ability to **SHARE KNOWLEDGE** in both synchronous and asynchronous manner. The discussion included an educational component making people aware of what technology can currently do, and what it might be able to do in the near future.

The key elements are:-

Advisory services –	“Me helping myself”
Training (education and job incubation) –	“Me improving myself”
Content services –	“Me helping others”

⁹ Floppy disc have been shown to be vulnerable to harsh environments. The CD offers a robust environment for long term storage

¹⁰ Opportunities exist for storage off site thus mitigating security threats. Eg idrive.

The three elements are of course interwoven – learning how to develop an advisory web site may also be a future job skill and the author may gain helpful advice during the development process.

The consultation generated a possible menu of services and activities to be carried out in the telecentre. The service product list is given below.

Some services will have alternatives of presentation and filtering according to the age groups. The numbers (1, 2 & 3) denote either a restricted level of access with heavily filtered content or a differing style of presentation for that service. In brief the required products are as follows: -

Service menu	Children (<11)	Junior youth High School (12 – 17)	Senior youth 17 - 25	Adults
Library resources	1	1&2	2	2
Learning programmes (school curriculum)	1	2		
Basic Computer Skills learnt through doing.	X	X	X	X
Training in specific work related skill			X	X
Training in Computer skills		X	X	X
Careers advice		1	1 & 2	1 & 2
Issue based advice (e.g. Drug abuse)	1	2	3	3
Connectivity to global community		1	2	2
Technical Support services	X	X	X	X
Design studio		X	X	X
Business incubation			X	X

Clarification

A1& A2 - Library resources will contain two levels of access. 1 & 2. Content will be filtered for age group and mainly used on site. The community centre already has books which are used by the community. It is possible that AIAs will be available for loan and use at home.

B1& B2 - Learning programmes will contribute to school curriculum at two basic levels. 1 & 2. The community spoke of “Virtual teachers”.

Training in specific work related skill. As specific needs are identified, (eg Domestic service training already identified by Armonia), content will be sourced and developed for self-tuition on the computers with group discussions.

Training in Computer skills. Self study programmes are available. Staff training of personnel is not envisaged although peer to peer assistance among the community is expected.

Careers advice will be at 3 levels. 1 Generic (but contextualised) offline advice for youth. 2 Specific work related opportunities (including employment and training).

Advisory service for Issues will need to be targeted at the age appropriate level. **Connectivity to global community.** 1 will be restricted to school to school communication. 2 will allow free access but probably batch emails and filtered Internet surfing.

Support services will include printing, scanning, etc. Where these services have significant consumable costs (eg printing) there will be controlled access.

Design studio. Development of local content is the key added value of this telecentre. Key community members, both youth (who have technical skills) and adults (who may have better editorial skills) will be encouraged to develop local content and edit global content for offline use.

Business incubation. The community may explore the possibilities of business incubation. The knowledge-based services generated within the Telecentre may have markets in Mexico and the world. Two examples were given:- 1) The centre uses the Montessori method of teaching. It obtained a Spanish paper based manual. The potential lies in the fact that Armonia videoed the entire first year of using the manual in the community centre. It could develop a multimedia-based manual in partnership with the original manual authors. 2) There is considerable concern among the community to preserve their cultural heritage as they have a large mix of indigenous groups. There are possibilities for local language development of material, audio and visual digital assets that could be sold.

DISTINCTIVENESS AND ADDED VALUE

The Armonia Telecentre will stand out from most (if not all) other Mexican Telecentres by being:-

- Focussed on a very poor community
- Designed and run by individuals (youth) drawn from the local community
- Contributing to an ongoing established locally driven ongoing project rather than being set up as a new venture
- Content led rather than technology led with active encouragement to design and publish local content
- Create and use computer based learning for subjects beyond computers
- Based on an integrated approach towards livelihoods rather than set up purely as an information and communication centre
- Risk aversion by utilising technology in a strategic way - Alternative Information Appliances, Open source software, Alternative Connectivity Options

<p>Strengths</p> <ul style="list-style-type: none"> • Local NGO – community operated • Established community connections • Physical asset of community centre • More than 10 years experience of management of centre • Experience of public (membership) use of equipment including books (ie lending services) • Financially operational • Security – track record very good • Youth with technology skills • Support from nearby private sector • Content led approach • Open source foundation for cost effectiveness • Alternative Information Appliances • ISDN available in Presidentes 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Current human technical skills limited¹¹ • Current set-up financially dependent on donors¹² • Accommodation and space need some adaptation
<p>Opportunities</p> <ul style="list-style-type: none"> • Production of local language primers and life event information • Production of video and audio backed material • Storage of cultural knowledge • Storage of advice knowledge • Employment data service • Training for non computer related employment (eg catering and domestic service) • Training for computer related employment • Shared knowledge • South - South co-operation • Accreditation opportunities • Risk aversion strategy possible 	<p>Threats</p> <ul style="list-style-type: none"> • Computer related training (CRT) on its own of limited value¹³ • Private companies setting up shop nearby¹⁴ • Security – possible that thieves may feel worth targeting¹⁵

¹¹ Being and will be addressed by training

¹² But Telecentre will be planned to be financially sustainable

¹³ But total effect of this small because mitigated by CRT not emphasised or sole revenue in this plan

¹⁴ limited threat due to nature of content

¹⁵ mitigated by connections to community and types of equipment, plus offsite storage of data

HUMAN RESOURCES

Armonia, was founded in Mexico in December 1987 by Saúl and Pilar Cruz and from that time onwards has been directed by professional Mexicans with a strong sense of social responsibility for the contemporary problems of their city. The work has been carried out in association with humanitarian groups from the United Kingdom, United States, Germany and Mexico, with whom they share the vision of integrated service to needy communities in large cities.

The operative area is defined as that which comes into direct contact with the Community and those related to it in a specific way. The personnel in this area are the teachers, co-ordinators, supervisors, builders and all those who have a responsibility to develop programmes directly with the beneficiaries. In this case, with only a few exceptions in the area of administration or if the Community Centre requires skilled teachers from elsewhere, **all the personnel are originally from the community where the work is being carried out.**

The job of setting up a network for stimulating work locally is carried out mainly by the Co-ordinator of the Community Centre under the supervision of the Operations Director and in agreement with the General Director and all those form the community, staff or volunteers who will participate in the programme.

The human resources available to the telecentre are as follows:-

Armonia Board – some members of the Board have links into the US IT industry. It is possible that they can obtain hardware, software or if necessary technical support and strongly discounted rates.

Armonia Management – Saul Cruz, the director, has a reasonable working knowledge of computers. He operates his own laptop and personal computer, demonstrating an above average knowledge of connectivity and software.

Armonia Staff – have only basic knowledge of computers. Some have personal computers at home; all can operate word processing and accounting packages.

Community centre operative staff:- There are difference according to age. Armonia has sponsored a number of poor families to send their youth to college. These college youth have basic computer literacy and in some cases have some “support” knowledge – eg how to set up unknown software and basic hardware changes. These youth are available out of college hours and have considerable enthusiasm for the project.

Other community operative staff are not familiar with computers. A few have some basic word processing skills. 5 staff are currently undertaking training courses sponsored by Armonia in preparation for the Telecentre project. The have completed basic understanding of the windows environment, can word process confidently and are continuing their learning with spreadsheets.

Community support: -

There is one private computer training school in Jalapas. A widow, Ania, started this school about one year ago. She has 7 multimedia systems and teaches a range of computer skills. She is supported by her neighbour who has technical skills for supporting software and rebuilding hardware when necessary.

Ania has recently joined the community centre (Autumn 2000). She is supportive of the centres plans to start a public telecentre. Armonia has a policy of not starting any business that might compete with an established local business. Ania does not see the plans as competitive and has encouraged the centre to proceed with its plans¹⁶. A symbiotic relationship is envisaged, where computer training will be done by Ania, and the centre will stimulate interest in basic computer literacy.

There is general support for the scheme from the wider community but key human resources are expected to develop as the telecentre unfolds.

Volunteers

Armonia has always allowed volunteers from the USA and Europe to visit the centres. These volunteers offer their skills to run children's summer clubs, and undertake building and maintenance work on the centres alongside the community. The value of these activities lies in developing awareness among the visitors and community, and in some cases the establishing of long term relationships.

Volunteers could be accepted who have technical skills. This resource has limited applicability; it would not be good for the telecentre to be reliant on long distance technical support. However, it may be that the volunteers could bring new software and run short training courses.

Technical expertise

As described above there are members of the community at various stages of technical competence. The design of the Telecentre will attempt to reduce the need for specialised technical competence as much as possible. When second level maintenance or repairs are required technical expertise will, if necessary, be brought in on a commercial basis.

¹⁶ She actively worked with the consultants to develop the plan, volunteering to gather price information, etc.

COMPETITION

There is only one source of computers and public internet access within Jalapas:- Ania's Computer training centre mentioned above. Her courses costs the following:- Basic Computer Literacy, Microsoft Office, Internet. Outside the times set aside for courses, she also allows young people to surf the net and take part in chat rooms and on-line games for an hourly fee.

Other competitors are the Internet cafes and telecentres in other districts of Mexico City. These are too numerous to document. The literature survey identified 7 telecentres sponsored by IDRC of which 5 have ceased operation. Sample Internet cafes were visited.

The cost of using the Internet in a privately run café or telecentre varies between M\$12 to 20 per hour and M\$3 per printed page. For the residents of Jalapas one would have to add a bus or taxi fare to town plus put an economic value of the time taken and inconvenience.

FINANCIAL DATA

REVENUE STREAMS

A spreadsheet is given for the mix of income expected.

The consultation group giving an indication of **Willingness To Pay (WTP)** offered indicative prices for use. Based on these figures the management and the consultants worked on the final product targets and the input required to fulfil them.

There are three categories of user: -

- A) Students (Children and youth in full time education) who are members of the community centre.
- B) Adults who are members of the community centre (i.e. who assist in the running of the various clubs, do cleaning, etc)
- C) Adults who are casual visitors to the Community centre.

The consultation suggested that each of these groups would be charged at different rates. The following are the proposed initial charge rates based on the consultation and compared to competition.

Costs in Mexican Pesos

Service menu	A	B	C	Unit
Library resources	3	5	10	Per hour
Learning programmes (school curriculum)	3		10	Per hour
Basic Computer Skills learnt through doing.				In the above
Training in specific work related skill	5	10	15	Per hour

Training in Computer skills	5	5	15	Per hour
Careers advice	3	5	15	Per session
Issue based advice (e.g. Drug abuse) Free if disadvantaged or emergency	3	5	15	Per session
Connectivity to global community	3	5	10	Per email
	3	5	10	Per hour
Technical Support services	1	1	3	Per piece printed
Design studio		% of profit	Not available	
Business incubation		% of profit	Not available	

Given these product prices the accompanying spreadsheet works backwards from “seats available” to generate possible revenues. Given the level of interest expressed by the community, and the current commitment to the Community centre we may reasonably expect full occupancy of the equipment during daylight hours (security will restrict night time use). However, much of this might be community centre members (students) who are scheduled to pay reduced fees.

The base business plan has been made on the following assumptions:-

- That there is high demand, however due to technical and logistical reasons the centre can only achieve total occupancy at only 60% of total capacity. This has been assumed to allow for maintenance and repair, and any development difficulties.
- That sizeable proportion of total occupancy is from discounted members.
- That numerically a greater number of seats is made available for AIAs and therefore sizeable proportion of discounted members are students

The total income from seat occupancy can be expected to be in the region of **US14,000** per year.

The plan is **most sensitive** to a reduction in price for non member adults. Reduction from 15 to 10 per hour would result is US\$2000 less per year.

There is an assumption that no profit will be made from printing or auxiliary services.

Design Studio Output :- In addition to the seat occupancy income, Armonia has expectations of using the design systems to crate local content. This content will be offered beyond the confines of Jalapas.

Local language lesson plans – This has yet to be detailed. However there are 167 languages in Mexico, many of which are spoken by some people in Jalapas. Product - Making primer web pages in these languages could provide material for schools and for interested persons (students of culture in other countries).

Assume production takes 5 days. US\$2 per lesson accessed through download from ecommerce site (ie no distribution costs). Customers – schools in Mexico (assume 150 sales), novelty sales to global schools (assume 100). Potential income US\$500 per lesson.

Montessori lesson plans – Armonia already has hundreds of hours of video of teaching the Montessori method. Product - Editing this material on to CD (DVD) and distributing it. Customers may Spanish speakers throughout Latin America. Assume CD sales at US\$40 for three lessons. Customers – schools throughout Latin America (100). Possible income US\$4000 per CD.

Employment site. Currently no employment web site exists for low to middle income work. Armonia could use its contacts throughout the city to get companies to contribute their job vacancies to a single searchable run by Armonia. Payment could be through advertising, through “per search” or by percentage payment for every job filled.

Advice sites. Armonia’s key concern is for the health of family life in Mexico City. There are training programmes in family health undertaken with the community. These could be videoed and offered as a distance learning discussion opportunities for dysfunctional families, psychologists or psychology students.

Many of the revenue streams considered by the communities are at a concept phase only. Nevertheless some of them show real potential. The possibilities of selling local content created by a mixed community like Jalapas have not yet been explored by other telecentres in Mexico or even around the world.

A reasonable assumption for the two design systems is generated income of **\$2-3000** per year for the centre.

CAPITAL EXPENDITURE

The spreadsheet documents the full cost of the proposed equipment.

Raising the finance:- This initiative has been started by Armonia and while we are appreciative and hopeful for the design and technical support offered through the DFID research contract we are hoping to implement this plan whether supported by DFID or not.

To this end Armonia has acquired 4 second hand 486 laptops to form the basis of the PC Systems. Each laptop has a working CD Reader and one has a CD Writer. \$1000 has been raised specifically for software. It is anticipated that the AIA’s will be donated within the next two months.

The research project *material support* finance will be used to purchase the design systems.

We have not made detailed technical specifications for the equipment as these change month by month. We hope the BigWorld project team will assist us to get the most suitable equipment at the time of purchase. The capital expenditure on the spreadsheet is therefore specified in generic terms.

ONGOING COSTS.

The spreadsheet shows the expected operational costs for the telecentre.

These are framed on the IDRC guidelines with details from the consultation.

PROFIT AND LOSS.

Given the income of US\$14 to 18,000 (US\$12-14000 from seat occupancy and an anticipated US\$2-4000 from the design studio), the Telecentre should be able to fully replace its equipment within two years, and/or expand its services.

We note that the sentence above standing on its own may seem optimistic given the current track record of telecentres in Mexico. However, we believe that all the financial assumptions have been made on a conservative basis and that the difference is that this telecentre is bringing added value to an existing successful community centre and is not starting from scratch.

We also believe that our sustainability will be supported by two specific aspects of our distinctiveness i.e. :-

- Contributing to an ongoing established locally driven ongoing project rather than being set up as a new venture
- Content led rather than technology led with active encouragement to design and publish local content
- Based on an integrated approach towards livelihoods rather than set up purely as an information and communication centre

TIMING

As described above, some actions have already started.

The community centre is an ongoing project

Armonia is having rooms adapted for technology use.

Training of 5 community operatives has been started and is ongoing

Four 486 laptops have been acquired and upgraded with CD Rom and CD RW.

If this proposal is part funded as part of the DFID KAR project, the balance of the equipment will be purchased and the project will proceed. It is hoped that DFID will reach a decision by the end of May at the latest.

Equipment acquisition and placement should occur in June 2001.

As part of the DFID contribution the field visit to undertake set-up and training in the month of July.

The formal opening for the project will happen when the design studio is in place.

We have noticed that many Telecentres obtain high specification equipment at the start of their programme. They then take a while to develop the human capacity (both marketing to clients and technical support) to utilise that equipment to its fullest extent. By the time the human element has caught up with the potential equipment use, the equipment is out of date and users become frustrated with obsolete technology. We therefore propose to purchase a variety of systems AIAs, low specification PCs and few high end specification PCs. We will also purchase new equipment in smaller steps than the average existing Telecentre.

PROMOTION AND MARKETING

The community centre is well connected to the surrounding community. It is unlikely that special marketing will be required to attract everyday use of the Telecentre. If “word of mouth” and the voucher system proposed does not produce sufficient interest then special measures will be undertaken. The operative workers from the community have experience of promoting the community centre and of undertaking special awareness raising days.

Promotion of the content from the design studio will be required. Depending on the output, specialist forum for promotion will be identified. For instance there are specialist web sites for those interested in Montessori teaching. Educational materials can be promoted through educational authorities.

FINANCIAL SPREADSHEETS

Expenditure on Armonia Telecentre

Cost figures in US Dollars

			One off	Per year
	Units	price	total	
Capital technology equipment TOTAL				8400
Authoring systems - Full Multi media with connection	1	1000	1000	
Vtechs	8	200	1600	
DVD players	5	200	1000	
Consoles			0	
Televisions	2	300	600	
pentiums with Word, excel and CD	6	400	2400	
printer	1	300	300	
peripherals (scanner, camera, etc)	1	1000	1000	
Proxy server	1	500	500	
Other one off start-up costs				
Installing power supply,				available
telecommunications				1000
Installing security equipment				1000
Equipment and furniture costs (purchase, down payment)				available
Software, supplies, reference, training manuals				2000
Training costs				1000
Specialist training on "content"				1000
Total Start-up costs including equipment				14400
Operating costs				
Site and building (rent, maintenance)				1000
Insurance, security operating costs				1150
Building, furniture (lease, amortization costs over time, maintenance costs)				in rent
Upgrades to equipment and software		plus the capital costs		500
Communication costs (fees fixed, per use)				500
Staff costs (salaries, benefits)				1280
Training costs				500
Outreach, promotion				500
TOTAL OPERATING COSTS				5430
equivalent interest payments	Rate	7%		1008
equivalent recovery of capital	Years	3		4800
Total annual operating costs including cost recovery				11238

Income assumptions for Armonia Telecentre		All costs in Mexican Peso		Approximately 10 Peso = US\$1		Other assumptions		Televitions are not revenue generating per se		No profit is made on printing services	
Basic assumptions	Units	Total income	Annual Capacity hours	Occupancy	D Student proportion	D Adult	P Students	P Adults			
Days per year	240										
Hours per day	8										
Discounted Students	3		5760	60%	20%	2074	30%	3456	30%	15552	
Discounted Adults	5	3	8640		20%	3110	30%	5184	20%	5184	23328
Public Students	5	8	15360		80%	22118	0%	9216	20%	9216	0
Public Adults	15	5	9600		30%	5184	40%	5760	10%	2880	17280
Adde value training	1.5	1	1920		NA	NA	NA	1152	NA	NA	NA
		1	1920		See revenue stream below			1152			
Equipment available											
Basic computers with training premium											
A/As											
A/As											
Proxy server											
Design Studio											
Total income from "seats available"						32486		133862		24480	56160
Concept additional income streams											
Local language primers in tribal languages			5000								
Multimedia training on Montessori			10000								
Employment site			5000								
Advisory site			5000								
Total annual income								158862		20736	56160
Total annual income in US Dollars								15886			

