Beyond Philanthropy ...

Case Study

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Introduction

"… there is no hope for development without business, and in the long term, there is no hope for business without development."
Rajat Gupta, former McKinsey managing director, UN General Assembly, 2005

In 2007, Hivos, an international non-governmental organisation inspired by humanist values, formed a partnership with Logica, a global IT company, and the Mamidipudi Venkatarangaiua Foundation (MVF), an Indian organisation working to abolish child labour. This NGO–business partnership, lasting four years, engaged highly skilled Logica consultants from the Netherlands and India to work with MVF to develop a management information system (MIS) and child monitoring system (CMS). This partnership has contributed to the improvement of the quality of life of Indian children who have been abused and exploited.

In this case study we share the journey and experiences of this NGO–business partnership: from the rationale for engagement, field experiences and challenges, to issues of scale and sustainability.
We believe that documenting and sharing the experiences of this partnership is valuable for all individuals and organisations that are open to considering the merits of NGO–business partnerships in the non-governmental, public, and private sectors.

Business in Development

Since the 1990s, the private sector has become increasingly engaged in partnerships with civil society organisations to tackle the global challenges like poverty and climate change. Such partnerships, sometimes also referred to as social alliances or cross-sector partnerships, are a part of a trend to view non-profit organisations not so much as "gadflies" but as "allies".[1] Perspectives are shifting: whereas NGOs long suggested business was part of the problem, they now increasingly acknowledge business to be part of the solution. At the same time, society is expecting global businesses in partnership with others to solve the numerous humanitarian crises and problems the world faces – such as environmental damage, disease (e.g. Hiv/Aids), poverty, and human rights violations.[2]

The partnerships are usually based on some form of sharing of competencies, resources, risks, costs, and benefits. This can range from a simple exchange of assets to a far more complex sharing of decision-making and product delivery.[3] Since the 2002 World Summit on Sustainable Development international bodies such as the United Nations and the World Bank, as well as northern governments, have actively promoted cross-sector (profit/non-profit) partnerships as part of the development aid package. It has become increasingly clear that the Millennium Development Goals (MDGs) cannot be achieved in the absence of a diversified and productive private sector, and most companies have the potential to make a contribution.[4]

Why work together?

Benefits include:[5]
- Effectiveness: International development is complex, demanding multiple actors and a distribution of responsibilities;
- Resources: Pooling resources (knowledge, skills, money) can contribute to greater effect, ranging from improving operational efficiencies to sector building;
- Innovation: A new type of business model is built around the idea of "co-creation", which requires partnerships between business and social groups;
- Image and branding: Partnering can strengthen brand image;
- Lobby and advocacy: Multi-stakeholder partnerships can add credibility and increase pressure on governments.

Risks include:
- A loss of independence: there is a tendency for every participant to stay as independent as possible, which can make the management of the partnership complicated;
- Damaged credibility among stakeholders: the partnership makes the reputation of each actor more vulnerable;
- Different perspectives on poverty: businesses can over-simplify the complexity of poverty reduction. It is often mistakenly believed that poverty is a purely economic issue. In fact it also has political, historical, and cultural aspects. Businesses are often looking for a quick fix solution, and their "let's just solve it" mentality can have adverse effects in practice.[6] On the other hand, businesses have doubts on the efficiency and effectiveness of development organisations.

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[1] Kolk, A, Van Tulder, R, Kostwinder, E (2008). Business and partnerships for development. *European Management Journal, 26.*

[2] Warhurst, A (2005). Future roles of business in society: the expanding boundaries of corporate responsibility and a compelling case for partnership. *Science Direct, Futures 37.*

[3] Tennyson, R.&T. Harrison (2008). *Under the Spotlight. Building a better understanding of global business-NGO Partnerships.* International Business Leaders Forum.

[4] Nelson, J and Prescott, D (2008). *Business and the Millennium Development Goals: A Framework for Action.* International Business Leaders Forum.

[5] Tulder, van R. (2011). *Civil Society partnering with business: On Shifting Identities New Opportunities and Complex Challenges.*, a position paper.

[6] Hupperts, P. (2006). NGOs, *companies and poverty reduction, a discussion paper.* Den Haag/Amsterdam: Oxfam Novib *& NCDO* Business in Development.

Methods of engagement

Three types of partnership[7] with different rationales can be identified and implemented by various players across a variety of sectors and settings:

- Bipartite public-private partnerships: these are government services or private business ventures funded and operated through a partnership of government and one or more private sector companies. They are often set up to address an inadequate provision of public goods caused by years of underinvestment, and are particularly common in such sectors as water, power, and health.
- Bipartite private (for-profit/non-profit (PNP) partnerships: these often seek to address underinvestment in social capital. They are increasingly established between NGOs and businesses, often in order to set a number of standards which governments are not able or willing to set. The primary agricultural commodity sector (coffee, cotton, cocoa), fisheries, and global health have been the objects of a significant number of PNP partnerships. The NGO–business collaboration between Hivos, Logica, and the MVF is an example of a PNP partnership.
- Tripartite partnerships: these include all three actors (state, companies, and civil society/NGOs). They are formed to address the problems that result from the "institutional" void that develops due to retreating governments or weak governance structures. Examples include the Global Alliance for Improved Nutrition or the Global Alliance for Vaccines.

Different partnerships demand different levels of engagement. According to Austin[8] alliances are built on principles of collaboration: participating organisations move from the traditional philanthropic and transactional relationships to one that is more integrative. Philanthropic relationships or sponsorships entail charitable donations from one party (private/company) to the other (NGO or community-based organisation). This generally has low strategic value and represents limited reciprocal exchange, promoting an "us versus them" mentality. Transactional relationships are characterised by exchanges of such explicit resources as knowledge. Reciprocal exchange is more important than in the philanthropic stage, and the relationship is mutually beneficial.

The integrative relationship, unlike the philanthropic, is more equitable, and the missions, staff, and activities of both partners start to merge, and the organisations to integrate. Partners work on issues important to all parties, make recognised equity investments for a mutual return, and agree to share one another's resources. As a result, the "us and them" becomes a powerful "we". All parties work to make the relationship dynamic, encouraging active learning for everyone involved. Integrative partnerships are neither purely philanthropic, with businesses simply donating funds, nor adversarial relationships based on opposition to corporate behaviour.[9]

Transactional and integrative partnerships seem to become more popular as companies look for new ways to increase employee motivation and loyalty, improve brand reputation, strengthen stakeholder relationships, and seek opportunities for innovation, improvement and organisational learning. NGOs are also shifting to this integrated paradigm. The involvement of the private sector may bring new skills and knowledge, enhancing effectiveness and efficiency. It also creates opportunities for upscaling the work of NGOs and increases awareness of poverty issues within the private sector.[10]

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[7] Tulder, van R. (2011). *Civil Society partnering with business: On Shifting Identities New Opportunities and Complex Challenges.*, a position paper

[8] Austin, J (2000). *The Collaboration Challenge: How Nonprofits and Business Succeed Through Strategic Alliances.* Jossey-Bass Publishing.

[9] Ashman, D (2001). Civil society collaboration with business: Bringing empowerment back in. *World Development, Vol 29.*

[10] Rozendal, L. (2009), *NGO Business Partnerships: An empowering tool in development?* Advanced Master in International Development.

The Hivos:Logica:MVF Partnership

Hivos' relationship with MV Foundation (MVF) dates back to 1995. MVF's main mission is to build the capacities of rural communities to abolish child labour by universalising education. MVF's objectives fit well with Hivos' institutional approach and its policies on human rights. The first contact between Logica and Hivos took place in India in 2007. Following discussions and various small-scale pilot interventions, a formal Memorandum of Understanding was signed in 2008.

The partnership was defined in broad terms. The goal was to improve the quality of life of Indian children through education. By increasing MVF's ICT expertise, a child's passage through school could be better tracked and the overall quality of education be monitored. In this partnership the roles were determined as follows: Hivos would act as a broker, coordinating the implementation and management of the partnership; Logica would commit 50 high-level consultants at different times for developing a Management Information System (MIS) and a Child Monitoring System (CMS), to migrate MVF from a manual to digital data capture. Logica also committed to make annual donations towards programme costs for Hivos personnel in India and the Netherlands, funding for MVF, and funding for the establishment of two residential bridge camps. In addition, where possible, computers and servers would be donated to MVF. MVF would identify suitable pilot sites for the bridge schools and CMS, and commit the time and human and financial resources necessary to sustain the programme beyond the initial four-year period.

Needs assessment

Data capture has always been a continuous and comprehensive feature of MVF's operations. In 1991, MVF was active in only 3 villages and helped 30 children return to school. In 2009, it was active in 6 districts in Andhra Pradesh and in five states in India, covering 250 villages in Andhra Pradesh alone, and in contact with over half a million children on a daily basis.

With continued expansion and ever-increasing numbers of children, their manual paper-based data collection had serious limitations:
- Registration was administratively cumbersome;
- MVF's overall effectiveness and efficiency was affected, with less time available for negotiating with schools, teachers and local government, visiting parents, or organising meetings;
- Validating data was problematic, with difficulties in generating ad hoc monitoring reports for donors, conferences and advocacy purposes.

A needs assessment conducted by Logica Netherlands highlighted three key weaknesses in the system:
1. Amount of time invested and work required to collect and consolidate data and produce reports was too high;
2. There was limited scope for flexible reporting;
3. Reliability and quality of the data were severely compromised.

A CMS was therefore proposed to reduce the work of field organisers and documentalists and to gain better insights into changes over time of all aspects of in- and out-of-school children. In addition, at the formative stage, the lack of computers at village or mandal[11] levels and the need for training was determined.

Risks were largely at the managerial level, such as the lack of management support, the need for a budget for changes and extensions beyond the project life cycle, and the inability to adequately train users.

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[11] A mandal is a sub-district-level unit of the Indian administrative system.

Partnership In Process

Activities

Logica consultants generally travelled from the Netherlands for two-week blocks to work on a specific, defined task. From 2009 onwards, consultants from Logica India joined the partnership and worked alongside their Dutch colleagues. Over the four-year period, within the project various ICT and business experts worked together: system developers, software engineers, business analysts, functional designers, testers, and trainers.

Developing the CMS also involved designing and delivering training of trainers courses for "master users" (supervisors, documentalists, village and cluster organisers) who then trained the ultimate "users" (project coordinators, field office administrators) based in the field.

The CMS provided instant access to accurate statistics concerning children across a wide range of fields: name, age, gender, name of village and school, year, and class information such as size at village, mandal, and district levels. It also saved time during data capture and data entry. Previously, at the start of each new academic year, field staff had to collect fresh data and verify it. Data was often lost, and much time was spent collecting and re-checking the information.

The project also included the construction of two residential bridge camps, designed to accommodate 300 children in total. These children have either never attended school or have been out of the school system for a long time. After the children are tutored and their confidence increased, they are introduced into normal government schools.

As with implementing any programme, all parties grappled with an assortment of cultural, institutional, and operational challenges.

Challenges

Dutch staff were given cultural awareness and intercultural communication training, but found there was still much to learn when they arrived in the field. Among the things they noted were:
- Cultural dynamics: Dutch office culture is generally non-hierarchical. India is more formal, at times even rigid, respecting authority, position, and caste. Dutch society is egalitarian and secular, offering limited knowledge of and exposure to issues of caste, class, or religion. With more gender parity, communication between men and women is as equals, informal, with roles less strictly defined.
- Time management: Time is managed more strictly in the Netherlands, with appointments dictating work-related and social matters. Meetings begin and end punctually. The level of spontaneity and fluidity, in comparison to India, is limited. Dutch professionals are also accustomed to planning everything in advance, describing all activities in writing; MVF's looser approach was more flexible to the changing needs and demands faced by the organisation.
- Language: Many MVF staff, especially in rural areas, spoke little or no English. Training and meetings therefore often required interpreters and translators. Teaming up with colleagues from Logica India, who were more familiar with the local language, helped to break down such barriers and avoid misunderstandings. Also noted were the differences between Dutch English and Indian English, in terms of accents, mannerisms, and levels of directedness. Dutch English, in the written and spoken form, is generally very direct and to the point. Communicating with MVF and Logica India – especially by telephone – was not always easy, especially at the outset, prior to any face-to-face contact.
- NGO versus business: Commercial concerns and NGOs have very different approaches. Businesses are often ruled by strictly defined work plans and deadlines, and sometimes expect development challenges to have "quick fix" solutions. The causes of child labour, on the other hand, are complex, and the solutions touch upon economic political, and social issues which require and a great deal of time and patience.

• Infrastructural challenges: The additional investment in new computer hardware had not been budgeted for at the outset, which posed a risk to the success and sustainability of the project. Logica India donated computers to ensure that the CMS would be operational in the first phase. Another problem was the lack of sufficient computer-literate personnel, especially in rural areas.

Measuring the Benefits

The causes of child labour are multifaceted, and the solutions therefore equally complex, requiring time and multiple processes. The "return" on investment can therefore only be viewed in the longer term; MVF are in the process of completing the input of child data for one mandal (approx.100,000 records) but their operations stretch over a much greater area and the result of digitalising all records cannot yet be fully evaluated. In the short run, the engagement of Hivos, Logica and MVF resulted in many tangible and intangible benefits, some of which are highlighted below:

"Apart from making a positive difference we also wanted the project to strengthen the bond between Logica and its employees and raise company pride. Together with Hivos we achieved all of those goals and more." (Logica NL)

"The CMS will save us huge chunks of time with data entry, checking, re-entering and verifying the statistics. The days of a manual system and losing the data are gone. Now, at a glance we can get 40 types of reports". (MVF)

Resources, technical expertise, and capacity building

"We have introduced a programme to Logica, which they don't have access to. And equally, Logica has given us access to software development, which we don't have access to. It is a highly technical and advanced system and Logica has managed to change it into a way we are able to absorb their software. And we are able to share our results, our programme with Hivos and Logica, which they can talk about and show to the world. So, I think the partnership is successful because of that. It is unique; we are able to use each other's strengths." (MVF)

The systems developed allowed for the migration from manual to digital data capture, allowing a child's passage through school to be tracked and the overall quality of education to be monitored. As part of their corporate social responsibility programme, Logica invested man-hours (50 consultants), donated € 75.000 annually, and through fundraising activities donated a total of € 100,000 for the construction of two bridge school camps and programmatic costs.

This project illustrates various models of partnership: the philanthropic arm, whereby the financial resources generated through Logica's corporate responsibility programme (called Bloom) went towards construction of the bridge camps, providing Logica employees an insight into issues of child labour and education. As in transactional relationships, there was an explicit contribution of skills and knowledge by Logica towards building institutional capacity at MVF. The relationship was mutually beneficial, and all partners worked towards a common goal: to build a digital system that improved work efficiency and effectiveness, ultimately contributing towards MDG 2.[12]

"Seeing a lot of poor people has changed my attitudes and I get very irritated now when people complain about not liking potatoes or carrots or when they throw food away."
(Consultant Logica NL)

[12] *Millennium Development Goal 2: Achieve Universal Primary Education, www.un.org*

For Logica (in the Netherlands and India), the greatest benefit has been the personal and professional development of their staff. It has provided employees with valuable – even life-changing – exposure to the realities of poverty, and decreased the cultural gap between the two offices. The experience gained by Logica Netherlands consultants is being used with other corporate clients in the Netherlands, as companies increasingly source IT professionals from India. It has also been a learning experience in terms of the exposure to the non-profit sector and the complexities of managing development programmes in difficult environments. In that respect, it went beyond being just another philanthropic Corporate Social Responsibility initiative.

> *"Seeing my own people working so hard to help children out of labour has made me more aware of the situation. This is really the basic thing we need to do, and MVF is really helping at grass root level." (Consultant Logica India)*

Example of innovation

> *"The world being a global village comes alive when people think beyond just the local." (Hivos)*

This partnership has led to an important innovation. The product is something that is revolutionising the work of MVF, and may create a ripple effect, moving from Andhra Pradesh to beyond to varied locations and contexts. MVF has developed an impressive system of local data generation which can now be scaled up to national and international levels and contribute significantly to the international "Stop Child Labour: School is the Best Place to Work" campaign. Logica employees' exposure to difficult conditions of operations (infrastructure, resources, inequity of opportunities, societal and cultural factors) provided a rich source of creative and innovative tactics.

Targeted advocacy through increased efficiency

Accurate statistics are becoming increasingly important in India, especially with the recent enactment of the Right to Education Act. Thanks to the CMS, information will now be readily available for comparison with figures provided by government. For MVF's campaign and advocacy work, whether at mandal or district level, factual information is vital to hold government accountable to their promises. The quality of education will also be enhanced: it will now be possible, for example, to show which schools are not adhering to the teacher: pupil ratio of 1:30 as stipulated by the act. Promoting and intensifying advocacy at the most local level will be facilitated by improved access to reliable information.

Branding and image

> *"Many schools, village presidents and other partners are now requesting the CMS. It is an important leap for us, name-wise". (MVF)*

There were many opportunities for branding throughout the project. Each partner used different strategies to document experiences and share lessons with both internal and external audiences.

For Logica, a blog, newsletters, intranet, and videos kept staff informed – for the purposes of recruitment, enhancing the profile of its corporate responsibility programme, and to raise funds for the residential bridge camps. Consultants used the blog to post comments and short movies showing "in real time" what it was like working in a setting where electricity outages were common, computers few and old, and access to the Internet was limited. They showed the realities of poverty: children sleeping on the floor or working in cotton fields. All these were personal eye-openers for both the Indian and Dutch consultants.

Presentations, interviews, and articles in annual reports, newspapers, and magazines also helped to promote business partnerships within Hivos and contributed to the discourse on public-private partnerships and CSR within the private and NGO sectors.

The model developed by MVF for abolishing child labour and advocating for the right to education has been shared with and adopted by many states within India. The government of India has also formally endorsed the strategy of residential bridge camps. Increasingly, MVF's work is being reproduced elsewhere, particularly in Africa and Central America. Numerous study tours and trade delegations from the Netherlands and various NGOs from Africa have come to examine MVF's approach to child labour. The CMS has already caused much excitement among different stakeholders.

Some Reflections

The role of business in addressing the global issue of poverty reduction is continually evolving through partnerships with the public and non-profit sectors. In this case study we have shared the experiences of an NGO–business partnership between the international NGO Hivos, local NGO MVF, and the international IT company Logica. This partnership has sought to bring together different perspectives, skills, and experiences to address the complex issues of child labour and education.

The integrative elements of this NGO–business partnership are clearly evident. Each partner worked on issues they believed to be important and made investments for a mutual return, agreeing to share one another's resources and expertise. The development of the CMS was therefore a collective effort.

This partnership is an excellent example of what can happen when people from different geographical and cultural backgrounds, with their different histories and attitudes, cooperate towards a common goal. The search for creative and innovative solutions brought about systems that are revolutionising the work of MVF. Scaling up and sustaining systems such as the CMS is the next step. Projects such as these that chart new territory and explore innovative modes of operation offer learning opportunities for all parties. We hope that our experience will enrich the ongoing debate on the role and contributions of NGO-business partnerships.

Hivos is a Dutch development organisation guided by humanist values. Together with local civil society organisations in developing countries, Hivos wants to contribute to a free, fair and sustainable world. A world in which all citizens – both women and men – have equal access to opportunities and resources for development and can participate actively and equally in decision-making processes that determine their lives, their society and their future.

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Logica is a business and technology service company, employing 41,000 people. It provides business consulting, systems integration and outsourcing to clients around the world, including many of Europe's largest businesses. Logica creates value for clients by successfully integrating people, business and technology. It is committed to long term collaboration, applying insight to create innovative answers to clients' business needs.Logica is listed on both the London Stock Exchange and Euronext (Amsterdam) (LSE: LOG; Euronext: LOG).

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MV Foundation (MVF) was established in 1981 in memory of educationist and historian Prof. Mamidipudi Venkatarangaiya. It began as a research institution on issues relating to social transformation. Today, the Foundation is building the capacities of the community in rural and urban areas for abolition of child labour by universalizing school education. It also works towards empowering women.

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