Samhita
BETTER CSR. TOGETHER.



NEW FRONTIERS IN CSR

Compliance → Strategic → Catalytic

Authors:

Sandhya Tenneti, Anushree Parekh | Samhita Social Ventures

Saumya Lashkari | International CSR & Philanthropy Consultant, Social Finance India

SOCIAL FINANCE INDIA

Knowledge Partner for Catalytic Finance

CONTENTS

1. Introduction 05

1.1 Recent trends in CSR in India 06

2. Catalytic CSR 08

2.1 What is catalytic CSR? 09

2.2 The three models of catalytic CSR 09

3. Catalytic finance 10

3.1 Overview 10

3.2 A quick look at the instruments most relevant to CSR 10

3.3 Adopting catalytic finance – what is needed? 14

4. Catalytic competencies 16

4.1 Overview 16

4.2 Using catalytic competencies – what is needed? 16

5. Catalytic partnerships 18

5.1 Overview 18

5.2 Creating catalytic partnerships – what is needed? 19

6. Catalytic finance – Case Studies 20

India Education Outcomes Fund (IEOF) 21

HDFC Asset Management Company 24

Godrej Industries 28

7. Catalytic competencies – Case Studies 32

Viacom18 33

ESSILOR International 36

Marico Innovation Foundation 39

8. Catalytic partnerships – Case Studies 43

Credit Suisse 44

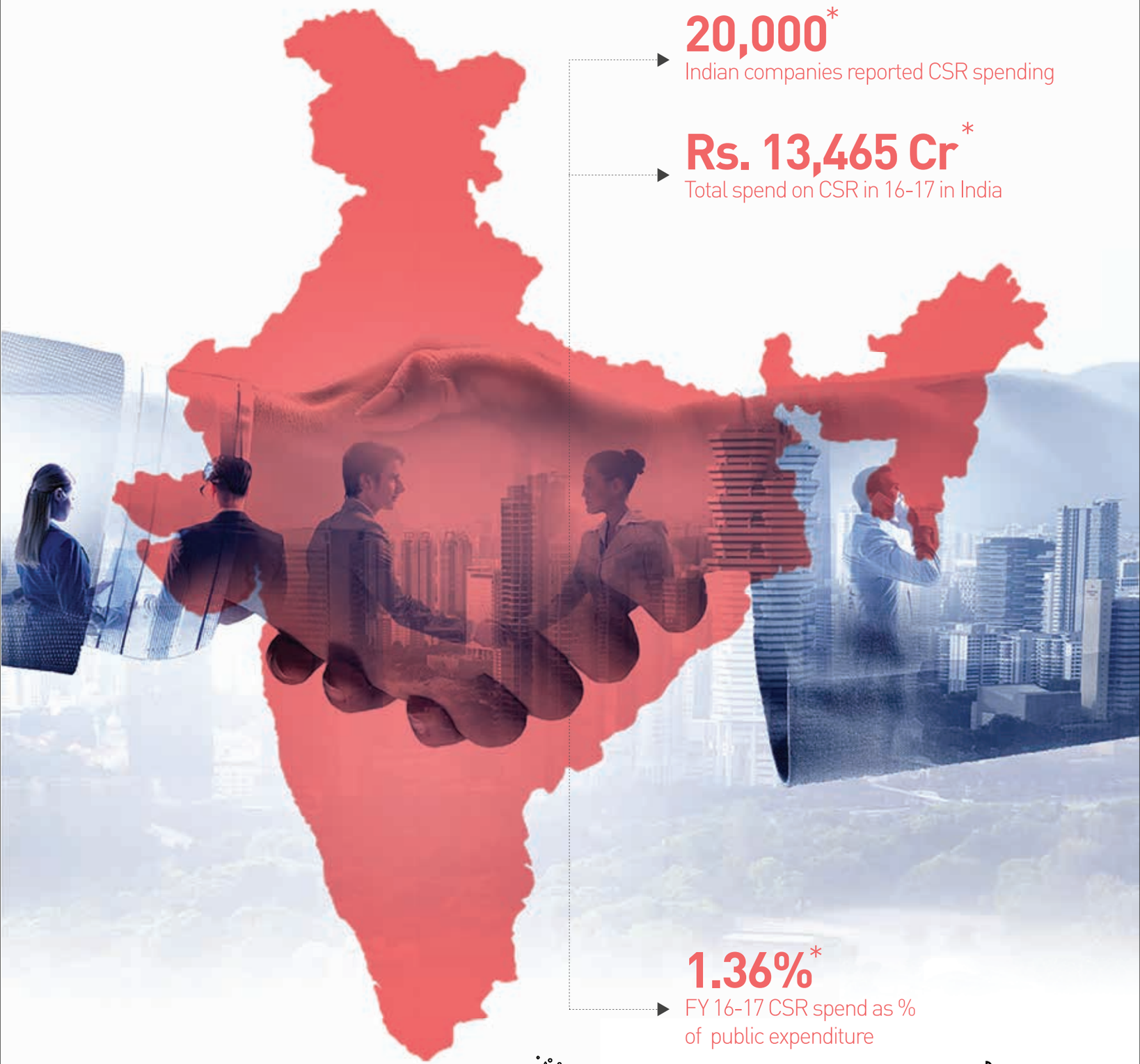
Bajaj Auto 48

Titan Company 52

Power of Nutrition 55

9. Authors' profile 58

CONTENTS



20,000*
Indian companies reported CSR spending

Rs. 13,465 Cr*
Total spend on CSR in 16-17 in India

1.36%*
FY 16-17 CSR spend as % of public expenditure

Agriculture & farmers' welfare

Social sector

Education sector

Rural sector

Healthcare

*Ministry of Corporate Affairs Portal

INTRODUCTION

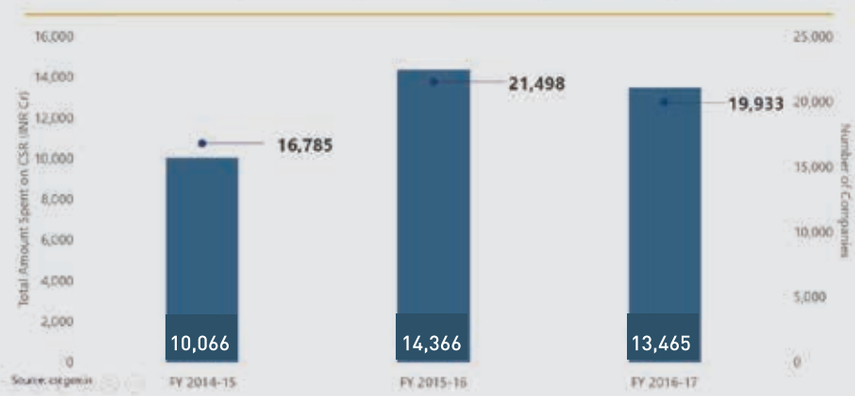
Globally, corporate giving is at an all-time high. Numbers from Chief Executives for Corporate Purpose's (CECP) global report, Global Giving in Numbers[1], show that median total giving went up by 15% between 2015 and 2017, with 6 out of 10 companies increasing their total giving despite a challenging global economy and financial performance.

The Corporate Social Responsibility (CSR) narrative globally revolves around two key aspects – how companies generate profits and how they use profits to give back to society. Companies need to take ownership of the impact they create in their communities and on the environment. By embedding social and environmental performance in operations, companies are able to identify risks and opportunities critical to their long-term sustainability. It is this holistic approach that enables a company to emerge as a responsible citizen and create shared value for all external stakeholders (community, employees, supply chain, customers, etc.) as well as for itself.

India has been at the forefront of the corporate social responsibility (CSR) paradigm since much before the introduction of Section 135 of Companies Act, 2013, which mandated that qualifying companies spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years[2] on CSR.

While the legacy of corporate philanthropy and trusteeship was established by corporations such as Tata, Bajaj, Birla, etc, Section 135 mainstreamed and institutionalized the role of the corporate sector in the nation's growth and social development. As per data filed by companies on the Ministry of Corporate Affairs portal, around 20,000 companies had reported CSR spending of INR 13,465 Cr or USD 1.9bn in FY 16-17.

The number of companies undertaking CSR and the quantum of spend are increasing slowly and steadily



1. https://cecp.co/home/resources/giving-in-numbers/
2. http://ebook.mca.gov.in/default.aspx

1.1 Recent Trends in CSR in India

Since the passage of the Act, there has been a slow but steady evolution in the Indian CSR landscape. A few major trends poised to accelerate in the next few years are:

COMPLIANCE-DRIVEN CSR > STRATEGIC CSR > CATALYTIC CSR

In the initial years following the introduction of Section 135, companies had little understanding of the social sector and favoured cheque writing to a portfolio of non-profit organizations, isolating CSR from business. However, in these five years, as companies have improved their understanding of the social sector, there has been an increase in the movement towards deeper, solution-oriented, long-term models of engagement, moving beyond short one-year project cycles. Companies are creating flagship programs that align with their competencies, allowing them to develop a unique differentiator and value-add. Companies are revisiting their CSR strategies and are evaluating the effectiveness of their past initiatives. More companies are now adopting a more structured and strategic approach to CSR, wanting to move from compliance to 'catalytic' approach.

Strengthening Governance

Companies are strengthening their governance capabilities and augmenting internal talent, either by creating corporate foundations that have more flexibility and independence in CSR decisions or recruiting people with social sector orientation and experience. Many are undertaking concerted efforts to engage their Boards meaningfully, drawing upon their business acumen to address social and environmental challenges constructively.

Collaboration

There has been an increasing realization that individual resources are neither infinite nor adequate to make a sizeable dent, which has led to a growing appetite among companies to collaborate with each other, the government, foundations, and social enterprises. The road to collaboration is still fraught with many roadblocks, such as lack of information, knowledge, marketplaces, operational ease, attribution, etc., all of which increase the costs of collaborating.

Focus on Results and Impact

There is increasing interest in impact measurement of social impact initiatives, fuelled by a desire to 'prove' the social value of companies' CSR investments. However, the movement from prove to improve is still slow, with many companies still using an input-based approach to value their efforts and measure the performance of implementation partners.

Interest in Innovation

Corporate interest in supporting innovation is gaining momentum, and companies are using CSR to test small pilots and establish proof of concepts before scaling up. There is also a growing interest among corporates to collaborate with social enterprises in the implementation of CSR initiatives. To that extent, CSR compliant incubators and intermediaries are seen as essential for developing and structuring such initiatives.

A More Enabling Ecosystem for CSR

As highlighted in Samhita's previous research, large national and global foundations and philanthropists have moved away from programmatic grants and are deploying patient capital to develop the building blocks of the ecosystem (for example, capacity building of civil society organisations, advocacy, research, etc.). Multilateral agencies are now looking to leverage their years of experience to address the neglected parts of the ecosystem, much like foundations, and are looking at CSR to complement their investments through programmatic funding. Some of these organizations (such as UNDP through Disha, its women empowerment initiative[3]) are actively involved in market building and socializing developmental issues and solutions within the CSR community as part of their evolving role in India. Similarly, some state governments have created pathways for meaningful engagement with the corporate sector, such as Maharashtra government's Village Transformation mission[4].

It is against this backdrop that India is uniquely poised to become the 'impact lab' of the world. Given its unique status as the fastest growing country in the world and the scale and depth of its developmental challenges, India represents a tremendous opportunity to demonstrate the efficacy and effectiveness of these social sector experiments in CSR.

This report aims to examine case studies of companies and foundations that have developed theories of change and impact models going beyond the traditional programmatic approach to create **catalytic impact**, and how their learnings and insights can inform a way forward for CSR in the Indian context.

3. https://www.businesstoday.in/current/corporate/project-disha-making-a-difference-to-the-lives-of-two-lakh-underprivileged- women-in-india-undp-ikea-foundation /story/263933.html
4. https://www.mvstf.org/en



Image Credit to istock

CATALYTIC CSR

In India, total public expenditure in FY 16-17 on agriculture and farmers welfare, rural sector and social sector (including education, healthcare, skills) was estimated at INR 9,84,000 crore[5]. The CSR spend that year was INR 13,465 Cr. **– 1.36% of the public spending.**

If CSR's monetary contribution is less than a fraction of what the government is earmarking for the nation's growth, then in what capacity can CSR optimize contributions towards sustainable development? How can companies catalyse innovation and creativity to maximize scalable impact, stretch CSR budgets further, and move the needle?

Indeed, this seems to be the intent of introducing Section 135 in the first place, as captured in the FAQ document of CSR Act, issued by the ministry:

> The objective of this provision is indeed to involve the corporates in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes. Therefore, *CSR should not be interpreted as a source of financing the resource gaps in Government Scheme.* use of *corporate innovations and management skills* in the delivery of 'public goods' is at the core of CSR implementation by the companies. In-principle, CSR fund of companies should.

For CSR, where funds amount to a meagre amount of total public spending, traditional approaches may not suffice in effecting change that is needed or for it to be an effective partner in the nation-building process as envisaged. In such a context, CSR needs to look beyond the traditional interpretation of grant making and discover new applications of philanthropy that will help fulfil its mandate.

To deliver on the promise of reinvigorating the development sector, the very nature of how companies implement CSR needs to evolve: from funding inputs to outcomes and achievement, from individual to ecosystem support, from delivering services to building capacity and enabling the market, and by amplifying traditional grant models with risk capital.

In other words, companies need to evolve from

COMPLIANCE-DRIVEN CSR > STRATEGIC CSR > CATALYTIC CSR

5. http://mofapp.nic.in:8080/economicsurvey/pdf/167-185_Chapter_10_Economic_Survey_2017-18.pdf

2.1. What is Catalytic CSR?

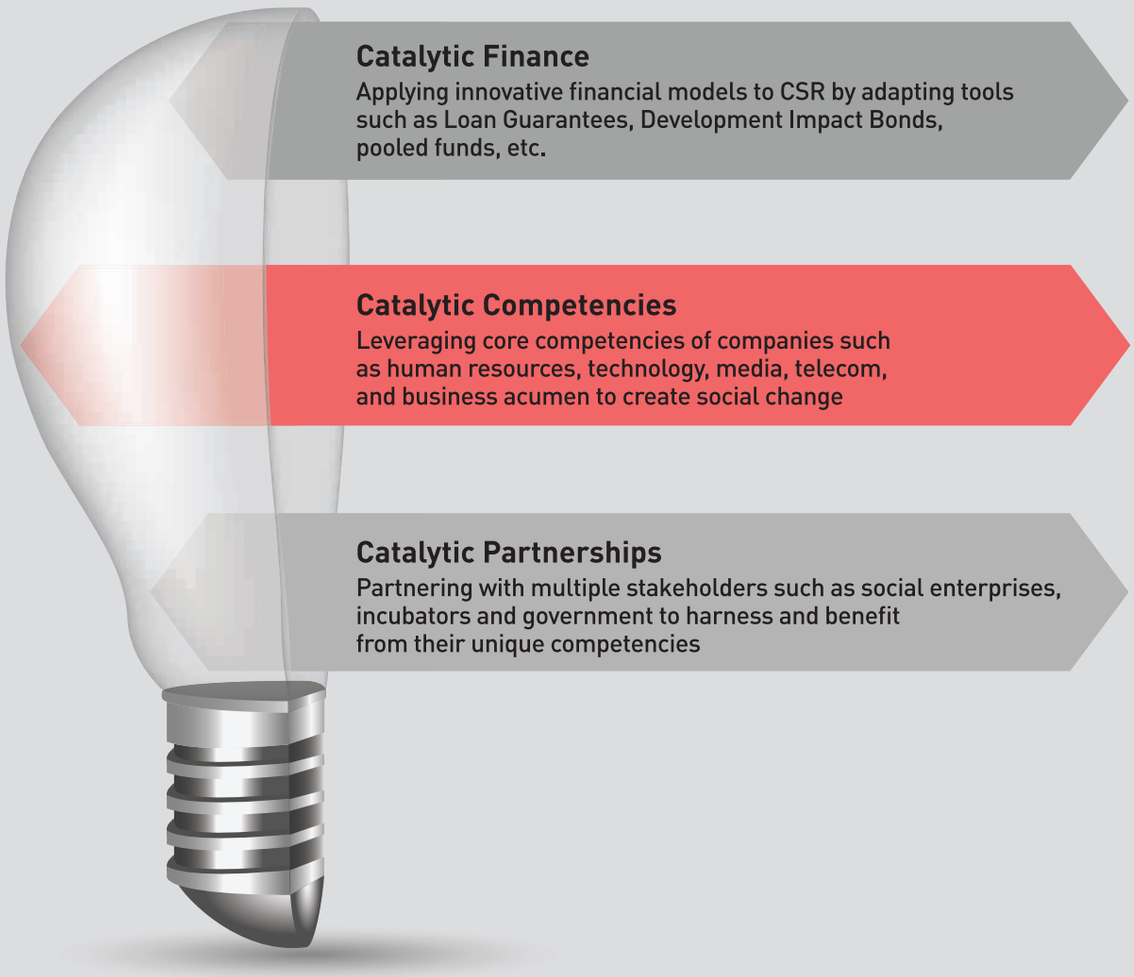
If catalytic CSR is to accelerate outcomes and achieve impact at scale, then the question arises as to what such CSR interventions look like.

Catalytic CSR is defined by its ability to:

- Unlock more resources and generate leverage by seeding the flow of risk capital (philanthropic or commercial)
- Address market failures or inefficiency in an ecosystem, such as access to capital for the bottom of the pyramid
- Reduce transaction costs and information asymmetry
- Introduce new and/or critical stakeholders such as social enterprises, incubators, government, co-funders to the ecosystem and leverage their competencies

2.2. The Three Models of Catalytic CSR

Companies can conceptualize and implement catalytic interventions in three ways:



Before diving deep into the concept of Catalytic CSR, it is important to state that the intent of the report is not to undermine the role of traditional philanthropic approach. Grant making, as practised for decades, is and will continue to remain a key cornerstone of the social sector in India. In fact, most of the foundations leading the foray into new and innovative frontiers continue to have a majority portfolio of between 70-80% dedicated to grants, with newer approaches accounting for 20-30% of their budgets[6]. The report simply posits that using grants more innovatively would help to maximize their ability to create social impact.

6. Data from Interviews conducted as part of this report

CATALYTIC FINANCE

3.1 Overview

It has been estimated that achieving the Sustainable Development Goals by 2030 will require a rough estimate of USD 3.3 trillion to USD 4.5 trillion of annual investment across sectors in developing countries[7]. While public and philanthropic funding is necessary, they are by no means going to be sufficient to achieve this ambition, and private investments will have to play a critical role. Yet, globally, private investments have been reluctant to address social and environmental sectors for a multitude of reasons such as real or perceived risks, market inefficiencies, lower returns that are not proportionate with the level of risks, and weak regulatory frameworks and enabling environments[8].

The concept of 'blended finance', which addresses some of these barriers and thereby encourages private investments, has gathered momentum as a possible solution that allows public and philanthropic funding to 'crowd in' private investments. It has been defined as the strategic use of development finance and philanthropic funds to mobilize private capital flows to emerging and frontier markets[9].

Blended finance sits between pure philanthropic grants that seek only social returns and pure impact investment that seeks financial returns (at either sub or full market rates) as well[10].

There are four ways in which blended finance encourages private investments[11]:-

- To augment the capacity of investees and lower transaction costs
- To reduce the risks and losses by underwriting some of these
- To provide results-based financing and/or guarantees based on performance
- To leverage philanthropic capital to encourage 'risk' capital

CSR spending in India accounts for a mere 1% of total public spending, and its potential to move the needle on any social issue lies in its ability to catalyse more resources. This section looks at how CSR can amplify the impact of grants with the above-mentioned principles of blended finance by borrowing some of its instruments.

While the concept of blended finance in its true form is more relevant in the context of public services (such as transport, water, etc.), policies, and financial markets, the underpinning principles can yield interesting models when applied to CSR.

3.2 A Quick Look at the Instruments Most Relevant to CSR

While there is a growing body of knowledge that explains the various blended finance instruments in detail, we present an overview of three instruments that currently maybe of most relevance to CSR in India.

7. https://unctad.org/en/pages/PressRelease.aspx?OriginalVersionID=194
8. WEF_Blended_Finance_A_Primer_Development_Finance_Philanthropic_Funders_report_2015.pdf ;
9. ibid
10. https://avpn.asia/insights/continuum-of-capital/ ;
11. ibid

Social and Development Impact Bonds (SIB & DIB)

An impact bond[12] is a pay-for-success delivery model linked to performance through predetermined and measureable outcomes. Rather than the traditional model of paying for program inputs or activities – e.g. number of teachers required, or materials purchased – impact bonds calculate and pay for measurable outcomes and results once they are achieved – e.g. 90% of students being able to read a grade-level text by the end of the academic year.

There are four stakeholders involved in an impact bond[13]:

• Service provider

The development sector organization or non-profit that implements the intervention(s) required to achieve desired outcomes.

• Risk investor

An individual or organization that bears the risk and provides upfront working capital to the service provider to carry out the intervention

• Outcome funder

The donor that returns the investor's original principal plus an agreed rate of return, on the achievement of outcomes. This is typically either the government (Social Impact Bond, SIB) or a philanthropic organization like a donor agency, foundation, or CSR (Development Impact Bond, DIB).

• Evaluator

An independent, third-party, entity that evaluates and validates the outcomes resulting from the intervention

An intermediary organization structures the pay-for-success contract through convening all stakeholders, raising capital, deal design and management, and capacity building of the service providers throughout the tenure of the bond.

ON IMPACT BONDS

"There is no denying that CSR budgets need to be optimised. In the Indian context, project funding is often based on the assumption that the CSR grant amount is enough to yield the desired impact. We have found occasions where there is underutilisation of budgets due to outcomes being suboptimal or not delivering to expectation. Part of this is due to the engagement between CSR funders and NGOs being erratic, as well as monitoring and evaluation skills being relatively less robust.

The development impact bond as a construct acts as a direct solution to these issues. Having an investment instrument that is willing to assume the delivery risk of the NGO as well as its associated challenges in scaling up, is critical to ensure that the project delivers to predetermined outcomes.

In addition to the provision of financial support, impact bonds provide capacity building support such as managerial inputs, facilitate access to markets, allow for appropriate risk management models, as well as mentoring for leadership. In this context, finance in the form of impact bonds - that specifically carry a reasonable yield as the quid pro quo for the underlying risks, and the extra efforts of monitoring and management support - makes sense, and is a healthy development in the social impact landscape.

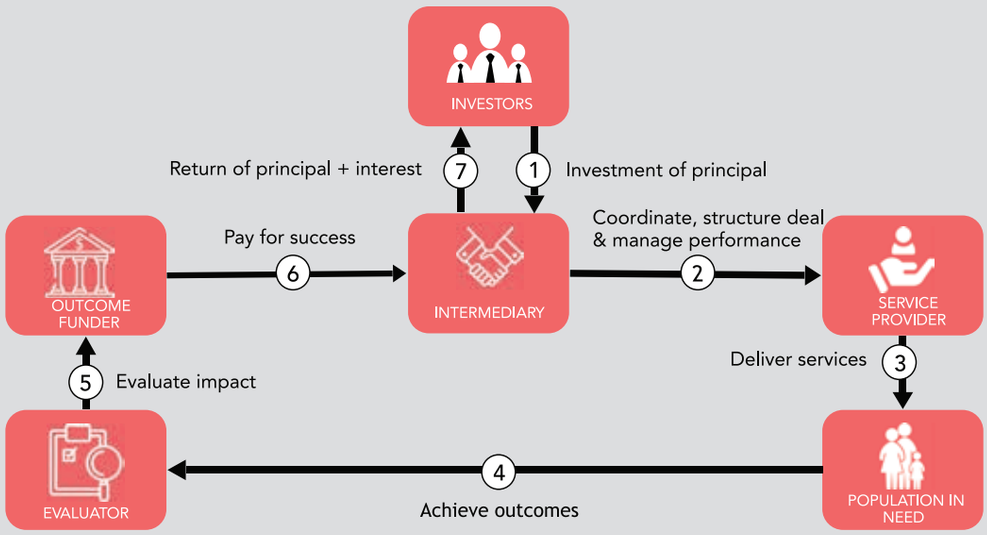
IndusInd Bank has been expanding its giving philosophy over the last 10 years. IndusInd initiatives in the areas of water stewardship, livelihood generation, sports, environment, health, and education involve long term commitments involving substantial outlays. We believe with the advent of innovative finance mechanisms, our ability to target and optimize our spends will be facilitated.

At IndusInd Bank, we are a committed participant and supporter of Impact Bonds. Widespread adoption of this model will also enable scaling viable projects to achieve greater impact in smaller windows of time. It will create a focus on outcomes as opposed to just compliance on budget outlays."

Paul Abraham, COO IndusInd

12. Impact bonds should not be confused with other debt impact investing instruments and fixed-income securities like Social Bonds, Green Bonds, Sustainability Bonds. https://www.icmagroup.org/green-social-and-sustainability-bonds/.
13. https://www.brookings.edu/product/impact-bonds/

Impact Bonds : Stakeholders and Processes



Benefits of outcome-based pay-for-success financing over traditional philanthropic approaches include:

- Optimizes spends and makes investments more effective by tying funding to measurable outcomes instead of inputs or activities
- Reduces the risk of funding ineffective programs
- Increases accountability as it pays for results only
- Incentivizes better performance and a culture of measurement in service providers
- Provides capital upfront, thereby reducing the burden to raise funds continuously
- Allows service providers flexibility and freedom to design the program, innovate, course correct, and spend budgets/resources in a way that best achieves the outcomes

While impact bonds are gaining momentum, they can be limited by transaction costs, the administrative burden on service providers, and complicated contracting[14]. However, as shown by the case study on pooled outcome funds like India Education Outcome Fund (IEOF) by Social Finance India, this space is constantly evolving, learning, and developing innovative ways to refine, bring efficiencies, and scale impact bonds.

> With a mission to unlock the potential of disadvantaged people in South Asia by maximizing the impact and support from the South Asian diaspora and beyond, British Asian Trust has been spearheading the use of innovative financing to tackle poverty and deprivation in India. We realized that traditional approaches to development are not going to achieve the SDGs by themselves. Blended finance can influence the wider ecosystem, influence the way funders fund things, the way delivery organizations work on the ground, and ultimately bring new money into the system. This, combined with British Asian Trust's ethos of embracing innovation and doing things differently, made it possible for us to launch the Quality Education India Development Impact Bond – the largest education impact bond globally.Our strategy recognizes the value of development interventions made on the basis of evidence and specific, measurable outcomes – which can ensure maximum impact for the money that is spent.Given the nascent stage of these blended finance instruments, we are also investing considerable efforts in developing the evidence around their effectiveness through rigorous research and cross-learning platforms to build the field. Our approach has been guided by the promise of innovative tools combined with the wisdom of our grassroots philanthropy and local knowledge, that allow us to combine the best of both the worlds.
>
> **Abha Thorat-Shah, Executive Director, British Asian Trust**

14. https://ssir.org/articles/entry/a_critical_reflection_on_social_impact_bonds

Loan Guarantee Funds[15] (LGF)

An LGF is a non-bank financial instrument aimed at facilitating the access of micro, small, and medium-sized enterprises (MSMEs) to formal lending through the provision of credit guarantees that mitigate the risk of non-payment.

In practice, LGFs replace – or at least reduce the need for – other forms of guarantees and, therefore make it possible for a larger number of MSMEs to access new loans or obtain larger loans. Normally, credit guarantees provided by LGFs only cover between 50 and 70 per cent of the value of loans.

Essentially, a loan guarantee is a commitment by a third party to cover all or some of the risks associated with a loan to its client, who does not have sufficient bank-worthy collateral. The LGF removes barriers to financing for the borrower and permits financing on more favourable terms. LGFs can be used to catalyse finance to underserved populations by improving private sector lending terms.

However, there are two challenges associated with loan guarantees that donors have to be cognizant of -

i) the moral hazard (since borrowers are using another party's finance, their incentives to take risks increase);

ii) the possibility that borrowers may get used to preferential terms (such as lack of collateral or CIBIL score) that cannot be met by mainstream lenders[16]. It is therefore important to use this instrument with the right set of expectations, checks, and balances that can help strengthen the credit worthiness of the borrower to access commercial loans. This is exemplified in the Godrej Properties case study.

Pooled Funds

Pooled funds are a generic term for a portfolio of money from many individuals or institutional investors that are aggregated for investment purposes. Mutual funds, hedge funds, pension funds, and unit investment trusts are all examples of professionally managed pooled funds. Investors in pooled funds, benefit from economies of scale, which allow for lower transaction costs per unit of investment, and better risk management. The professional management helps to make sure investors receive the best risk-return trade-off while aligning their work with the fund's objectives. It also helps investors who may lack the time and knowledge for handling their own investments entirely.

A philanthropic mutual fund model is organized in much the same way. The difference lies in the dividend payout. When the philanthropic mutual fund receives income, it distributes either all or part of the dividend to a non-profit working in a certain cause area. The risk with an instrument like this can be two-fold - high indirect cost in terms of sales and marketing push due to investor inertia, and fluctuations in cash flows in times of recessions/bad fund performance. However, as explained in the HDFC Charity Fund for Cancer Cure case study, a wise structuring of the mutual fund can mitigate both these risks.

Another variant is an Outcomes Fund, such as the India Education Outcomes Fund (IEOF) by Social Finance India (SFI), which combines the principles of DIBs/SIBs with pooled funds by pooling development finance from one or more funders in support of a set of pre-defined outcomes. Payments from the fund only occur if specific criteria agreed ex-ante by the funders are met. A thematically- or geographically focussed fund could begin to build a centralised repository of key lessons, helping to inform future scaling of interventions or coordination of complementary services. The fund would target 'complex problems' where adaptive management during implementation is likely to raise the odds of success – i.e. there is room to test and measure different interventions and to change course as a result [17,18].

15. https://www.ifad.org/documents/38714170/40185546/Loan+guarantee+funds.pdf/ef9500ef-f892-479d-8d8f-50ebfb767a5c
16. https://www.adb.org/sites/default/files/publication/203871/credit-guarantees.pdf
17. Social Finance UK
18. https://evpa.eu.com/uploads/publications/Policy_Brief_2018_Outcomes_Funds.pdf

3.3 Adopting Catalytic Finance – what is needed?

Any company wishing to apply the principles and instruments of blended finance to make its CSR funds catalytic needs to be cognizant of a few learnings:

i. A shift from projects to programs

This implies moving away from short-term 'project to project' approach to a longer-term programmatic approach, wherein CSR supports a series of interventions and investments over a period of at least 3 to 4 years within a specific sector or thematic area. This, in turn, allows CSR to develop a deeper understanding of the sector, identify gaps that require catalytic funding, offer continuity of funding for scale up, and leverage co-investment[19].

ii. A shift from inputs to outcomes

This entails a focus on outcomes and achievement across the lifecycle of a CSR program – from design to budgeting and funding, to implementation and monitoring, as explained below:

a. Designing programs

Outcome-led programming requires a clearly articulated results framework, which ensures that both intermediate outputs and longer-term outcomes are defined. Focussing on the outcomes and structuring the intervention to achieve these requires a deeper understanding of how that change happens, the research and evidence around the effectiveness of inputs and activities in achieving the outcomes. While the program design has to identify and plan for external and internal risks that can influence the outcomes, it also has to allow for flexibility to adapt, course correct or innovate wherever required.

b. Budgeting for programs

Shifting to outcomes-based budgeting and funding means reimbursing results rather than receipts or project activities. This shift is more pronounced when using impact bonds. CSR, and grant-making in general, have so far mainly focused on inputs and activities with most funders thinking cost per beneficiary.

Re-orienting thinking to cost per outcome requires CSR to budget adequately and appropriately, such that outcomes can be achieved[20]. For example, in a school sanitation program wanting to improve children's health and hygiene, an outcome-based budget accounts for not only the costs of toilet repairs and building, but also maintenance, water supply, provision of soap, and behaviour change activities. While these components will increase the cost per beneficiary, the cost per outcome will be much lower as these additional activities can ensure hygiene among children.

iii. Building the partner's capacity and giving them more flexibility

Such models require donors to give implementation partners/non-profits more operational and financial flexibility to do what they need to do to get results. This implies moving away from micromanagement of day to day activities and providing strategic or troubleshooting inputs to the partners. Needless to say, this assumes that the implementation partners/non-profits have been selected based on their credibility, capability, and 'fit'. A few traits can help to assess the 'fit' for such models include:

- A nuanced understanding of the social issue and demonstrated on-ground experience and capability of tackling it in a particular context, geography or community
- Robust organizational processes such as finance, accounts, legal, HR
- Absorptive capacity and ability to scale the proposed intervention
- Partners with the capability to articulate measurable and meaningful outcomes along with existing evidence of success in achieving these outcomes (highly preferred, but not necessary)
- An organizational culture that can allow for pivoting or innovating the intervention if outcomes are not being met
- A strong monitoring, learning and evaluation function including willingness to work with independent 3rd party assessments of the intervention

19. https://www.socialfinance.org.uk/sites/default/files/publications/sf_outcomes_fund_note_feb_2018.pdf
20. ibid

Not many partners may demonstrate all these traits and therefore providing additional capacity building and technical support to the implementation partner/non-profit to function in this manner can be integral to catalytic finance models.

iv. Evidence-based, data-driven impact measurement and learning systems

Key to the concept of catalytic finance is outcome measurement. This requires a shared understanding of the outcomes an intervention is trying to achieve, how much of an improvement can be expected, how to quantify, monitor, and evaluate these outcomes. Of equal importance is the need to develop a culture of learning where the outcome data and insights from program delivery are regularly reviewed and utilized to course correct or inform future program design.

v. Moving from delivering services to enabling the system

Catalytic finance, in fact, catalytic CSR, needs companies to adopt an ecosystem perspective – wanting to benefit the target communities or groups not by delivering direct service to them, but by solving the bottlenecks and barriers that inhibit the delivery of that service. Delivering a service directly is straightforward, less risky, and shows visible outputs in the short term. But it is limited in scale and reach, does not address the underlying causes, and creates a smaller, parallel system. In contrast, catalytic CSR tries to address the root causes and creates linkages that allow the existing system to become more efficient.

vi. Building comfort and consensus internally

Given that catalytic finance involves a fundamental shift in a company's CSR approach, design, and partnership management, adoption needs to be augmented at all rungs of corporate hierarchy – right from the Board for strategic buy-in and approval, to teams such as legal, accounts and procurement that sometimes act as gatekeepers for financing and contracting processes to internal CSR teams that may be used to inputs-based design and monitoring.

Case studies in this section include:

CATALYTIC COMPETENCIES

4.1 Overview

It has only been five years since Section 135 came into effect. Companies are still relatively new entrants to the social sector. Given that most issues are complex and interconnected, companies will have to undergo a steep learning curve to better understand the social sector and how to take effective action. Against this context, companies are better poised to systematically apply their core skills and strengths to solve such issues. Section 135 was introduced with the intent of encouraging companies to bring their human, managerial and technical competencies to the social sector, in addition to the financial resources, thereby infusing the sector with more robust and/or innovative solutions.

Often, the social sector lacks the resources and acumen available in the corporate sector, and companies can add a lot of value by addressing such gaps by leveraging what they know or do the best.

For example, an IT company can address the technological needs of the sector by developing innovative tools to, say, track program beneficiaries, or introduce telemedicine in rural areas with no access to tertiary care. A media company can influence conservative behaviors and mindsets and dispel myths on tabooed topics through powerful storytelling tools. A management consulting company can leverage its highly motivated, sharp, and intelligent employees to apply business solutions to social issues.

In addition to the regulatory requirement, there has been a growing demand across the world for companies to evolve into responsible citizens. The entry of millennials into the global economy has significantly transformed how companies create, market and distribute products and services, and how they leverage these products and services to affect social and environmental change. According to Nielson's study that spanned 60 countries and over 30,000 consumers, 73% of millennials surveyed were willing to pay more for sustainable products[21]. Concepts such as Shared Value Creation or Economics of Mutuality, which create financial value for the company and social value for the larger community, are emerging as new frontiers in business strategy and competitiveness.

4.2 Using Catalytic Competencies – what is needed?

A few common threads observed across all the case studies profiled under catalytic competencies are –

i. A win-win proposition

All companies were able to identify the 'sweet spot' between their own competencies and the needs of the social sector through a rigorous process that involved scanning internal and external environment, extensive research around gaps, best practices and evidence of what has worked, interactions with all stakeholders in the sector and an honest analysis of internal competencies and resource availability.

The companies focused on social needs that influenced and could be, in turn, influenced by their corporate context and utilized their unique attributes as a corporation to address them.

21. https://www.nielsen.com/in/en/press-room/2015/consumer-goods-brands-that-demonstrate-commitment-to-sustainability-outperform.html

All these companies started with an understanding of their distinctive strengths – assets, skills, expertise, connections, and asked themselves – what could we as a company do that no other company can do as well?

For example, Viacom18 chose to use its media prowess to open a discussion on an invisible issue such as fecal sludge management, Marico's agri-challenge, and scale-up initiatives were driven by talent in its businesses and aligned to its products, Essilor is a leader in ophthalmic optics and used its understanding of visual health to design the Eyemitra program.

ii. Extensive co-creation process

Given that most social issues are complex and interconnected, companies had to undergo a steep learning curve to better understand the social sector and adapt their competencies to suit the sector. For this, they partnered with sector experts and agencies to co-create an optimal solution that not only used the company's competence but was also feasible to execute, acceptable to the target groups, cognizant of the ground realities and cost-effective. For example, Viacom18 partnered with Bill and Melinda Gates Foundation (BMGF) to lean on their sector expertise and resources in fecal sludge management and BBC Media Action for insights on content, Marico partnered with an incubator in India's leading management school (IIM-A) to assist them in working with start-ups. Needless to say, an arrangement like this brought together organizations from very different walks of life – profit and non-profit words and therefore required an open mind, willingness to listen and learn, flexibility, respect and a strong focus to the end objective from all partners.

iii. Different routes to innovation

While innovative thinking was evident across all these case studies, each company took a different and more contextualized route to it. Marico Foundation's approach was aligned to its product portfolio, wherein it worked across the spectrum from discovery, testing to scaling up innovations and encouraging breakthrough ideas, Essilor focused on process innovation, whereby it adapted its core business model to the social context whereas Viacom18 focused on new ways of communicating complex problems. In each case, the innovation was closely linked and customized to the issue it was trying to resolve, not an isolated lab idea, and had an ecosystem that would allow it to thrive.

iv. Internal buy-in and cross-functional engagement

Given that these conversations went much beyond the CSR verticals, core business teams across multiple functions had to be involved. Securing their commitment involved an intense process of coordinating and convincing them to devote their time and effort, making the business case, creating the processes to engage them systematically, etc. Most companies had a lean team of dedicated senior leaders spearheading such initiatives, who were well connected with the ability to influence internal decisions and marshal the required resources.

Case studies in this section include:

CATALYTIC PARTNERSHIPS

5.1 Overview

Companies have widely partnered with non-profit organizations to execute their CSR mandate. In a study conducted by Credit Rating Information Services of India Limited (CRISIL), upward of two-thirds of companies partnered with non-profit organizations to implement CSR initiatives[22], the proportion increasing to 85% among large companies.

While this trend is welcome and will continue, companies are gradually realizing that they need to both deepen the quality of their collaborations and widen the reach. Addressing social and environmental challenges requires leveraging the multitude of competencies that different types of stakeholders bring to the table.

In addition to implementing partners, partnerships with co-funders and the government have emerged as critical to achieve both scale and sustainability. Similarly, subsequent to the increased interest in social entrepreneurship in India, there is interest in promoting an innovative, market-based approach to tackling social issues. A brief look at these actors highlights the opportunities and gaps for each:

Government

One of the most catalytic options available to companies, if they wish to achieve scale and sustainability, is to partner with the government. Its reach, budgets, ability to unlock high-profile connections, access to data, and role in expediting permissions are all unparalleled. With a mandate to provide public services and goods to its citizens, strengthening the government's capabilities and building its efficiency in doing so is the most sustainable way of creating impact. Yet, companies remain slightly wary of working too closely with the bureaucracy for a variety of reasons. These can range from a perception of bureaucratic apathy, inefficiency in processes, leakages, risk of being asked to invest in causes that they do not feel aligned to, loss of control on the project scope.

Social Enterprises

Social enterprises generally have a market-based approach to resolving social issues. Their business model addresses double or triple bottom lines – social, environmental, and financial improvements. The model to create social impact is centered firmly around profitability and self-sustainability. Critical as they may be for India's nation-building efforts, the lack of clarity on the legal compliance has made Indian companies reluctant to partner with social enterprises. As a consequence, social sector challenges that could have benefited from market-based approaches are at a disadvantage.

Intermediaries

As the CSR sector grows and becomes more sophisticated, the 'social infrastructure' – marketplace, data, knowledge, talent, shared services, project management support – is needed to support all actors to deliver on their mandates and work together. Intermediaries and incubators thus become an essential part of the ecosystem. These backbone organizations provide the social infrastructure and help to convene stakeholders, build convergence, build

22. CRISIL:CSR Yearbook, 2018

their capacities, mobilize resources for them, drive learning, broker partnerships, and hold them together. And yet, there are very few avenues for such organizations to raise the resources they need to function.

Case studies under catalytic collaboration showcase a few models from within and outside India where companies and foundations have succeeded in fostering partnerships with some of the stakeholders mentioned above, which have multiplied the impact by harnessing the collective capabilities of all the partners involved and ensuring that the whole is greater than the sum of its parts.

5.2 Creating Catalytic Partnerships – what is needed?

The common learnings from the case studies and interviews have been curated here -

i. Balancing act between convergence and independence

While all partners need to buy into the larger vision and objectives behind the partnership, not all of them have to agree to everything or do everything together. Partners get frustrated if they are burdened by a need for complete consensus, unnecessary coordination, countless meetings, and never-ending discussions. Rather, a successful partnership is flexible enough to create pathways for various partners to align themselves and their work to a common mission and show them a clear benefit in doing so. It creates processes to set and communicate certain non-negotiables and guiding values that agreement is needed from all partners. For example, in the case of Credit Suisse collective impact model, while all funders agreed to the common vision of improving literacy and career aspirations for schools in a specific geographic area, they could align their existing interventions.

ii. Creating leverage and risk mitigation

The potential for partnerships is high if there is an element of leverage involved. This allows for the pooling of risk across all stakeholders, which encourages them to consider investments that they would otherwise perceive as risky. It also multiplies the impact manifold, bringing a clear value proposition for all partners that make the case for partnership, instead of relying on their individual resources. This was exemplified in the Power of Nutrition case study, wherein the model was able to offer a 4x leverage, which encouraged corporate foundations and even national governments to participate in the model. While financial leverage is the most obvious, non-financial leverage in terms of access to certain services, technologies, networks are also very helpful.

iii. Measuring, evaluating and learning

The most robust way to build trust and transparency in partnerships is to measure the desired results regularly, review the progress based on this data, and communicate the changes regularly to cross-fertilize the learnings. However, this needs to be done in a way where the type of data collected can resonate with all stakeholders, with a mix of quantitative metrics, anecdotes, and case studies. In partnerships with pooled resources and a multiplier effect, such as in the case of Titan's partnership with the incubator, Power of Nutrition, etc., the overall outcome and impact may not be attributable to a single donor and rather the overall improvements should be used as success metrics. While acknowledging failure and course correcting is important and needed for evolution, it is also important to share success stories to keep the partners motivated.

iv. Aligning to external enablers and priorities

In order to build consensus and momentum among partners, aligning to either government priorities such as Clean India or a global call to action such as Sustainable Development Goals may pave the way for shorter lead time. As the issue has gained traction, there is an urgency to act and achieve the set milestones while the political and bureaucratic machinery is willing and supportive. While Credit Suisse aligned itself to Malaysia Government's educational policy and goal, Bajaj Auto joined the Clean India imperative announced by the Prime Minister.

v. Creating an identity for the partnership while allowing for attribution

The initiative itself can have a neutral identity and branding to build a sense of collective ownership among all partners. Whether it was Malaysia Collective Impact Initiative, Power of Nutrition or Majhi City Taka Tak, the neutral and emotive identity allowed various funders and also grassroots organizations to participate. However, within this singular identity, the ability to delineate activities between multiple funders is important for CSR. While the overall outcomes may be greater than the sum of individual parts contributed by the companies and can be jointly attributed, the ability to demarcate activities and coverage between contributing companies is required from an accounting and reporting perspective.

Case studies in this section include:

CREDIT SUISSE | BAJAJ | TITAN | THE POWER OF nutrition



CATALYTIC FINANCE

CASE STUDIES

INDIA EDUCATION OUTCOMES FUND (IEOF)

A multi-year, pay-for-performance platform to fund, scale and improve the effectiveness of evidence - backed education initiatives. Together with government, donors, risk investors and service providers, it is a step towards shifting the development sector towards result-based approaches with a clear focus on outcomes.

HDFC ASSET MANAGEMENT COMPANY

Combining CSR with the principles of a mutual fund to provide cancer treatmernt support for marginalized patients and creating a stable funding source for the implementing NGO

GODREJ INDUSTRIES

Using CSR to bring on-board a NBFC to facilitate loans for nano entreprenuers in the construction sector, thereby addressing working capital needs

A multi-year, pay-for-success platform to scale evidence based education solutions

THE TREND

Globally, the number of contracted impact bonds continue to grow. As of January 1, 2019, the Brookings Global Impact Bond Database tracked 134 impact bonds in 27 countries as either completed or in implementation[23]. While most impact bonds are still in the implementation phase, more than a quarter of the 134 contracts have now been completed. As a sector, social welfare and employment have traditionally performed well (accounting for the majority of the 118 impact bonds contracted to date around the world). Education and healthcare are newer entrants to the model.

There is, therefore, a growing body of evidence on the successes, challenges, and lessons learned from the first cohort of contracts. Impact Bonds or pay-for -success are being accepted as an effective mechanism of outcomes-based financing.

Last year, the successful completion of the Educate Girls Development Impact Bond (DIB) in India —the world's first DIB in education—demonstrated the catalytic impact potential of DIBs. It provided operational and financial flexibility for the Indian non-profit Educate Girls to exceed ambitious targets under a three-year program. The results show that 92% of all out-of-school girls identified in the program area in the Indian state of Rajasthan were enrolled in school, while the difference in learning gains between the Educate Girls students and the others quadrupled compared to year one. 116% of the enrolment target and 160% of the learning target were achieved in its final year. These are impressive results, particularly considering student learning was still falling short of target after the first two years of the program. The model has led to a raft of innovations: at the heart of it, an improved child-centric curriculum. Educate Girls also focused on improving the outreach for harder-to-enroll girls by influencing communities' mindsets toward education[24].

Scaling The Impact Bond Framework

While DIBs are gaining momentum, they can be limited by high transaction or administrative costs, which may represent a disproportionate share of total project costs. In the case of the Utkrisht Impact Bond, a DIB to improve maternal and newborn health in Rajasthan, USD 1 million was budgeted for evaluation costs out of a total outcome fund of USD 9 million[25]. Additionally, the time and resources necessary across the design and implementation phases, are another perceived constraint.

The Educate Girl DIB was conceptualized as a 'proof-of-concept', to demonstrate the feasibility and potential of such an instrument. Its size, therefore, was small and associated transaction costs were disproportionately high. The learnings merit additional thought about processes that can improve transaction cost efficiency, size, and speed-to-market for outcomes-based funding interventions. Future DIBs should consider larger outcome pots, which would benefit all stakeholders by allowing more investors and outcome payers to pool risk and spread transaction costs over a wider base. India Education Outcome Fund (IEOF) aims to accelerate the scale-up of the outcomes-based financing across the lifecycle of education in India.

23.https://www.brookings.edu/blog/education-plus-development/2018/09/25/a-landmark-month-for-impact-bonds-in-education/
24.https://ciff.org/news/educate-girls-development-impact-bond-delivers-impressive-results-surpassing-both-target-outcomes/
25.FINANCING THE FUTURE OF ASIA Innovations in Sustainable Finance. JOHAN THUARD, HARVEY KOH, ANAND AGARWAL, AND RIYA GARG APRIL 2019. FSG, AVPN, Rockerfeller Foundation

THE MODEL

Social Finance pioneered the impact bond in 2010 (UK), and careful consideration of these global learnings, led to the launch of Social Finance India (SFI) to accelerate scalable outcomes focused solutions to address India's pressing challenges. The first of these solutions is India Education Outcomes Fund (IEOF) - a multi-year, pay-for-success platform to fund, scale, and improve the effectiveness of proven education and employment readiness initiatives. Together with the government, donors, risk investors, and service providers, it shifts the development sector towards results-based approaches with a clear focus on outcomes.



IEOF is a pooled outcome fund born out of the realization that the administrative costs remain largely fixed, regardless of the scale of the program. Using historic impact bonds as 'pilots', SFI recognized that there is no ceiling on the size if a program can have the same impact on the one millionth child as it did on the first child. Thus, India Education Outcomes Fund (IEOF) reduces costs and risks to attract new investors and improve the scalability of DIBs.

Delivery of impact at scale will require pooling donor resources to fund the achievement of pre-defined results from multiple interventions over time, in a specific thematic area or geography, all within a common outcomes framework. IEOF will establish homogenous pools by combining service providers with comparable delivery costs, methodologies and aligned outcomes, and will secure risk and outcomes funding commitment for each pool.

Such an approach has many advantages[26]:

• Create a common pool of funding for multiple interventions, simplify the process of securing outcome funding, and lower overall transaction costs.

• For an outcome funder, it presents a single platform to fund outcomes from a number of vetted programs, without the administrative burden of managing several programs.

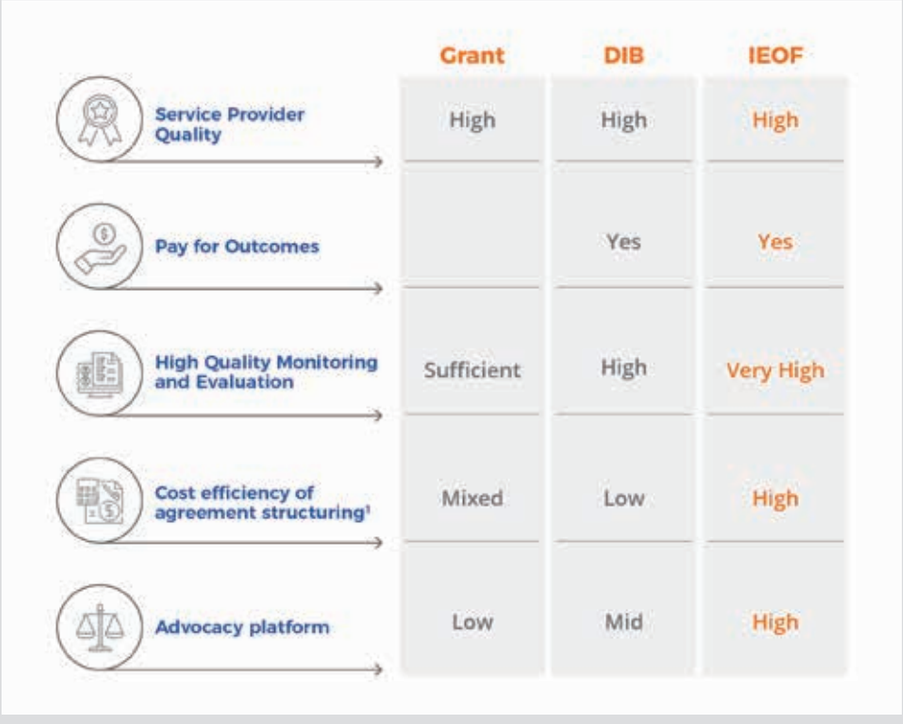
• Cost benefits through standardized contracts, shared structuring, legal and performance management fees. Evaluation models are also replicated across different interventions in a pool. Given budgetary constraints and a renewed emphasis on results and value for money, this is a clear opportunity.

• Knowledge creation, learning & market development: Build up an evidence base of "what works?" as different service providers test different intervention models for the same set of outcomes. It provides a formal, institutional structure to capture and scale knowledge beyond one-off projects and individual actors. This rapidly creates a new body of sector learning: a "data commons" open to all.

• Price discovery: A track record of transactions supported by the fund over time establishes benchmarks for pricing outcomes, which in turn would create a more transparent market with faster turnaround times and lower transaction costs for future transactions. A homogenous pool results in comparable outcomes, allowing IEOF to work towards setting a standard 'price per outcome' in future impact bond efforts.

• A pool of homogenous service providers can mitigate risks as well, and allow funders to build their experience in managing potential outcomes risks – e.g. perverse incentives, cherry picking, appropriate performance management frameworks and systems, etc.

• IEOF makes capacity-building resources available to service providers to enhance their data collection and analysis capabilities. It broadens the marketplace of service providers through technical assistance and capacity building support.



Impact Bonds and pay-for-success have gained momentum globally and are being accepted as a useful mechanism of outcomes-based financing. The use of impact bonds for social programming is still nascent in India. The IEOF creates a financially scalable and efficient model in order to administer education Development Impact Bonds successfully and more economically over the program life cycle. It accelerates the size speed-to-market and scale of impact bonds in India.

26. Social Finance UK

Charity Fund for Cancer Cure: a unique philanthropic mutual fund

THE PROBLEM

More than 1 million new cases of cancer are diagnosed every year in India's population of 1.2 billion[27]. Cancer is one of the most expensive diseases to treat, and the delivery of affordable and equitable cancer care is one of India's greatest public health challenges. In India, public expenditure on cancer remains below USD10 per person (compared with more than USD100 per person in high-income countries)[28]. Out-of-pocket payments account for more than 3/4th of cancer expenditures in India and are one of the greatest threats to patients and families, often leading to family impoverishment and societal inequity[29].

Thus was born the idea of HDFC Charity Fund for Cancer Cure eight years ago, in an attempt to sustainably bridge this treatment gap by making it possible for investors to support this cause while earning a financial return or at least to protect the base capital, thereby giving them a more sustainable way of contributing to the cause.

THE IDEA

The genesis of the Fund lies in some of the most common issues faced by the not-for-profit sector in India – desire to provide more holistic solutions to those in need but lack of stable and certain line of funds that thwarts systematic planning and expansion and over-dependence on one-off donations and grants. In 2011, Indian Cancer Society (ICS), one of India's oldest NGOs working in cancer, was going through a similar phase of strategy rethink and financial constraints, wanting to support treatment of cancer, not just awareness and early detection.

Its then Chairman, Mr. Nihal Kaviratne CBE, decided to leverage his four decades of corporate leadership and acumen, along with his social sector experience of founding St. Judes to create a long-term and sustainable solution for ICS. Instead of taking the traditional, one-off grant and fundraising route, Mr. Kaviratne designed a simple philanthropic mutual fund that could provide a predictable stream of funds to ICS.

THE MODEL

Three design principles were used to structure the Fund:

- Return of capital rather than on capital – the target investors were the ones with more altruistic motives, who would be willing to accept return of capital, rather than the return on capital
- Simplicity – the Fund functioned exactly like any other mutual fund, where investors were given two options – to donate either 50% or 100% of their dividends to ICS. Upon maturity of the Fund, the principal amount would be returned to investors. An investor could claim Income Tax exemption under 80G for the proportion of dividends contributed to ICS.
- Maximizing flows to the cause – in order to reduce administrative overheads, there would be no asset or investment management fee or any distributors' fee, ensuring that maximum money could be donated to ICS.

27. https://www.ncbi.nlm.nih.gov/pubmed/24731885
28. https://tmc.gov.in/ncg/docs/PDF/Delivery%20of%20affordable%20and%20equitable%20cancer%20care%20in%20India.pdf
29. https://tmc.gov.in/ncg/docs/PDF/Delivery%20of%20affordable%20and%20equitable%20cancer%20care%20in%20India.pdf

Mr. Milind Barve, the CEO of HDFC AMC, bought into this vision and amplified it manifolds by launching HDFC Debt Fund for Cancer Cure (HDFCC) in 2011 – a 3-year close-ended capital protection scheme to provide financial assistance to impoverished cancer patients for their treatment.

In order to secure regulatory clearances from SEBI, ICS and HDFC AMC put in place robust, two-tier governance and due diligence system to ensure transparency and accountability:

i. Due Diligence Team (DDT) - the applications screened and sent by the ICS empanelled hospitals are evaluated medically by the DDT team that meets once a week and is made up of leading oncologists, social workers, and finance professionals who make recommendations based on the need of each patient. Two criteria are used to select applications - annual family income of less than INR 2 lakh and the probability of survival after the treatment (50% projected survival rate for adults and 70% survival rate for paediatric patients), the latter to ensure that the dividends are used in an optimum and judicious manner.

ii. Governing Advisory Council (GAC) - final sanction is given by GAC at meetings held twice a month, reducing the turnaround time between registration of a patient in the hospital and the disbursement of funds, thereby ensuring timely treatment. GAC is made up of experienced and respected individuals such as Usha Thorat, former deputy governor of the Reserve Bank of India, and Milind Barve, CEO of HDFC AMC. The role of GAC is as follows:

• Approve guidelines for utilization and disbursement of funds.

• Approve financial assistance to applicants based on the above guidelines.

• Appoint auditors for the audit of the Fund and its utilization.

• Conduct periodic reviews of the cases approved for cancer treatment aid.

ICS has empanelled 17 hospitals in cities such as Mumbai, Delhi, Ahmedabad, Jaipur, Trivandrum, Patna, Jalandhar, Srinagar, etc.

The Fund so far has had three cycles:

• Year 1: 2011

The maiden fund initially offered only a low-risk Debt Plan, which collected a corpus of INR 77 crore from financial institutions and corporates and paid INR 12.77 crore in dividends to ICS.

• Year 2: 2014

The second scheme was also a Debt Plan, which collected a corpus of INR 175 crore and paid INR 51.46 crore in dividends to ICS.

• Year 3: 2017

Introduction of Arbitrage Plan[30], in addition to a debt plan, with slightly higher risk. This raised a corpus of ~ INR 310 crores[31]. HDFC AMC matches the donation of dividends by contributing an equal amount (subject to a limit of INR 15 crore p.a.), thereby doubling the impact of the donations and provide financial assistance to a larger number of deserving patients.

Since the launch of the third scheme in 2017, dividend contribution can be treated as part of corporate investors' Corporate Social Responsibility (CSR) under Schedule VII of the Companies Act 2013, in line with respective company's CSR agenda. Some of the large corporate investors include Axis Bank Ltd., Union Bank of India, SBI Foundation, Reliance Industries Ltd. and Mahindra & Mahindra Ltd. For these companies, the value proposition lies in the leverage offered by the Fund to double their contributions as well as return the capital after three years (which can be presumably revolved).

Creating a credible financial vehicle that manages fund management from end-to-end identification of patients, empanelling hospitals, monitoring to evaluation reports helps build confidence and allows the initiative to scale and reach more patients.

30. As per moneycontrol.com, this fund has 66.52% investment in Indian stocks of which 58.41% is in large cap stocks, 6.06% is in mid cap stocks, 2.05% in small cap stocks. Fund has 6.68% investment in Debt of which , 6.68% in funds invested in very low risk securities.
31. Moneycontrol.com

THE OUTCOMES

The outcomes of the Fund can be articulated at two levels:

Direct impact on the lives of the patients

As of March 2019, the Fund has donated a total of **INR 125.99 Cr** since 2011 to ICS, of which **INR 113.27 Cr** has been disbursed to around 7473 patients across the country. 55% of the patients were women. Around 30% of the patients were under the age of 15. Leukaemia, breast cancer, and lymphoma made up for around 80% of the cases.

A maximum of INR 4 lakhs is sanctioned per patient, which is said to cover the entire cost of treatment in most cases. The financial assistance provided covers the following costs:



Impact on growth and development of the NGO

A primary impact of the Fund is the sustainability and predictability of cash flows for ICS; addressing the uncertainty caused by ad-hoc availability of grants and reducing the effort involved in raising funds. Additionally, ICS pointed out that the managerial expertise, discipline, and monitoring needed to govern the Fund has been instrumental in improving their internal systems and processes, bringing a degree of professionalization and talent. Even the empanelled hospitals have to adhere to collecting and sharing regular data on impact indicators, mapping of most prevalent cancers, latest equipment requirements, etc. A persistent challenge, however, continues to be the monitoring and reporting of patient progress. Resource scarcity on the part of the hospitals and patients not showing up for treatment often compounds this issue. In addition, while money is directly disbursed via the hospitals, many of the patients do not have basic accounts which complicate the process of disbursing the funds at the right time.

VOICES FROM THE GROUND

Om Pal (name changed), an 11-year-old boy from Tripura, was diagnosed with a type of bone cancer. His father, a mason and the sole wage earner in the family, had to quit his job to be by his son during the treatment at Cachar Hospital in Assam. Om successfully underwent limb salvage surgery with financial assistance from HDFC AMC and appeared for his seventh standard examinations, with aspirations of becoming a doctor himself so that he can treat other patients.

LEARNINGS

Three factors have been quintessential in ensuring the success of this model:

A group of champions

The instrument was created and backed by a set of people who truly believed in the purpose behind it and were passionate about long term change. They were instrumental in not only creating the instrument but also creating an enabling ecosystem needed to operationalize it, by drawing upon their financial and social capital for convening multiple stakeholders and building consensus.

Combining simplicity with the needs of the sector

The instrument's design was kept as simple and clean as possible, mirroring other mutual funds, enabling a quicker understanding of its working among the potential audience and encouraging transparency. However, the design did reflect the needs of the Cancer sector it was meant to serve, ensuring high applicability and relevance, which were essential for long term continuity.

Buy-in from all internal stakeholders

In both the organizations, the buy-in from leadership was essential to build momentum and drive adoption. Their personal involvement and commitment in terms of time was an inspiration to many others within the organization. Their ability to create incentives and value for all stakeholders – the distribution agents, the investors, and ICS- made a significant difference to its acceptability.



Representative image of a medical professional.

Image Credit to istock

Using CSR to unlock loan capital for nano entrepreneurs

THE PROBLEM

A report on CSR in skills and livelihoods by Samhita Social Ventures[32] showed that 90% of top 100 companies by CSR budgets were supporting short-term skill development programs as part of their CSR strategies. However, with the informal economy still accounting for more than 80 per cent of non-agricultural employment, placing trained young people into 'decent' jobs is a challenge.

While the business-as-usual model of CSR imparting vocational training to youth addresses the problem of making them employable, it does not consider the inelastic nature of the formal job market in India, where there are more job seekers than jobs. Instead, a catalytic intervention would create job creators i.e., entrepreneurs. Micro-entrepreneurship is increasingly recognized as one of the prominent ways of poverty alleviation and income generation in developing countries. However, the main bottleneck for micro-entrepreneurs, especially from lower socio-economic strata and without a formal financial footprint, is access to capital. Mainstream banks and NBFCs avoid engaging them because of a high risk of loan default.

Godrej Properties Limited (GPL), a large real estate developer and part of the Godrej conglomerate, had a ringside view of the industry and its challenges, from its own business experience and also through its CSR program of providing vocational training for the construction sector. Wanting to achieve higher social returns in terms of more jobs, better working conditions, more formal mechanisms, albeit with limited CSR funds, the company decided to adopt a catalytic approach.

THE IDEA

A Loan Guarantee Fund (LGF) is a financial instrument that facilitates formal lending to micro, small, and medium-sized enterprisesand can address two systemic issues -

i) Poor access to finance, high collateral requirements, and difficult loan terms[33] for many non-prime borrowers

ii) High risk associated with non-prime borrowers for financial institutions.

Borrowing this concept, Godrej Properties Ltd (GPL) and Pratham, a large NGO working in the skills and livelihood space, co-designed and piloted the Good Contractor initiative in 2016 under GPL's CSR strategy.

THE MODEL

The 'Good Contractor' attempts to support small sub-contractors in the construction industry to survive, scale their business, create more employment, and become responsible employers.

32. http://www.samhita.org/enhancing-capabilities-empowering-lives/
33. IFAD, Loan Guarantee Funds

From experience, GPL knew that one of the main challenges for small sub-contractors to survive in the construction sector was the short and irregular working capital cycle. Contractors in construction industry often delayed payments and levied excessive 'fines', leading to severe constraints in cash flows and availability of working capital, forcing some sub-contractors to lay off workers, shrink the business, and eventually go under.

GPL and Pratham decided to address this systemic barrier through the LGF model. GPL made a CSR grant to Pratham for facilitating nano-entrepreneurship in the construction sector. Pratham provided a guarantee in case of defaults to a Non-Banking Financial Company (NBFC). The NBFC, in turn, made a working-capital loan to the sub-contractors.

Pratham's role was to anchor the fund and provide an enabling ecosystem for the sub-contractors to grow their business. The NGO was responsible for the selection of the beneficiaries for the pilot, given their experience and knowledge of their circumstances and personalities. A part of the fund also enabled Pratham to offer on-site support to these sub-contractors and help them to connect with potential clients through its network. Pratham subsidized the interest rate payable by the sub-contractors and GPL and Pratham also negotiated a more favorable repayment structure for the candidates.

After a careful selection process, combining financial and social credibility, candidates received a soft loan of up to INR 2 lakh from the NBFC. In addition to repaying the loan, GPL made the sub-contractors commit to paying their workers on time and via bank transfers, getting them insured and fulfilling Provident Fund (PF) and Employee State Insurance (ESI) compliances, in an attempt to bring more formality to the sector.

OUTCOMES

In the first year itself, eight out of the 10 sub-contractors had repaid their loan and expanded their businesses. The recovered loans were pooled back into a revolving fund to enable a new set of 20 sub-contractors to scale. A dipstick study showed that average monthly profits earned by the sub-contractors doubled during the period (from a lower base), 75% grew their team sizes by hiring more workers and thereby creating employment, and 38% reported having a CIBIL score, thus meeting many of the desired objectives behind the initiative.

CHALLENGES

While the Good Contractor pilot was a pioneering move by GPL, it had its share of challenges that had to be navigated :-

Finding The Right-fit Partners

Most sub-contractors had started out as migrant laborers and had gradually earned enough to buy a piece of land in their native villages as an asset. While many financial institutions agreed to be a part of this program and asked for the land to be used as collateral, Godrej did not want sub-contractors to mortgage their existing land, as that would leave them without any security. A few other financial institutions wanted sub-contractors to put down co-borrowers as part of the loan application process, but the co-borrowers shared the same risk profile. Finding a financial institution that was aligned to the larger purpose of this initiative and comfortable with the terms proved to be critical.

Creating Alternate Methods Of Measuring Creditworthiness

Fundamental to the success of the program was the selection of appropriate sub-contractors. Typical measures of creditworthiness just failed to apply here. GPL and Pratham had to combine financial solvency with other softer measures such as personality attributes (leadership, initiative, etc.), enabling family ecosystem (such as other family members also vested in the candidate's success, absence of heavy financial burden), etc.

Establishing Business Processes

While some sub-contractors were graduates, worked with commercial builders and therefore had experience of maintaining books of accounts, many others, especially in rural parts of Maharashtra, who catered to more residential construction, had to be taught the basics from scratch. These candidates also needed help with the procurement of raw material, reducing wastage and anticipating demands to manage inventories. Through its capacity-building component, Pratham helped train them on these business processes and also established linkages with wholesalers in the local area. This was critical to ensure that the sub-contractors could remain viable, grow, and therefore repay their loans.

Changing Behaviors and Mindsets

Ability to influence and change behaviors emerged as an important feature for achieving the objective of formalizing the sector and making the sub-contractors more responsible employers on multiple levels:

a. Lack of awareness of the necessity and the benefits of legal documentation such as PAN card, GST, AADHAR, etc. made formalizing the sub-contractors at the bottom of the pyramid almost impossible. It was observed that both the sub-contractors and their clients were not convinced about the necessity of formalizing their business, such as obtaining GST registration. With each successive batch though, the program successfully enabled the transition of these contractors using sticks and carrots.

b. Downstream, the workers under these sub-contractors also had to be convinced of fundamental aspects such as benefits of being paid through bank accounts rather than cash or keeping their documents safe, etc.

VOICES FROM THE GROUND

Sandeep currently runs a construction company by his father's name- Subhash Constructions- employing 16 workers and earning a profit of close to INR 85,000-1,00,000 a month. The 23-year-old has constructed over 1000 toilet blocks in different villages so far.

Born into a landless Bhil (scheduled tribe) family in Ukkalgaon in Ahmednagar district of Maharashtra, the harsh realities of the financial crisis stared Sandeep since the day he was born. His parents were involved in daily wage farming who could barely make ends meet. After dropping out of school, he received training in masonry and worked at multiple construction sites in various cities. While working at the Hyderabad site, his contractor berated and humiliated him in front of several other workers for over-utilizing construction materials.

Around this time, he realized that he had learnt enough about the business to start a venture of his own. The Hyderabad episode made him realize that he wanted to be a contractor who would create employment opportunities and be empathetic to his employees. He thus returned home to start Subhash Constructions in 2015 with three workers and three helpers, specializing in toilet construction.

He was inducted into the Good Contractor program in 2016. With the first tranche of loan amounting to INR 1.4 lakh, he expanded his work to five masons and five helpers. He was trained under the initiative to receive more toilet construction contracts by collaborating with the Gram Panchayats that helped mobilize residents. Sandeep helped residents open bank accounts and get their documents in order so that they could claim the government subsidy for the construction of toilets. He procured materials such as cement and bricks from a place named Rahuri (around 25 km from his village) where he had established contacts with the material suppliers, and his workers were mostly locals. In addition to the loan, the Good Contractor program also trained him to create an efficient business plan.

With the received profits, he has renovated his house, shouldered the costs of his sister's wedding and also funded his own wedding. He increased the salary of his helpers from INR 300 to INR 350 per day. In the near future, Sandeep wants to expand operations in a nearby city (Shirdi) where a lot of apartments are coming up.



A Good Contractor's team of construction workers working on a site in Mumbai.

Image Credit to Ragini Menon



CATALYTIC COMPETENCIES

CASE STUDIES

VIACOM18

Using its strong suit of storytelling, legacy of TV shows based on social messages, CSR experience in sanitation and outreach to the masses, Viacom18 partnered with BMGF and BBC Media Action to create a TV series called Navrangi Re to shine a spotlight on the invisible crisis of fecal sludge management in India

ESSILOR INTERNATIONAL

Leveraged its market leader position in opthalmic optics to create a flagship programme called Eyemitra for vision care by recruiting,training and supporting underemployed people to become primary eye care providers in rural areas where care is otherwise limited

MARICO INNOVATION FOUNDATION

With a core mission to nurture the Indian innovation ecosystem in business and social sectors, the Foundation leverages its talent pool, including CXOs, and understanding of markets, to mentor and support innovative start-ups

Leveraging the power of storytelling for behavior change

THE PROBLEM

The corporate sector in India responded very enthusiastically to the national call to action on sanitation crisis, via the Swachh Bharat Mission (SBM) in 2014.

A study of top 100 companies in India[34] showed that overall, 90% of companies reported a CSR intervention in sanitation post the call to action. Of these, 81% of companies supported infrastructure development, mainly toilet provision, whereas aspects such as waste management garnered rather low response at only 14% of the companies. Even within waste management, the focus was primarily on solid waste; not on fecal waste. A study conducted by Water Aid India in 2015 (WaterAid India, 2016) found that only 32% of all the urban households having access to sanitation were connected to a sewerage network. Only 30% of the sewage generated was treated, the remaining 70% was discharged untreated into rivers, lakes, and ponds, making the water sources extremely polluted. According to a Central Pollution Control Board report, less than 50% of the urban sewerage systems work effectively in India[35].

Viacom18 Media Pvt. Ltd., one of India's fastest growing entertainment networks, decided to address the complex issue of communication and messaging on fecal sludge management that could lead to behavior change by harnessing the power of story telling, its core asset and competence. In collaboration with the Bill & Melinda Gates Foundation (BMGF) and BBC Media Action, the initiative began as an attempt to bring development issues to the masses in an entertaining format – issues that are not otherwise addressed extensively and seldom associated with entertainment.

THE APPROACH

The Pilot

Viacom18 started its journey in sanitation by supporting provision of toilet facilities and refurbishment of community toilets in a few slums in Mumbai called Chakachak Mumbai (spotless Mumbai). Over a very short period of time, through engagement with various social sector experts and intermediaries, the company realized the need of social intervention programs that are scalable and more holistic than only infrastructure development.

Viacom18 adopted a two-pronged approach that connected with all age groups across the communities:

• Infrastructural intervention: Over a period of 2 years, Viacom18 built and refurbished over 200 toilets in 13 slum clusters of suburban Mumbai.

• In addition to infrastructural support, the company also launched a widespread behavior change communication campaign. Using art and storytelling, they created campaigns such as:

-Its #GetAngry video campaign asked citizens to consider whether they were "getting angry" for the right reasons—whether unhygienic practices such as spitting and urinating in public were more acceptable than social taboos such as couples openly displaying affection. These videos garnered more than 2 million views on Facebook, and #GetAngry was one of the trending topics on Twitter the day it launched.

-Its art-based strategy involved converting public spaces, such as railway stations, bridges, and even the walls of mobile community toilets into canvases for emotive messaging around cleanliness.

34. http://www.samhita.org/csr-in-wash-what-are-indias-top-companies-up-to/
35. Primer on Faecal Sludge and Septage Management,

The Big Leap

Buoyed by the positive response to its communication campaigns and wanting to further its overall legacy and track record of imbibing social issues in its TV shows, Viacom18 launched a new series, 'Navrangi Re!' in January 2019. A 26-episode finite series, it aired bi-weekly on Viacom18 network's Hindi General Entertainment Channel – COLORS Rishtey, as well as on COLORS Gujarati and COLORS Odia, and VOOT- Viacom18's video-on-demand platform.

The series traced the life of Vishwaas, a struggling journalist, who in the pursuit of breaking news, discovered the gateway to bringing about change for his community. The fictional neighborhood portrayed a typical, congested community in urban India and dismal realities of hygiene and sanitation in public toilets. The series comprised an ensemble cast, made up of thespian actors and veteran Bollywood actor, Anil Kapoor, who put in a special appearance[36].

The series aimed to mainstream the conversations on the complex, invisible and tabooed issue of fecal sludge management (FSM), which is rarely acknowledged, even more rarely discussed by the common man and yet is one of the most fatal health and environmental disaster in the making in India. The show tried to break down the barriers associated with FSM to make it living room conversations, issues that are not otherwise associated with entertainment.

The show was a landmark in the area of social and behavior change communication as it brought together a private media company (Viacom18), a development communication organization (BBC Media Action) and a philanthropic organization (BMGF) on a common platform. While BMGF leveraged its global expertise in FSM and provided the resources and research required for the series, BBC Media Action helped to decide the core messages that need to be communicated, Viacom18 used its storytelling capabilities to weave in the messages in a fun and non-preachy way, through drama and wit. Its previous experience of research conducted during Chakachak Mumbai helped further to make the story relatable.

Navrangi Re! had reached 45 million TV viewers by the end of week 4 – 11.2 million unique viewers within its all-India target group and 3 million within HSM urban TG.

THE LEARNINGS

The approach exemplified the use of a company's core competency to affect social change as well as creating shared value for the brand. The learnings from this initiative revolved around two key points–

Alignment with the larger purpose of the brand – Navrangi Re! was a continuation of Viacom18's philosophy of creating socially relevant entertainment, with series such as Balika Vadhu (on the issue of child marriage), the movie Toilet: Ek Prem Katha (on the issue of open defecation), etc. As such, the show was a natural fit and the internal buy-in required, even at the leadership level, was relatively easy and high since the organizational culture was geared towards the requirements associated with such an approach.

Bringing on-board the right partners – The partnership between Viacom18, BMGF and BBC Media Action helped to ensure that the show could create a balance between scientific facts, figures and research on FSM and deliver it in an entertaining manner that could resonate with the audience. While Viacom18 led audience mapping, strategic positioning, advisory on content and marketing of the show, the storyline, plot and production was led by BBC Media Action and BMGF helped to anchor the key messages through their research and rigor.

36. https://www.afaqs.com/news/story/54142_Viacom18-Bill--Melinda-Gates-Foundation-and-BBC-Media-Action-initiate-television-series-on-urban-sanitation
https://www.business-standard.com/article/news-ians/navrangi-re-new-fiction-tv-series-explores-urban-sanitation-118122000404_1.html



Advertisement for Navrangi Re!, Viacom's show aimed at mainstreaming conversations around fecal sludge management (FSM).

Image Credit to Viacom18

Leveraging business competencies to deliver affordable eye care solutions

THE PROBLEM

550 million people in India suffer from uncorrected poor vision with only one qualified optometrist for every 25,000 people in the country[37]. Often from less privileged sections of society and rural areas, the low quality of eye health for these people is a combination of a lack of awareness, accessibility to eye care facilities and services, and the affordability of potential solutions.

In the context of India, growing rapidly and with millions looking to transition out of poverty, this has multiple implications.

Starting from school, children with uncorrected poor vision get lower grades, are thought to be slow learners, and many of them do not pursue further studies[38]. For many, undiagnosed vision causes complications in pursuing livelihoods, impacting incomes, and growth. It is estimated that this lack of access to quality vision care has cost the country 37 billion dollars in terms of lost productivity[37].

The average life expectancy in India is said to be 65 years, but for those who lose more than half their vision, life expectancy drops even further[39]. In addition, people with poor vision often suffer from social stigma and low self-confidence.

While poor vision care affects the productivity of the country, there are ramifications on safety as well. Approximately, 200,000 traffic fatalities that occur in India are tied to the uncorrected poor vision of drivers[38].

Suffice to say, poor vision is limiting millions of Indians from living out their fullest potential.

THE IDEA

Essilor, as a 170-year-old organization, has always been involved in philanthropy. In 2013, however, the company made a decision to move away from ad-hoc philanthropy to creating shared value in base of the Pyramid (BOP) markets. In a country grappling with a high rate of unemployment[40], it sensed an opportunity in developing an inclusive business model that focused on addressing the barriers of quality eye care for the millions that live at the base of the pyramid. Strategically aligned to their core competence, their inclusive business initiative holds the potential catalyzing social and economic development across geographies.

Essilor's foray into creating affordable eye care solutions for the underserved markets was based on three key pillars:

i. Inclusive business: Essilor aspired to provide BOP solutions in rural India through community empowerment and creating jobs and infrastructure. Diversity and inclusion are major features of their approach and while their initiative first started in India, it has now adapted its business model for other countries. In their pursuit of sustainable impact, they undertake rigorous impact assessments and use those insights to develop and scale further.

37. Anon, EYE MITRA. Essilor See Change. Available at: https://www.essilorseechange.com/what-we-do/2-5-new-vision-generation/eye-mitra/ [Accessed May 28, 2019].
38. Jacobs, A., 2018. A Simple Way to Improve a Billion Lives: Eyeglasses. The New York Times. Available at: https://www.nytimes.com/2018/05/05/health/glasses-developing-world-global-health.html [Accessed May 28, 2019].
39. Anon, 2011. Driving down the cost of high-quality care. Available at: https://www.mckinsey.com/~/media/mckinsey/dotcom/client_service/healthcare systems and services/health international/issue 11 new pdfs/hi11_18 aravindeyecaresys_noprint.ashx [Accessed May 28, 2019].
40. Anon, 2019. At 7.2%, India's unemployment rate in Feb worst in 29 months; labour force down 25.7 million: CMIE. Business Today. Available at: https://www.businesstoday.in/current/economy-politics/at-7-2-percent-india-unemployment-rate-feb-worst-29-months-labour-force-down-25-7-million-cmie/story/325083.html [Accessed May 28, 2019].

ii. Awareness and Advocacy: Integral to their initiative was their push for creating awareness around this issue and bringing together a multi-stakeholder network to enable the creation and effective deployment of affordable eye care solutions.

iii. Strategic Giving: Lastly, the company buttressed their efforts in vision care with strategic philanthropy. Free eye exams, awareness campaigns, lens and frames donations, and financial support to local organizations working in this space are all philanthropic activities that the company supports as an alignment to their mandate.

With support from Essilor International's CEO and senior leadership, a dedicated business arm-2.5 New Vision `Generation (2.5NVG)- was created to provide innovative, scalable, profitable and inclusive business solutions in vision care to the underserved markets around the world. Leveraging Essilor's competencies in this space (through experience and leadership), they set down a vision broad and large enough to help rally people around their mission, of improving lives by improving sight, and build a collaborative network.

While 2.5NVG understood there was a need, they also realized product innovation was key in the implementation of this vision. Re-imagining existing products, creating new business models and partnerships are examples of how innovation played a role in operationalizing this vision.

THE MODEL

Eye Mitra (Hindi for "friend of the eyes") addresses unmet needs for vision care by recruiting, training and supporting unemployed and underemployed young people to become primary eye care providers in rural areas where there is limited access to eye care and awareness of the impact of uncorrected poor vision is low.

The Eye Mitra program, with the help of project partners, identifies passionate rural youth and gives them training on basic vision screening and spectacle dispensing. This training period is of 12 months, which includes two months of classroom sessions and 10 months of On the Job Training (OJT) . During the OJT period, Eye Mitras are trained on various business aspects such as basics of running a successful business, customer handling, and conducting Vision Screening Events (VSEs). Essilor has set up dedicated training centers where training is given by a team of qualified trainers and at every level, quality assessments are done.

On completion of successful training, 2.5NVG provides product and marketing support along with other required instruments to Eye Mitras and supports them to set up a small optical outlet in their respective local communities.

As of now, there are 6,000 Eye Mitras in states such as Uttar Pradesh, Rajasthan, Maharashtra, Karnataka, Telangana, and West Bengal. Essilor International's Eye Mitras are spreading awareness about clear vision and providing villagers with spectacles at affordable rates in countries like Bangladesh. Most of the products they sell are Essilor International's own line of low cost, affordable eye gear.

THE CHALLENGES

By using their competencies to respond to an immediate need at scale, 2.5NVG was able to create shared value, but that journey has not been without its own learnings.

Supporting Entrepreneurial Intent

Through their work in rural India, 2.5NVG realized the importance of the surrounding ecosystem in supporting entrepreneurial intent and action. For most rural Indians, parental concern was an inhibiting factor. 2.5NVG had to develop ways for Eye Mitra to appear as a credible alternative to traditional employment and engage stakeholders for their support.

Understanding BoP Segments

Success in a BoP initiative required 'unlearning' of mainstream commercial knowledge and reliance on innovation to deliver results. A BoP strategy does not entail selling watered-down versions of existing products but involves understanding the markets and innovating accordingly.

Partnership Strategy

Developing partnerships necessitates transparency about goals and objectives. It is important not to oversell the mandate, take feedback consistently, and course correct whenever required. 2.5NVG now works with over 600 partners in this space around the world, adapting their strategy with each country with a shared future focus on children.

2.5NVG's journey is an example of how leveraging one's competencies can catalyze impact at scale. The focus on competencies helped the organization explain its mandate easily to stakeholders and lent it credibility. As true with any social sector issue, 2.5NVG proceeded to implement its mandate in collaboration with multiple stakeholders, be it NGOs or the government. Setting an ambitious goal, preparedness to invest in the sector for the long term and the commitment of senior leadership are key features for the success of its Eye Mitra program.



Image Credit to Essilor International

An Eye Mitra delivering care to a woman in rural India.

Nurturing the innovation ecosystem in India

THE PROBLEM

Since the past decade, India has been on a consistent growth trajectory, averaging 7.7% growth rate between 2005-2018 with a high of 13.2% in 2010[41]. While that is a healthy sign for an emerging economy, sustainable development for India's millions hinges on some factors:

i. Development in India has significant implications socially and environmentally;

ii. The benefits of the country's growth are yet to trickle down to certain sections of India's population;

iii. Certain sectors in the economy are yet to catch up on the growth story.

As progress is slow on important factors such as the ones above, the impact of India's development could be slow and scattered. Since these issues are long-standing and entrenched, just growth is not the answer. Disruptive growth that challenges existing models of thinking and operating and, in the process, creates new structures and contexts may well be necessary if sustainable development is to take place.

Central to this is the importance of true innovation and a robust ecosystem that nurtures it.

India's record in innovation has scope for improvement. According to the Global Innovation Index Report 2019, India is ranked as the 54th most innovative nation in the world out of a total of 126 countries. Most of these innovations come from tier II and tier III areas of the country. India has seen the progress since 2015 where it was ranked 81[42]. This goes on to show that there is no dearth of innovation in India, however, when it comes to scaling, India is yet to join the big leagues.

The slow progress on parameters related to innovation, the relevance of innovation, scalability, and sustainability; add to this an innovative ecosystem for the country's future, there is ample potential for action.

THE IDEA

Marico Innovation Foundation (MIF), the not-for-profit arm of the leading Fast Moving Consumer Goods (FMCG) company Marico Limited, was formed with the intent to address this gap, nurture the innovation ecosystem for both business and social sectors alike, and add overall value to the growth of the nation.

MIF realized that very early on that true innovation must not be confused with 'jugaad' (using limited resources in an innovative manner), and that it requires deep-rooted intervention so as to induce sustainable impact and create sustained growth. In that essence, MIF's body of work taps undiscovered, disruptive innovations at an early stage and creates an environment suitable for it to achieve scale.

41. Anon, India Real GDP Growth [2005 - 2019] [Data & Charts]. [2005 - 2019] [Data & Charts]. Available at:https://www.ceicdata.com/en/indicator/india/real-gdp-growth[Accessed May 27, 2019].
42. Anon, 2018. Global Innovation Index ranks India the 57th most innovative nation. The Economic Times. Available at:https://economictimes.indiatimes.com /news/economy/indicators/india-maintains-position-as-top- it-exporter-lags-in-ease-of-doing-business/articleshow/64935501.cms [Accessed May 27,2019].

Aiding MIF in its goal is a diverse Governing Council comprised of stalwarts from the industry with experience in business and social innovation.

Realizing that there are multiple institutions pursuing the same agenda but working in silos, MIF realized the value of collaboration to create tangible impact across sectors and beneficiaries. MIF has collaborated with a number of institutions to nurture innovation in the ecosystem such as incubators like Villgro and Social Alpha, industry associations such as Federation of Indian Chambers of Commerce and Industry (FICCI), impact venture capital funds like Omnivore Partners and Ankur Capital; this plays a catalytic role to harness synergies.

THE MODEL

MIF executes its mandate of nurturing innovation in the country through three core programs: Scale- Up Program (a 360-degree growth platform for early-stage start-ups), Innovate2Cultivate (an agriculture focused program) and MIF Awards (a well-recognized platform to showcase the next big innovations).

All of these programs address gaps in the innovation ecosystem, and this case study dives deep into the frameworks of how to specifically capitalize on unique internal competencies in the implementation of the mandate.

Scale-up Program

The core insight of this program is that innovators require guidance on specific steps to be taken to solve their challenges (the 'WHAT') and also the process required to achieve the same (the 'HOW').

Through this program, MIF works with innovative enterprises that require support in scaling up the journey. MIF identifies the challenges that could potentially hinder, or slow down, the growth of the organization, and helps solve these challenges through, what they call, 'intensive, deep-rooted mentoring'. On the ground, implementable solutions are piloted with the help of a mentor, and solutions are implemented on a larger canvas; thus unlocking scale. The success of the intervention is determined through milestones and continuous tracking of the progress.

The Mentors are Integral to the Program

Marico fuels innovation by leveraging its competencies. Being a company with a strong manufacturing footprint, they possess expertise in multiple manufacturing related functions (supply chain, process, etc). Marico implements the mentoring mandate through their human resource policies that ensure the leaders work with the organizations during their working hours (making sure it is viewed as a commitment rather than ad-hoc employee engagement activity).

Company mentors are selected based on the specific bottleneck that the enterprise faces, be it raw materials, logistics, distribution strategy, etc.

Marico's mentor pool, comprising of sectoral or functional experts from within the company, contribute relevant experience, insights, and knowledge to support and build these innovative enterprises while adding direct value.

To ensure that this initiative is not viewed as a charitable activity, they charge a nominal fee to the enterprises to ensure they are vested in the process.

Innovate2Cultivate

Certain sectors in India (eg. IT) have seen a slew of innovative activity over others. Agriculture, however, even though it is the mainstay of the Indian economy, contributing approximately 17% of the country's GDP[43], has struggled in unlocking its innovative potential. There is a lot of scope to increase productivity in this sector, and for a mechanism that links innovations in the agricultural ecosystem (farms, farmers, corporates, and other stakeholders).

MIF's new program 'Innovate2Cultivate' aims to address this issue through an 'Agri-Challenge' format that involves tackling problem statements faced by single crops, inviting innovations to provide solutions, and bringing the ecosystem of corporates, investors, and farmers to support them.

The first chapter of this program has coconut as a focus crop (an alignment with Marico's manufacturing expertise).

As part of the 'Agri-Challenge,' the Centre for Innovation Incubation and Entrepreneurship (CIIE) is tasked with evaluating applications. The shortlisted solutions are invited for an on-ground immersion program to get a first-hand understanding of the business potential and ground realities of the focus crop.

43. Anon, 2018. Contribution of various sectors to GDP. Available at: Press Information Bureau Government of India Ministry of Finance [Accessed May 27, 2019].

The first day of this immersion program saw crop experts for soil, water, pest, along with a coconut business expert from Marico, and a representative from NABARD, spend a day discussing the crop and evaluating its challenges in depth. The second day of the program was in a coconut plantation where an introduction to best practices, live demonstrations of harvesting, fertigation, and irrigation, along with conversations with selected farmers took place. Armed with this knowledge, the innovators modified their existing solutions to suit the crop. The most suitable proposals in terms of applicability and commercial viability are currently in the fields testing product efficacy. Impactful solutions stand to gain business opportunities from Marico Limited, ensuring the sustainability of the intervention.

The selected cohort is also being exposed to the agricultural ecosystem such as universities, agronomists, venture capitalists, and other corporates so as to help these innovations scale.

While at the outset, the program appears as an innovation challenge, the catalytic potential of the program manifests in the mentoring and guidance given to the start-ups by senior Marico leadership. Utilizing decades of FMCG experience, and providing insights to startups in an allied field with nation-building potential, MIF's new program stands to catalyze innovation in sustainable development where it matters.

MIF Awards

Stemming from the belief that breakthrough innovations should be given a platform for recognition, MIF instituted the 'MIF Awards,' one of the earliest platforms for innovation in India.

As per this format, innovations are solicited across the business, start-up and social categories, which are then evaluated by external knowledge partners (e.g AT Kearney, Ernst & Young, BCG). The process of shortlisting applications for the awards consists of two rounds of jury deliberations, with a motive to handpick undiscovered innovations that could have significant catalytic potential.

The aim of the program is to bring such innovations to the fore and showcase them to a curated audience to potentially garner support for the winners, and possibly inspire a new generation of innovators.

These three programs require MIF to lean on the competencies developed by the personnel and the business to fortify innovative ideas and lead them to scale sustainably. To achieve their aim of nurturing the innovation ecosystem in India, MIF invests in research, evaluating an average of 30-40 organizations per month. Based on their evaluation, MIF then speaks to the founders at least 2-3 times to assess viability, much like in the case of venture capitalists, and finally works with those companies that have demonstrated some amount of proof of concept.

The rationale is to work closely with a handful of innovations and focus on their growth, with significant and tangible impact as the outcome.

CHALLENGES

Developing the innovation ecosystem of a country is by no means a simple task, and while MIF has created an innovative method to achieve the same, there are challenges that they faced:

Go deep or Go wide:

While the concept of 'jugaad' has entered the global lexicon, MIF has dedicated its efforts towards nurturing sustainable, disruptive, and impactful innovations.

A key feature of the program is the depth of interventions, which enables MIF to work with a relatively smaller set of innovative enterprises, on an annual basis. This model of executing innovations requires a high-touch approach, with long term partnerships. If a larger impact of innovations were undertaken, impact at scale can be achieved. In a sense, it is a choice between going deep and going wide.

Bottlenecks in Agriculture:

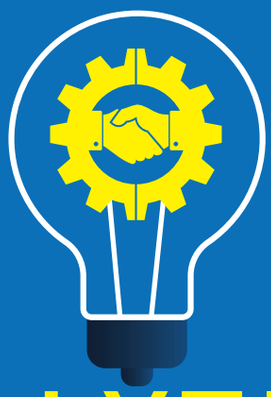
While Agriculture is an important component of the Indian economy, it is not perceived as lucrative by entrepreneurs. Developing an innovative idea will not be enough; it needs to stand the test of all complexities of long value chains, last mile delivery, and advocacy among farmers. Developing an innovation ecosystem in such a context is a challenging initiative.

MIF's competency-based approach helps catalyze innovation by addressing gaps in the innovation ecosystem, using entrepreneurial principles to bring about social change, and enabling disruptive innovation for nation-building goals. Their ability to look at internal business policies was critical to leveraging their competencies and offering insightful mentoring to start-ups. In addition, the organization realized the value of a collaborative ecosystem to deliver the most guidance and value for the innovator.



Participants imbibe advice during the Innovate2Cultivate program to make their innovations more impactful.

Image Credit to Marico Innovation Foundation



CATALYTIC PARTNERSHIPS

CASE STUDIES

CREDIT SUISSE

A 'collective impact' model to tackle deep, systemic issues in the education sector in Malaysia through eight funders, including corporations and philanthropists

BAJAJ AUTO

A partnership with CII and Aurangabad Municipal Corporation (AMC) to improve AMC's waste management processes by bringing on board an expert agency

TITAN COMPANY

A partnership between Titan and IIT Madras Incubation Cell to make the vocational skills ecosystem more experiential by supporting Skillveri, a startup designing multi-skill simulators for welding, spray painting etc.

THE POWER OF NUTRITION

A collaborative model to tackle malnutrition in Africa and Asia, which is built around a unique financing structure that guarantees every new dollar in private funding is multiplied at least four times.

CREDIT SUISSE

Adopting a collective impact model for systems change in education

THE CHALLENGE

Similar to many Southeast Asian neighbors, while the Malaysian education system has developed in terms of its reach, it still needs improvements in terms of quality of learning in some locations, especially in Science and Mathematics, as evidenced in its ranking at the Programme for International Student Assessment (PISA) and Trends in International Mathematics and Science Study (TIMSS)[44]. In response to this, the Ministry of Education has set up a goal for Malaysia to rise to the top-third of the system in TIMSS and PISA[45].

While taking stock of the situation, the corporate citizenship team for Asia Pacific region at Credit Suisse, a leading wealth manager, with strong investment banking capabilities, realized that a single intervention, running in isolation, would create only a limited impact on learning. To make a sustainable change, the education situation in Malaysia demanded multiple and integrated interventions at the policy, delivery as well as reporting levels.

Credit Suisse was fully aware that its own philanthropic resources and influence would not be adequate to achieve the outcomes it envisaged in a scalable and sustainable manner. How does one make one's philanthropic funds and vision travel that extra mile to ensure that it generates a strong multiplier effect on the impact?

Wanting to maximize its impact, Credit Suisse decided to go down the 'Collective Impact' path.

THE CONCEPT

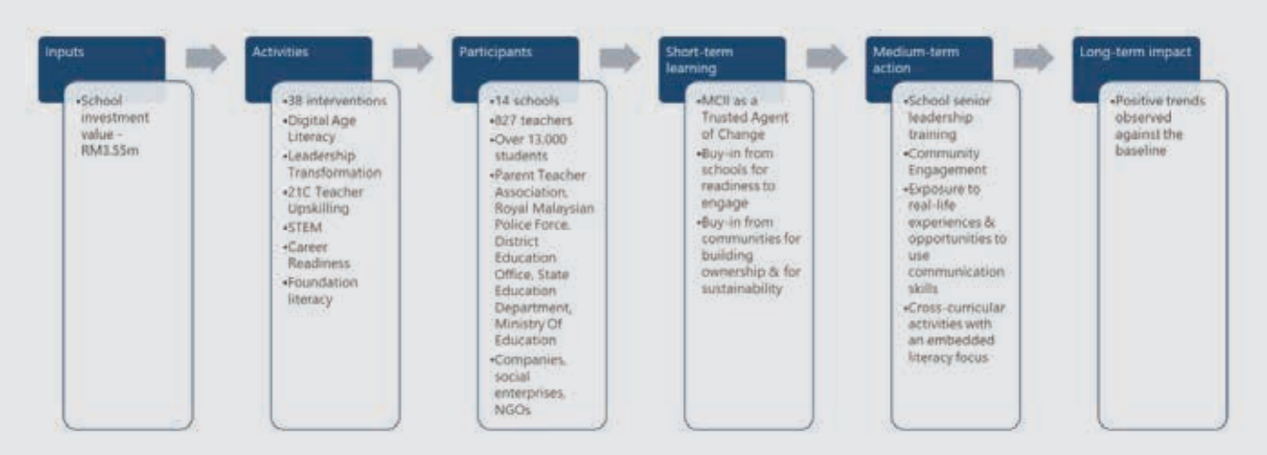
The Collective Impact model for social change was articulated by John Kania and Mark Kramer in 2011 and is differentiated from other collaborative models through essentially five principles or conditions:

- A common agenda and shared vision of change among partners, with a common understanding of the problem and a joint approach to solving it
- Shared measurement systems to collect data and measure results across all partners for accountability
- Mutually reinforcing activities, which are differentiated but coordinated
- Continuous communication to build trust and ensure common objectives
- And backbone support organization that holds all partners and initiatives together

44. Mahmud, S.N.D., Nasri, N.M., Samsudin, M.A. et al. Asia Pac. Sci. Educ. (2018) 4: 8. https://doi.org/10.1186/s41029-018-0026-3
45. MOE 2013

THE MODEL

Credit Suisse modelled its solution based on the Collective Impact model and was a founding member of the Malaysian Collective Impact Initiative (MCII), Malaysia's first collective impact initiative focused on literacy and career aspirations for schools in the area of Klang. The theory of change for this initiative is shown below:



The Collective consists of eight funders, including Credit Suisse, the Hong Leong Foundation, and the British Council. Together, the funders set up MCII as a strong aggregator, which is now sustained by membership fees and provides shared services around needs assessment, monitoring, evaluation, etc. to the members.

Additionally, funders can further choose to support individual program(s) under the MCII platform and fund the implementation in one or several MCII supported schools. The programs address different challenges in the ecosystem – from life skills, foundational literacy, and career counselling for children to language tools and professional learning for teachers. Apart from the funders, who are also a part of the steering committee, MCII has a network of partners such as RITE Education, My Readers, and Global School Leaders.

MCII works in partnership with the government machinery and the community to identify needs in the education system and maps them to MCII programs through a coherent framework. It tracks impact against mutually agreed measurement systems and indicators and maintains a learning management system for all partners, addressing two fundamental principles of common measurement and continuous communication.

An important and critical differentiator of this model is its ability to secure government buy-in, which would have been impossible without the collective power of all the partners. MCII has aligned its goals with the Transformasi Nasional, which is a long-term national development initiative, which will drive its goals from 2020 to 2050. MCII's objectives coincide with that of the Malaysia Education Blueprint, and it aims to fulfill SDGs 4 (Quality Education), 10 (Reduce Inequality), 11 (Sustainable City and Communities) and 17 (Partnerships to Collaborate).

THE OUTCOMES

In the past three years, MCII has channeled close to USD 800,000 in school investment through more than 38 programs and interventions covering 14 schools, 827 teachers, over 13,000 students, and 34 policy engagements – for driving the systems to change narrative into the mainstream corridors of decision makers.

Across MCII core program outcome reports, there have been positive upward shifts in school transformation and leadership engagement, 25 percent improvement of the use of cooperative structures and feedback strategies in lesson delivery with 50 percent

improvement in student engagement. MCII-CS-MYReaders literacy program reported an average of 23% improvement in word recognition and a 4% improvement in fluency.

MCII envisions the current intervention in Klang to run until 2020, post which the collective will identify another location in Malaysia and replicate their efforts for the next five years. The MCII plans to run this program until 2028.

The success of the MCII nudged Credit Suisse to replicate the model in other countries such as Hong Kong and Singapore.

CHALLENGES AND LEARNINGS

Conceptualizing and executing the Collective Impact model is not devoid of challenges. Credit Suisse identified a number in the initial days, including:

Investing in the backbone organization

Structured multi-stakeholder collaboration may sound easy in theory but is extremely difficult in practice due to the sheer effort required in operationalizing it across so many partners.

A strong backbone organization is the key to unlocking any collective impact initiative. It functions as a convening force, consensus builder, coordinator, negotiator, assessor, and a program manager. While some argue that investment in a backbone organization can lead to a higher project cost overall, having an efficient and effective backbone is essential to an initiative's life cycle.

As a founding member, Credit Suisse faced some issues initially. It was difficult to find partners to invest in a strong and dedicated backbone organization. Having volunteers from members to perform this role was short lived and ineffective due to lack of ownership. Credit Suisse, along with the other founding members, decided to seed-fund the backbone in the first year and had to undertake a lot of canvassing and championing among its funders to sustain it through membership fees.

Aligning stakeholders and partners to the common vision and to each other

To align all members to the common objectives, geographies, systems, and processes, reporting standards and measurement, while incorporating their individual timelines and funding cycles was a challenge that was overcome by extensive networking and face-to-face meetings by Credit Suisse. The model was adapted to facilitate partnerships by allowing flexibility in letting each funder align its priority area with the Collective. It also had to undertake a comprehensive effort to align all its internal stakeholders and leadership to put their weight behind this ambitious project, where they had no direct control on the outcomes.

Recommendations for companies wanting to adopt collective impact through corporate social responsibility

Liza Green, Head of Corporate Citizenship Asia Pacific at Credit Suisse, shares her key learnings for any donor interested in designing and executing collective impact models:

- Start small – instead of going all out, pilot the model at a smaller, yet a justifiable scale and expand and replicate it based on shared learnings.
- Champion the cause and the impact - if you frame the narrative in terms of the impact you want to achieve and then move backward to align everything and everyone to that outcome, the roadmap becomes clearer and easier to achieve.
- Long-term commitment is paramount - fostering consensus in decision-making among multiple partners is a lengthy process that requires a longer gestation period. Projects with very tight deadlines or short duration may not allow for the patient capital and flexibility required for such projects. Also, collective impact seeks to address systemic gaps in the ecosystem that require time to bear fruits. A long-term commitment underpinned by transparency and trust among partners and members is key to achieve this.
- Build in flexibility – while the overall vision and theory of impact cannot be compromised, the pathways to achieve the vision are constantly evolving and should be left flexible to accommodate different stakeholders. Each initiative will involve adhering to the five guiding principles in varying degrees based on the complexity of the problem and the roles of the partners.
- Give the project an independent identity and a brand – This will help to rally all partners around a common call to action, communicate the message that the project is more than the sum of its parts and help to reduce conflicts.



Image Credit to Credit Suisse

A session during an activity funded by the Malaysian Collective Impact Initiative (MCII) focused on literacy and career aspirations for schools in the area of Klang.

Enhancing the capacity of the government to become more efficient and effective

THE PROBLEM

Aurangabad has grown to become the fifth largest city in the state, and a major industrial and regional headquarter in Maharashtra. It is one of the commercial hubs of Maharashtra with a GDP of USD 3 billion in 2010 and expected to increase to USD 17 billion by 2025. The area of Aurangabad is 219 sq. km divided into 112 election wards, with a population of 11.8 lakh[46].

Due to rapid urbanization, high population, and poor solid waste management system, contamination levels of land, ground, water table[47], and air have increased at an alarming rate. The city generates around 400 Metric tonnes of municipal solid waste every day[48].

Since 1980, Aurangabad has used an abandoned quarry as a dumping yard in the neighboring village of Naregaon, where practices like open dumping and burning of mixed waste, transportation in open vehicles, and manual handling of waste were rampant. The dumpsite received 400 tonnes of waste from the city on a daily basis. Spread over an area of 44 acres, it was converted into a mountain of putrid mixed waste. It had contaminated the air, groundwater, and soil in the region. Informal recyclers and municipal sanitation workers who handled this waste were exposed to toxic and hazardous materials.

Aurangabad Municipal Council (AMC) had an arrangement with the neighboring village of Mandki, 4-5 kms from Naregoan, to dump solid waste for a fee. Since there was no processing plant in the vicinity, unsegregated waste was just scattered on the grassland. However, due to indiscriminate dumping, the villagers started protesting about the stench and contamination of their farmlands. The council approached many other villages to allow them to create a sanitary dumping ground, but they were faced with resistance almost everywhere. This forced the AMC to look for alternatives.

THE IDEA

Leveraging the idea of public-private partnership, a unique arrangement brought together unlikely stakeholders from all three pillars of an economy – government, corporate sector, and civil society, to tackle their beloved city's problem in January 2016.

With AMC as the implementation agency at the center of this partnership, Civic Response Team (CRT^), a think tank, provided strategic planning services and expertise while Bajaj Auto, whose largest plant is in Waluj near Aurangabad and Confederation of Indian Industry (CII) came on board as funding partners to support the planning, consulting and monitoring costs.

Bajaj Auto was the first and leading partner investing INR 1.6 Cr, thus encouraging and inspiring a few smaller companies to also contribute CSR funding for specific aspects of the project, including new infrastructure. Apart from providing financial support, Bajaj's CSR senior leadership worked closely on the project by providing support in liaising with the government and generating regular dialogues to understand the progress and challenges of the model.

46. IOSR Journal of Mechanical and Civil Engineering (IOSR-JMCE) e-ISSN: 2278-1684,p-ISSN: 2320-334X, Volume 13, Issue 6 Ver. I (Nov. - Dec. 2016), PP 74-78
47. https://shodhganga.inflibnet.ac.in/bitstream/10603/78831/17/17_chapter%20%207.pdf
48. ibid

THE MODEL

The initiative was called 'Majhi City Taka-Tak' and it focused on achieving the following targets:

• Reduction of waste sent to Naregaon dumpsite, with an aim to finally close and remediate the site into a park or forest.

• Reduction in transportation and fuel consumption for transporting waste, thus saving the AMC crores in transportation expenses, as well as reducing carbon and Green House Gas (GHG) emissions.

• Increasing staff motivation, the dignity of labour, and providing safer working conditions for those in the sanitation and waste sector, including the informal sector.

• Engaging residents, civil society, and other stakeholders to develop and own this effective and sustainable Solid Waste Management system.

The campaign started with a baseline assessment of the city, and training and capacity building workshops for all municipal staff and labor and spread to 80 wards over 9 months.

The model aims at creating "Garbage Free Aurangabad" by creating an effective waste management system with the participation from households, garbage collectors, garbage-sorting workers, Municipal Corporation staff, and scrap-dealers. The partners realized that the barriers were associated not so much with lack of resources, but more with lack of awareness and capability of existing resources. The initiative was designed to address these gaps.

Enhancing capacities

The partners undertook various educational and awareness building activities with all of the stakeholders, including households, elaborating on the types of waste, benefits, and methods of segregating it.

They held door to door mobilization and awareness meetings with households, residential societies, and school children on segregation at source. Citizens were not just beneficiaries but active partners to ensure the success of this campaign.

One of the most significant achievement was the capacity building of Ward Officers, Sanitation Inspectors, Jawans, and Safai Karmcharis, with 1838 AMC staff across various ranks trained on effectively managing their roles in the City's Solid Waste Management Department. AMC provided the staff with sanitary gloves, brooms, boots, and sacks to ensure that the workers had the required tools for safe work practice. As an additional incentive, a competition was introduced among workers across wards wherein they were rated and rewarded on parameters such as wards achieving maximum segregation, door-to-door collection rates, etc. While dry waste was segregated and recyclables sold to scrap-dealers (kabadiwallas), around nine composting sites were established to process the wet waste to generate manure.

In order to avoid challenges related to open dumping areas and uncoordinated garbage collections, the partners undertook route-mapping and optimization exercises in all wards.

Augmenting essential infrastructure

A dry waste recovery center, funded by CAN PACK, was established to provide a safe place to sort solid waste in a sanitary and efficient manner. A secure and formal place for recovery provided a marketplace for waste pickers and scrap dealers to come together and transact to each other's benefit. The average earning of the waste pickers in the center was around INR 340 per day, compared to INR100-200 that many others earn[49], and prevented close to 320 tonnes of dry waste from going to the dump site in the first phase of the project itself.

The outcomes were promising. By early 2017, around 50 wards had achieved 100% segregation while door-to-door collection was operational in around 35 wards. 740 informal dumping points were eliminated. A 15-tonne reduction per day was reported in the waste dumped at Naregaon site. Inspired by the success, many neighboring towns are replicating the model.

49. https://www.downtoearth.org.in/blog/waste/a-day-in-a-ragpickers-slum-in-new-delhi-59106



Image Credit to istock

Representative image depicting the waste management problem in urban India.

CHALLENGES

In addition to the challenges associated with working with multiple partners, there were three unique challenges highlighted for this model:

Internal buy-in

Bajaj Auto was supporting a risky proposition - waste management is seen as a complex problem that requires concerted efforts by all, including citizens, and there are not too many evidence-backed models. Add to the mix the ambitious objective of building AMC's capacity, the project had too many variables and uncertainties. To get internal buy-in for a project like this required time and champions who were able to envisage the scale and potential of the impact if the model succeeded.

Supporting a young organization through CSR

Section 135 of Companies Act, 2013 mandates that funds cannot be channelized to an organization which has not completed at least three years of operations. CRT was a young organization without the required track record but had demonstrated successful implementation of their model to Bajaj Auto. Bajaj Auto had to support them through their Foundation for a year until they could support them directly through their CSR funds.



Image Credit to istock

Representative image depicting the waste management problem in urban India.

Frequent change in AMC leadership

As with many government programs, the frequent changes in leadership at AMC meant that buy-in had to be secured with each in-coming authority. What helped to tackle this issue was the strong relationship and traction that was created with the lower hierarchies, which helped to sustain the initiative during periods of transition.

Corporations tend to have access to government machinery, institutional networks, and credit, which non-governmental organizations do not. By capitalizing the access to capital and institutional networks, Bajaj Auto could make this partnership work. CSR in India has tended to favor funding direct service delivery and often shied away from working closely with government administration, thereby creating parallel systems and small pilots that are difficult to scale. However, to address the root causes and not just the symptoms of the issue, Bajaj decided to build the capacity of the government to improve its service delivery model by providing for the required expertise and support, thereby acting as a catalyst.

TITAN

Partnering to foster the start-up ecosystem through CSR

THE PROBLEM

With its teeming millions and rapid growth, India is now grappling with how to make sure its progress is equitable, reaches all, and is sustainable. With the second largest population in the world and one of the largest countries by area[50], achieving equitable, and sustainable progress is a task of mammoth proportions.

If India is to deliver on this goal, then encouraging and nurturing the start-up ecosystem is key. Nurturing the entrepreneurship potential in the country has several positive implications when it comes to growth, creation of jobs and can help spark economic activity in areas that see less of it. In addition, the socially innovative ideas pursued by many of these start-ups can help overhaul outdated processes and thinking and usher in newer, more sustainable, and efficient paradigms for development.

While India is the third largest start-up ecosystem in the world, most startups face the issues of access to capital, scalability, and sustainability. In particular, the start-up is vulnerable in the very early stages of its existence, when it is yet to provide proof of concept to investors and is bootstrapped by family and friends[51]. The lack of financial support at a stage that will allow start-ups to test, pilot and gather evidence for future investment by venture capitalists, causes many promising companies to fail in the beginning of their journey itself.

THE IDEA

It is to tackle this issue that the Government of India looked at supporting incubators and approved of CSR funding for the same. Quoting from the Budget Speech of Finance Minister February 28, 2013, which announced that companies could provide CSR funds to incubators- "Incubators play an important role in mentoring new businesses which start as a small or medium business."

Technology Business Incubators (TBI) housed within academic institutions provide an ideal environment for start-ups as they bring together a robust network of partners in the form of the government, corporates, scientists and academicians, enabling these companies to leverage their experience and knowledge[51] to develop their ideas (access to mentors), network and have a better chance at success. Some of these incubators also provide critical services as the provision of infrastructure as in workspaces and human resources, legal and accounting services.

These incubators are co-created by the government and the institutions of higher learning. Initially, they are funded by the government for a period, after which incubators can look to industry, CSR, and other forms of funding for support. Supporting incubators would, in turn, strengthen the development of several innovative start-ups that have an economic and social impact- it has the potential to create impact at scale.

Companies interested in supporting entrepreneurship, innovation, and growth via incubators engage directly with the incubation cell promoted by the academic institution. The incubators are guided by the Seed Support Guidelines for Startups provided by the Department of Science and Technology. All incubators are guided in their activities by a Board of Directors comprising of entrepreneurs, industry heads, investors, alumni, and academics. To ensure transparency and accountability, incubators report to the Ministry of Science and Technology annually, and their financials are audited as well.

50. Anon, 2019. Startup ecosystem in India - Growing or mature? KPMG.
Available at: https://home.kpmg/in/en/home/insights/2019/01/startup-landscape-ecosystem-growing-mature.html [Accessed May 29, 2019].
51. Lumde, N., 2016. Decoding contributions to technology incubators under Corporate Social Responsibility. India CSR.
Available at: https://indiacsr.in/decoding-contributions-to-technology-incubators-under-corporate-social-responsibility/ [Accessed May 29, 2019].

THE MODEL

IIT Madras Incubation Cell (IITMIC) works directly with potential CSR donors to understand how their contribution could be utilized for seed funding, supporting incubator activities, building ecosystem, etc. IITMIC allows for companies to select the sector they would like to support (giving the potential for strategic alignment) but not specific incubated start-ups per se (as that is not the intent behind the provision).

A separate committee, "IITMIC Investment Committee", is tasked with the evaluation of start-ups and their funding requirements. While CSR representatives are allowed to give directions and recommendations, the final decisions remain with the Investment Committee. Once the start-ups are approved, the incubator works with them, monitoring them and providing the required updates to the CSR Donor (indicators include the number of incubatees, investment raised, number of direct jobs created among others).

Titan's CSR support to Skillveri, a start-up delivering vocational skill training through an innovative, scalable platform of multi-skill simulators, followed this model.

A key feature of Titan's CSR strategy is to pursue an innovative and differentiated approach as compared to peers. It was in this context that supporting incubators, an area that receives little funding as compared to traditional cause areas in CSR, emerged as an option for them. The requirement that such investment should align their already existing cause areas - education and skill development - was integral to their decision to support an incubator. Their rationale was that by supporting a TBI, these cause areas would benefit from the catalytic effect of technology enabling the company to achieve its mandate through a unique, differentiated approach.

Given that IITMIC allowed for such strategic alignment, and after a discussion with the leadership at IITMIC, Titan decided to go ahead with the partnership becoming the first CSR partner of IITMIC.

Together, they chose a startup called Skillveri to benefit from the assistance. Skillveri enables better delivery of practical vocational skill training at significantly lesser costs through its innovative, scalable platform of multi-skill simulators.

For Skillveri, Titan's assistance did not end with financial support. Expanding the scope of their simulators to other industries is critical to its mission of providing cutting edge vocational skill training for the youth of the country. Titan stepped in and provided first-hand domain knowledge to the start-up to develop simulators for gold jewelry soldering and watch polishing skills.

This is aligned to the intent of Section 135 of the Companies Act, 2013, where companies were to bring into the social sector their management expertise and their innovative thinking. Titan, by partnering with IITMIC, not only provided capital to build prototypes but also shared its expertise in widening the scope of Skillveri's services and helped in scaling its reach.

KEY LEARNINGS

Titan's partnership with IITMIC to support the pioneering technology developed by Skillveri is an example of how CSR funds can be utilized to build a robust innovation ecosystem in the country.

That said, there have been a few challenges in engaging the wider CSR ecosystem:

Scope for socialization

While supporting TBIs is compliant with Section 135, further socialization of this route, its benefits, and its processes is required within the corporate community. Creating awareness of innovative startups and the incubators that nurture them are critical components for building a robust innovation ecosystem in the country.

Developing appropriate impact indicators

While companies monitor the growth of the start-ups they support, they need to account for the progress of the incubator as well. The ability of the incubator to nurture and guide the startup is vital in its efforts to become successful. Against such a context, there is a need to develop appropriate impact indicators that go beyond quantifying the performance of the start-up and consider the systems and processes of the incubator.

Non-financial support

Titan's experience has led them to believe that companies have more than just financial support to offer. Their experience would be valuable in building the capacity of the incubator- by providing their experience and insight in core organizational functions like legal, accounting, HR, they can enable the incubator to perform more efficiently with greater impact. Similarly, companies can assist TBIs in further developing their vision in line with that of the needs of the economy, build their strategy and marketing for greater reach within the community, and a better success rate.

Selection of potential partners

Though Titan was clear on supporting innovation as part of its differentiated CSR strategy, they faced challenges in identifying the potential incubators that were strategically aligned to the company's interest. While interaction with the IITMIC team enabled them to proceed further, this highlights the need for the ecosystem to understand the needs and interests of CSR and possible ways that it can be integrated into the vision and mandate of the TBI.

Incubators have a critical role to play in a rapidly growing economy, and their impact spans not just the economic but also the social aspect of development. Through their ability to create jobs, foster technology necessary to catalyze growth, and address regional imbalances[52], incubators play a vital role in India's growth story. By building the capacity of the incubator and supporting it, entrepreneurship, job creation, and growth at scale can occur rather than focusing on just a single start-up.

52. Ibid



A trainee using Skillveri's simulator prototype funded by Titan in partnership with IITMIC.

Image Credit to Skillveri

THE POWER OF
nutrition

Leveraging partnerships to tackle a pervasive issue

THE PROBLEM

Undernutrition is an underlying cause of nearly half the deaths of children under five. It also holds back millions more through stunting – a chronic condition that can occur if a child does not have access to the right nutrition – in particular during the crucial first 1,000 days of their life.

Children suffering from stunting may never grow to their full height or develop their full cognitive potential. Since stunting may reduce a child's IQ by 5 to 11 percentage points[53], their ability to learn is impaired. Children suffering from stunting are also more likely to contract conditions such as diarrhea and respiratory infections and therefore have an increased risk of mortality[54]. Conversely, children free from stunting are 33% more likely to escape poverty[55]. Yet, approximately 149 million children under five currently suffer from this condition globally[56], limiting their opportunities before they even reach school age.

Addressing these challenges not only helps more children have healthier, safer lives or to succeed at school and beyond but it also has a transformative impact on whole communities and societies – reducing an avoidable healthcare burden and tapping into the full potential of future generations. Tackling undernutrition is, therefore, an investment in long term economic growth and development.

Despite this, nutrition remains worryingly underfunded. At present, only 0.5% of Overseas Development Assistance is spent targeting undernutrition. The Power of Nutrition was created to help close this financing gap and, thanks to its 4x leverage model, increase funding, grow the number of investors committed to undernutrition and ultimately help deliver a significant reduction in the number of stunted children.

THE IDEA

In recognition that greater financing was needed to tackle undernutrition, a commitment was made during the Nutrition for Growth Summit in 2013 to establish a new financing mechanism that could help fund large scale delivery of proven nutrition-specific interventions.

This led to the launch of The Power of Nutrition in 2015 as an independent, innovative financing foundation, with the objective of ending the cycle of undernutrition in Sub-Saharan Africa and Asia.

The Power of Nutrition's formation was driven by founding funders, The Children's Investment Fund Foundation (CIFF) and the UK Government (DFID), who have jointly committed more than USD 150m to date. They were joined by UBS Optimus Foundation as the first investor and the World Bank and UNICEF as The Power of Nutrition's initial implementing partners.

The new organization was established with the goal of unlocking USD 1 billion in new financing for nutrition by 2022, with a specific focus on funding from the private sector.

The Power of Nutrition uses this funding to make investments in countries with the highest burden of undernutrition and stunting. These investments will reach an estimated additional 17 million children and 18 million women, protect 600,000 children from stunting, avert 1.5 million cases of maternal anaemia, and ultimately prevent 60,000 avoidable deaths.

53. World Bank, Why Invest in Nutrition? http://siteresources.worldbank.org/NUTRITION/Resources/281846-1131636806329/NutritionStrategyCh1.pdf
54. An Investment Framework for Nutrition: Reaching the Global Targets for Stunting, Anemia, Breastfeeding, and Wasting, World Bank Group, 2016.
55. Horton and Steckel 2013
56. Levels and Trends in Nutrition. UNICEF, WHO and World Bank Group Joint Child Malnutrition Estimates 2019 edition

THE MODEL

At the heart of The Power of Nutrition's approach is the recognition that organizations achieve more by working together than they can unilaterally. It has, therefore, developed a model based on convening effective partnerships that will drive the greatest possible impact. This model is built around a unique financing structure which uses private capital to unlock public investment, guaranteeing that every new dollar in private funding is multiplied at least four times. This co-financing is guaranteed by pre-negotiated arrangements that The Power of Nutrition has with its founding partners and current implementers, enabling the organization to match contributions and then direct the pooled financing to country nutrition investments where it has to be matched again in the form of new grants or International Development Association (IDA) financing. The Power of Nutrition works with the implementing partners, and relevant national governments, to co-design these tailored investments, which take to scale a combination of 11 evidence-based interventions that have been determined to have the most impact reducing undernutrition and stunting[57]. As its portfolio of investments grow, The Power of Nutrition has expanded its range of implementing partners to include five International Non Govermental Organizations (INGO).

By working with expert, credible implementation partners, The Power of Nutrition can ensure each investment benefits from high quality and locally specific nutrition expertise. Working through national governments also ensures delivery at scale and helps countries to invest in building capacity and developing systems that will deliver long term sustainable progress. In addition to generating new funding and convening these partnerships, The Power of Nutrition ensures that design discussions include a strong focus on results, monitoring, and evaluation. This commitment to due diligence is a critical part of the added value that the organization offers investors.

The Power of Nutrition also ensures that conditions set by investors are incorporated into investment design – giving investors the ability to help shape investments and ensure they have the biggest possible impact. This is supported by regular missions during the course of the investment and active engagement on progress assessments and shaping necessary course corrections to investment approaches.

The Power of Nutrition applies three key criteria when determining where to invest. Firstly, The Power of Nutrition seeks to invest in countries with the greatest burden of undernutrition – usually where there is a stunting level of 30% or more in the under 5 population, and more than 250,000 children suffer from stunting. Secondly, it is essential that national governments have demonstrated a clear commitment to addressing undernutrition. Thirdly, there needs to be investor interest and implementer capability to deliver in a given country.

The Power of Nutrition currently has 10 active investments in Tanzania, Madagascar, Liberia, Ethiopia, Rwanda, Côte D'Ivoire, Benin, Burkina Faso, Nigeria, and Indonesia, with a total value of USD 414m. 2019 will see programs begin in India and Indonesia and a further pipeline of investments, and West Africa is currently in development.

IMPACT

Since its formation in 2015, The Power of Nutrition has achieved impressive results, both in terms of convening new partnerships and programmatic impact, demonstrating the effectiveness of the model.

To date, the first operational investments in Liberia and Tanzania have reached more than 22 million beneficiaries, including over 18 million children under 5 and over 3 million women of childbearing age and adolescent girls accessing nutrition-related interventions.

An example of successful partnership can be found in Côte D'Ivoire where The Power of Nutrition and the World Bank are supporting the Government with a five-year, USD 60.4m investment to increase the coverage of nutrition and early childhood stimulation interventions in selected areas. The Power of Nutrition has leveraged funding from a partnership between Jacobs Foundation, Bernard Van Leer Foundation, and UBS Optimus Foundation.

CHALLENGES

Different interests, timing, objectives, and focus areas all play a role in the dynamics of each investment, as do the political and economic specificities of the investment countries.

The strength of the model lies in understanding the needs of all parties and having the flexibility in shaping each investment around each party's interests while aligning to the overall objective and not compromising on the results they need to achieve. While no single investor may see all their initial conditions met, the model acknowledges the bottom lines that organizations face and builds a clear alignment between a social change investment and their broader strategic priorities. What is gained through this flexibility is a scale and impact that goes way beyond what they could achieve individually.

With approximately 149 million children under 5 currently affected by stunting, the scale of the challenge is substantial. No single organization can make significant in-roads to reduce this alone, so cooperation, co-investment, and partnership between organizations from the public, private, and NGO sector are essential – in addition to long term commitment and strategic patience. The success of these partnerships and the positive impact of the investments to date demonstrate the value gained from a mutually beneficial approach that brings the best out of each party. As importantly, it is an approach that delivers results and hopefully, one that will, therefore, help encourage the further global funding and commitment needed to tackle undernutrition.

57. These 11 interventions were highlighted in the 2008 Lancet Series on Maternal and Child Undernutrition and the 2013 Lancet Series on Maternal and Child Nutrition as having the greatest impact on child stunting.



Image Credit to Mathematica

Image of community members impacted by a Power of Nutrition initiative, from a previous report published by Mathematica.

Authors' Profile



Anushree Parekh | Director, Research & Knowledge, Samhita Social Ventures

Anushree is a social researcher with extensive research experience in CSR in India and private and third sector organizations in the UK, with a track-record of producing evidence-based analyses and reports.

Throughout her career, Anushree has explored ways to synergize commercial value and social value and harness core business activities to create social impact. Prior to Samhita, she worked with New Policy Institute, a progressive think-tank based in London, where she designed and implemented customized socioeconomic research solutions for a range of clients from corporates to governments. She has also worked with Age UK, a charity aimed at improving the lives of those over 50 in England, and FairPensions, a charity campaigning for 'responsible investment' based on inclusion of environmental, social and governance principles in investment decisions in the UK pension fund and asset management industry.

Anushree is Samhita's Research and Knowledge lead, responsible for building evidence-based intelligence across sectors and cause areas.



Sandhya Tenneti | Senior Manager, Research & Knowledge, Samhita Social Ventures

Sandhya comes with more than nine years of work experience in the environmental, social and governance (ESG) field. She has experience in uncovering sustainability related risks and opportunities to enhance long term value of companies and countries.

Sandhya has a Bsc (hons) from the University of Bradford, Masters in International Studies from North Carolina State University and a MS in Energy Policy and Climate from Johns Hopkins University. She co-authored a paper based on her capstone at Johns Hopkins that looked at carbon risk in sovereign credit analysis, specifically looking at the potential stranded assets risk that countries face, an industry first research piece. It was awarded the Best Environment Paper in November 2014 at the Geneva Summit for Sustainable Finance.

At Samhita, she is part of the research and knowledge vertical and has been involved in the publication of articles and thought leadership pieces such as CSR focused reports on clean energy and water.



Saumya Lashkari | International CSR & Philanthropy Consultant, Social Finance India

With 22 years of experience working with multinationals, foundations and family offices, Saumya has built a successful career in strategic corporate and individual philanthropy.

After a decade at General Electric USA in various technology-related roles, Saumya's passion for social impact led her to relocate home to India in 2007. Since then, she has operationalised and led global CSR and sustainability platforms at conglomerates like Genpact and Godrej Industries, consulted with leading local non-profits such as Magic Bus, and advised HNI donors across the lifecycle of philanthropic portfolios.

Throughout her tenure in this sector, Saumya has been a catalyst for optimizing giving: to make it more outcome-focused, effective and impactful. She is increasingly interested in innovative financial instruments that blend grants with risk capital and, is currently with Social Finance India (a member of the Social Finance Global Network).

Samhita

BETTER CSR. TOGETHER.

CONTACT INFORMATION

For corporate queries: Phone: +91 84519 42223 | Email: csr@samhita.org

For NGO queries: Phone: +91 88795 34777 | Email: care@goodcsr.in

For Media queries: Phone: +91 49298000 | Email: team.comms@samhita.org

To connect with us: Phone: +91 49298000 | Email: info@samhita.org