

Catalytic Philanthropy in India

How India's ultra-high net worth philanthropists are helping solve large-scale social problems



Acknowledgements

The authors of the report would first and foremost like to thank every one of the philanthropists who were part of this study. This report would not have been possible without the cooperation, contribution & time of the various philanthropists as well as foundation professionals who gave us their valuable insights into the world of philanthropy.

We would also like to thank Noshir Dadrawala of the Centre for Advancement of Philanthropy, Mumbai, Priya Naik of Samhita, Sumita Thakur, Indian School of Business (ISB), Mark Kramer of FSG as well as Ajit Rangnekar, Dean, ISB and Dr. Reuben Abraham, Executive Director, Centre for Emerging Markets Solutions, ISB for all of their inputs towards this study.

We would also like to thank Harsh Pais and Sumit Sinha of Trilegal for their assistance with legal research for our study.

Nidhi M. Reddy

(Centre for Emerging Markets Solutions, ISB)

Lalitha Vaidyanathan (FSG India)

With

Katyayani Balasubramanian

Kavitha Gorapalli

Sharad Sharma



Contents

Executive Summary	04
Introduction	09
Giving trends amongst Ultra-High Net Worth Indians	11
Catalytic Philanthropy	18
Conclusion & Way Ahead	36
Appendix	
I. India's progress against United Nations Millenium Development Goals	38
II. References	39



Executive Summary

These are exciting times for philanthropy in India. There has been a tremendous spurt of activity over the last two years. Large pledges have been made by business leaders such as Azim Premji, Shiv Nadar, GM Rao, and Rakesh Jhunjhunwala. There is increased activity in research, conferences, and other convenings to promote philanthropy as Indians have finally started to recognise that the country's phenomenal economic growth has to be matched by its inclusiveness.

However, there is still a long way to go. Despite sustained high rates of economic growth, India ranks 128 on the Human Development Index^{1,2}. Given the scale of social problems in our country, philanthropic resources may seem like a drop in the ocean. Yet, philanthropy is uniquely positioned to play a critical role in catalysing large-scale social change. Free of the political pressures faced by government and foreign funding agencies, as well as shareholder pressures faced by corporations, private philanthropy can affect systemic factors such as public policy, innovation, institutional capacity, consumer awareness, and education.

Much of the recent dialogue in philanthropy has focused on the amount of giving and on what needs to be done to increase it. Far less, if any, attention has been paid to the impact this giving, and how to increase that. That is the focus of this report. By studying trends and practices amongst India's biggest philanthropists, it hopes to contribute to an understanding about those philanthropic practices that can help create a more equitable society. These practices are being called Catalytic Philanthropy.

This report is the inaugural edition of a longitudinal study on Catalytic Philanthropy being undertaken by the Center for Emerging Market Studies (CEMS) at the Indian School of Business (ISB) and its partner FSG Social Impact Consultants (FSG), a global leader in advancing the effectiveness of philanthropy. This study is focused on India's largest givers, defined here as giving by

ultra-high net worth individuals and families (UHNWI) who have investable assets in excess of US\$ 30 million or annual income in excess of US\$ 20 million. The findings in this report are based on surveys and interviews with 45 such individuals and families in India.

Trends in Giving

While there are exemplary cases of highly strategic and catalytic philanthropy in India (see Catalytic Philanthropy Practices section below), most philanthropic activity amongst India's UHNWI reflects the infancy of the field. This research found, for example, that while India's largest givers are driven to philanthropy by a heightened sensitivity to social inequities in the country, it is only a minority whose giving is aimed at solving social problems. The majority (60 percent) cite "giving back to society" as their main motivator compared to about 25 percent who cite "effecting meaningful and measureable social change" as their main motivation.

Another indicator of the nascent stage of philanthropy in India is the choice of funding issues. Education is the primary area of giving, a choice driven by the overwhelming belief in its power to improve livelihood. However, this funding is currently targeted at building, operating or providing support services to schools or other education institutions than at addressing systemic issues such as teacher training and effectiveness, student assessment, improved curriculum, and school performance management. The current approach, even if done at scale, falls well short of reaching the over 100 million children enrolled in the country's government schools.³

In addition to education, UHNWIs support causes such as community development around their place of business operation, and basic healthcare. However, issues identified in the United Nation's Millennium Development Goals as critical for India, such as maternal and child mortality, malnutrition, poverty alleviation, and environmental sustainability do not find favour with these donors. Finally, with rare exception, other funding activities typically seen in more mature philanthropic environments, such as capacity building of NGOs, is conspicuously absent from the portfolio of India's largest donors. Here again we fully expect that the choice of funding issues and the way in which resources are

1. According to the UN's 2010 report, which also considers the unevenness in the distribution of wealth, health and education among a country's people to produce a new inequality-adjusted HDI (IHDI) which penalises countries according to the inequality of their development. This reduces countries' 2010

2. HDI scores by 22% on average. China's HDI is reduced by 23% and India's by 30%, which suggests that the former's rapid development has been the more equitable (Developing Humans, The Economist Online, 4th November 2010)

Catalytic Philanthropy is a term coined by FSG that refers to innovative practices that have the potential to catalyse social impact at scales that far eclipse the amount of financial resources invested – just as in chemistry, the addition of a small amount of catalyst causes or accelerates a much larger chemical reaction

directed within them will change as Indian philanthropy matures and donors gain a deeper understanding of the broader set of issues that contribute to social inequities and more importantly, gain a deeper appreciation for how philanthropy can catalyse large scale social change.

Other interesting trends revealed by the research include the choice of philanthropic vehicles as well as the barriers UHNWIs face in increasing their giving. The majority channel giving through their own trusts or foundations rather than giving directly to NGOs, institutions or beneficiaries. This seems to be a preferred channel for two reasons. First, such entities provide philanthropists with a platform for greater engagement, and second, many of these foundations and trusts are affiliated with the philanthropists' company and so provide an opportunity to leverage additional funds from the corporation or employee contributions. The biggest barrier donors face in increasing their philanthropic giving and activity is the lack of NGO professionalisation. The donors perceive the NGO sector as lacking transparency, accountability, and scale in operations. As a result, many Indian philanthropists prefer to operate their own programmes. Other barriers mentioned include challenges in finding capable staff to implement philanthropic initiatives and the dearth of support services geared towards identification of causes and effective NGO partners⁴.

Catalytic Philanthropy Practices

Despite the relative infancy of Indian philanthropy, the country has a surprising number of exemplary cases of catalytic philanthropy. Though not a large number, the approaches of these philanthropists reflect thoughtfulness and potential for impact that parallels, and in some cases even exceeds, that of their most impressive global counterparts. The key distinguishing characteristic of these catalytic philanthropists is their orientation to solving social problems at scale that go beyond simply giving back to society. To this end, these donors implement catalytic practices such as focusing their resources on a single or limited set of issues to maximise impact,

using data and research to inform their approach, fostering cross-sector collaborations, using innovative tools such as advocacy, knowledge building and mass communications, and rigorously measuring their impact to continuously learn and refine their strategies. This report showcases examples of Indian philanthropic funders implementing these practices such as Arghyam Foundation, Azim Premji Foundation, Bharti Foundation, Dr. Reddy's Foundation, Dorabji and Ratan Tata Trusts, and the Hemendra Kothari Foundation funded Wildlife Conservation Trust.

Interestingly, two catalytic practices implemented by leading funders across the world that are largely absent in India include capacity building of the NGO sector, and measurement of ultimate social impact beyond evaluating programme performance and near-term outcomes. The Indian NGO sector's lack of capacity and scale has led many Indian philanthropists to operate their own programmes. However, the complexity involved in this approach (especially as annual giving budgets increase) and the fact that smaller donors may not have the wherewithal to follow suit, makes this an untenable solution for the field at large. A more fundamental concern is that this focus on operating independent programmes undercuts the sector's ability to solve complex social problems. In more mature environments, the social sector has begun to realise that issues such as education, poverty, health, and climate change are influenced by large, complex, and interdependent systems, including for-profit corporations, NGOs, and government agencies, that no single organisation could possibly solve alone. What is required is a collective effort to align the work of different organisations towards achieving common goals⁵. NGOs play a vital role in such collective efforts. Building capacity, at least of a subset of NGOs that have the potential to professionalise and scale, is the more sustainable approach.

Catalytic philanthropists in India are rigorous about measuring programme effectiveness and near-term outcomes but not the ultimate social impact of their work. This is due to the fact that transformative change takes a long time, and even then, attempts to attribute such change to the work of a particular funder or NGO are difficult and expensive. This holds true worldwide. However,

3. <http://www.tarang.org/facts/facts-statistics-about-education-in-india-2.html>

4. A 2009 study commissioned by the Government of India estimates around 3.3 million registered NGOs, the highest number of NGOs in any country. This number is most likely a conservative estimate given that NGOs in India are not required to register with the Government. Sector-estimates suggest that NGOs raise between Rs 40,000 and Rs 80,000 crore in funds annually; the bulk of the funding comes from the Government followed by foreign contributors. The problem therefore, is not one of lack of channels dedicated towards issues of social development but more of managing and regulating these organisations for greater efficiency.

5. Please see FSG publication on Collective Impact for more details on how such emerging collective efforts work successfully: <http://fsg.org/tabid/191/ArticleId/211/Default.aspx>

leading funders globally are moving towards measurement of progress towards ultimate social impact and their contribution towards it instead of attribution. India can learn from these lessons and trends. Another global movement is towards shared

measurement – where organisations working on similar issues define and measure their progress homogeneously so they can go beyond anecdotal case studies to share the results of their work more meaningfully and effectively learn from each other.

The Four Practices of Catalytic Philanthropists in India

1. Focus and use data to drive systemic change. Catalytic philanthropists in India focus their resources on a single issue or limited set of issues rather than spreading them thin across multiple areas. They recognise that addressing any one of India's social issues is an enormous undertaking, and so target their efforts to maximise impact. They then insist on understanding their targeted issue in-depth with rigorous research and data. This is used to identify the set of interventions that can catalyse large scale, transformative change at a systemic level, which has the potential to achieve impact that goes far beyond the sum of resources invested.

Examples showcased: Sir Ratan Tata Trust's five-year strategic planning process, Arghyam Foundation's in-depth research and expert consultation process, Hemendra Kothari Foundation funded Wildlife Conservation Trust's focused three-pronged strategy for impact

2. Collaborate across sectors. Catalytic philanthropists understand the scale of issues that face this country, and the complex diversity with which they manifest in different geographies and amongst different peoples. These philanthropists seek to foster cross-sector collaborations with relevant actors including the government, private sector, and civil society to achieve impact at scale.

Examples showcased: Azim Premji Foundation's collaboration with district and state-level education agencies, Sir Ratan Tata Trust's use of nodal agencies to foster on-the-ground collaboration, Bharti Foundation's Public Private Partnership in Punjab, Dr. Reddy's Foundation's platform approach to leverage additional philanthropic funding

3. Use multiple tools. Catalytic philanthropists draw on an array of non-financial resources to complement their funding and do their work. Some innovative examples used to effect social change include advocacy, mass/social marketing and communications, and knowledge building. When combined with financial resources, this forms a potent arsenal that can achieve impact far beyond the money invested.

Examples showcased: Use of advocacy by Dr. Reddy's Foundation and Sir Dorabji Tata Trust, Wildlife Conservation Trust's use of mass communications, Arghyam Foundation and Azim Premji Foundation's field knowledge building efforts

4. Measure and learn, continuously. Catalytic philanthropists understand that transformative social change takes time. They are patient and conscious that they need to put aside their "corporate mindset" that insists on quick, short term results. They are, however, zealous about rigorously measuring performance and interim outcomes towards ultimate impact so they can continuously learn what works and what doesn't. They are also proactive about using the learning to refine and improve their strategies on a continuous basis.

Examples showcased: Bharti Foundation, Dr. Reddy's Foundation, and Arghyam Foundation's approaches to measurement and learning at grant, programme, and organisation levels

The Way Forward

Catalytic philanthropy is fast emerging in the country and it will evolve into a form that is uniquely Indian. Based on the research for this report, we believe that the evolution of catalytic philanthropy in India can be accelerated by addressing four key issues:

1. Shift philanthropic orientation from "giving back" to "solving social problems". Indian philanthropy can more meaningfully contribute to helping solve the country's enormous social problems if more large donors shift from traditional charitable approaches towards more catalytic ones. By adopting and applying practices highlighted in this report as well as other best practices in the field, Indian philanthropy would be better positioned to

catalyse large-scale social change. An important aspect of the catalytic approach is recognising that no single organisation can solve society's most challenging social problems. This will require Indian philanthropy to move away from its current focus on operating its own programmes to taking the lead to catalyse more collective efforts across sectors.

Moreover, while the role of private philanthropy is vital in addressing critical social issues, the government should and will be the largest spender in the social sector. In his recent talk at ISB, prominent businessman and philanthropist, George Soros said, "What Philanthropy can do is peanuts compared to what government is not doing." Private philanthropy that is targeted at helping the government work better, building institutional



capacity as well as capacity for good governance, certainly offers greatest leverage.

2. Consider broader set of critical social issues for primary funding focus. As foreign funding for critical issues such as child mortality, poverty alleviation, malnutrition, diseases such as malaria, TB and diarrhea, and environmental sustainability continues to decline, Indian philanthropy needs to play a part in filling this gap. This can be greatly enabled by increasing the availability of support services that can provide donors with research and information as well as identification of effective NGO partners to implement the work on the ground.

3. Build the capacity and professionalisation of the NGO sector. The traditional donor mindset of minimising “overhead” expenses had led to the starvation of organisational and professional capacity in NGOs the world over. Indian philanthropists should look beyond the typical funding given for scaling of programmes, to also fund scaling of organisational capacities such as human capital, leadership and governance, strategic and business planning, financial and sustainability, IT and physical infrastructure, and monitoring and evaluation. Simultaneously, NGOs have to increase the transparency and accountability of their work, and build capacities in the above-mentioned areas.

4. Promote more donor-friendly policies. Changes to several existing policies could serve to remove barriers to giving by UHNWIs in India. These include the current limited tax break on charitable contributions of 50 percent of the amount contributed, lack of tax breaks on immovable property, inability to donate equity to trusts, and the compulsion for NGOs and trusts to spend 85 percent of contributions received within the same year.

5. Create philanthropy associations to accelerate learning and advance the field. Indian philanthropists can accelerate their effectiveness by increasing the sharing of meaningful impact data and philanthropic practices with peer funders domestically and globally. In the US and Europe, such engagement is enabled by associations such as the European Foundation Center, Council on Foundations, Grantmakers for Effective Organizations. Creating similar organisations would enable greater cross-fertilisation among funders across the world and serve to accelerate philanthropic advancement.

In conclusion, while applauding India’s largest givers for continuing to step-up their philanthropy in amount and impact, it is necessary that the sector accelerate its adoption of catalytic practices so that India can more rapidly achieve a society that is more humane and equitable for all our citizens.





Introduction

State of Indian Philanthropy

The India success story is an oft-repeated one. Following reforms in 1991, the country's economic growth progressed rapidly and by 2008, India was the world's second fastest growing economy and the tenth largest. With this growth came an explosion in the income of many Indians. The number of high net worth individuals (HNIs) grew by 21 percent from 2009 to 2010⁶, the highest year-on-year growth world over. India is now home to six of the world's 100 wealthiest individuals⁷. Alongside this economic success there has been an improvement across many social indicators such as higher female literacy rates, drop in infant and maternal mortality rates, and improved access to sanitation. However, there is another side to the story. Despite sustained high rates of economic growth, India ranks 128 on the Human Development Index^{8,9}. Over a third of the population, about 410 million people, live below the poverty line¹⁰. Almost half the children under five are chronically malnourished and the mortality rate of children below the age of five continues to remain above the global average¹¹. While some of these figures continue to be debated, the enormity of social issues within India is a reality. India stands apart in the world when it comes to the scale of social problems and while the government clearly has a large role to play in addressing these inequities, philanthropy is also critical.

India has a long history of philanthropy. In the last 100 years, Indian industrialists have set up trusts and foundations. They have funded scholarships, and set up hospitals, educational and research institutions, which have made critical contributions to the country. India's struggle for freedom was also a period of increased social consciousness, leading the way with social reforms and the revival of volunteerism.

Things changed when the Financial Act of 1983 restricted the tax exemptions that had been previously given for charitable contributions. In 1984, the government set up the National Fund for Rural Development to encourage contribution to rural development, offering tax exemptions for contributions. The Fund did not find favour with donors and the overall effect of these Acts was a decline in giving through the 1980s.

The liberalisation era of the 1990s that catalysed India's economic growth led to enormous creation of wealth amongst both owners of new-age companies such as Infosys and Wipro as well as older

industrial families such as Tata, Birla, and Godrej. In the last decade, this has led to renewed awareness and support not only for Corporate Social Responsibility (CSR) initiatives by companies but also to an increase in giving of private wealth.

In 2010, India's private charitable giving (individual and corporate together) totalled US\$ 5-6 billion. Of this, about 26 percent was from individuals. While giving in India is greater than other developing nations such as China and Brazil, it seriously lags behind developed nations such as the US and the UK. Indian charitable giving stood at between 0.3-0.4 percent of GDP in 2010 compared with 2.2 percent in the US and 1.3 percent in the UK. There is undoubtedly much room for growth; several recent reports have identified the barriers the country faces in increasing charitable giving.

However, in order for philanthropy to contribute effectively to solving India's social problems, how it is practiced is as, if not more, important than how much is given. Consider this: India's public expenditure on education for financial year 2010-11 totalled US\$ 11.6 billion. That is eight times the total charitable contribution by individuals in this country. Even if we assume that half of all individual contributions go to education that would total a mere 6 percent of the public education expenditure.

By itself, philanthropy lacks the scale to solve India's social problems. However, philanthropy can catalyse social change.

6. World Wealth Report, 2010 by Cap Gemini and Merrill Lynch Wealth Management

7. http://en.wikipedia.org/wiki/List_of_Indians_by_net_worth

8. According to the UN's 2010 report which also considers the unevenness in the distribution of wealth, health and education among a country's people to produce a new inequality-adjusted HDI (IHDI) which penalises countries according to the inequality of their development. This reduces countries' 2010 HDI scores by 22% on average. China's HDI is reduced by 23% and India's by 30%, which suggests that the former's rapid development has been the more equitable (Developing Humans, The Economist Online, 4th November 2010)

9. http://www.nationmaster.com/graph/eco_hum_dev_ind-economy-humandevlopment-index

10. <http://www.worldbank.org.in/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/INDIAEXTN/0,,contentMDK:20195738--pagePK:141137~pIPK:141127~theSitePK:295584,00.html>

11. [http://www.cseindia.org/userfiles/who3%20\(2\).pdf](http://www.cseindia.org/userfiles/who3%20(2).pdf)

In fact, free of the political pressures faced by government and foreign funding agencies, as well as shareholder pressures faced by corporations, private philanthropy is uniquely positioned to address systemic factors such as policy, innovation, institutional capacity, and consumer awareness, and education that are capable of catalysing large-scale change.

Catalytic Philanthropy is a term coined by FSG that refers to innovative practices that have the potential to catalyse social impact at scales that far eclipse the amount of financial resources invested – just as in chemistry, the addition of a small amount of catalyst causes or accelerates a much larger chemical reaction

The research base needed to gain understanding of philanthropic practices capable of catalysing such large scale social change in the Indian context is currently missing from the dialogue in the field. This understanding is critical to informing practice amongst new and emerging Indian philanthropists as well as aiding existing ones refine their strategies and approaches.

It is this gap in research and knowledge that this report seeks to fill.

Goals and Methodology of Study

This report is the inaugural edition of a longitudinal study on Catalytic Philanthropy being undertaken by the Center for Emerging Market Studies (CEMS) at the Indian School of Business (ISB) and its partner FSG Social Impact Consultants (FSG), a global leader in advancing the effectiveness of philanthropy. The purpose of this study is to stimulate greater sharing and discussion of philanthropic practices that are capable of catalysing large-scale social change in the Indian context.

India needs to encourage charitable giving at all levels, from small amounts of “retail giving” by the growing middle-class all the way to substantial amounts given by India’s wealthiest. However, catalysing philanthropy only starts to become possible when the amount of giving crosses a critical threshold and is coupled with non-financial tools such as the use of personal networks and influence, advocacy and communications. This requires the philanthropists themselves to be engaged in the work in addition to having a core staff to implement their vision. Thus, this study is focused only on private philanthropic giving by ultra-high net worth individuals and families i.e. individuals or families with investable assets in excess of US\$ 30 million or annual disposable income of more than US\$ 20 million. The research is also limited to Indian nationals; giving by Indian diaspora who are not citizens of the country has been excluded from the purview of this study.

In addition, this study is only focused on giving by individuals and not by corporations. Since there is substantial overlap between the two in India, the research for this study includes corporate foundations only when it is used as the vehicle for giving of personal

wealth of the individual or family in question. For example, this research includes the Biocon Foundation as Kiran Mazumdar Shaw, the Chairman and Managing Director of Biocon Ltd., channels her personal giving through it and this study also includes the Bharti Foundation as it serves as a channel for personal giving by the Mittal family. However, this research does not include the likes of ICICI Foundation since there is no large scale private giving channelled through it.

Data collection was conducted through a combination of online surveys and telephone and in-person interviews. A total of 45 ultra-high net worth individuals and families participated in this study and form the basis for the findings reported here.

In summary, the two specific objectives of this CEMS-FSG study are the following:

1. To understand giving trends amongst India’s ultra-high net worth individuals including why they give, what vehicles they use to give, which issues they fund and the barriers they face and
2. To understand catalytic philanthropy practices that have the potential to create large-scale social change in the Indian context

Research Limitations and Challenges

A significant challenge in conducting research for this study was accurately and comprehensively documenting all philanthropic activity amongst UHNWIs in India. This arose primarily due to fragmentation in giving. As ownership in large industrial houses that have been in existence for generations is divided amongst different branches of a family, giving also becomes fragmented amongst the subsequent generations. While many of these families have trusts or foundations established by earlier generations (examples include Sir Ratan Tata Trust, Pirojsha Godrej Foundation and Jamnalal Bajaj Foundation), younger generation family members are giving of their own wealth to causes beyond the activities of the trusts. These families often do not themselves have a complete picture of all the giving occurring in the different branches of the family. Comprehensive documentation was also a challenge because while India’s wealthiest families generally felt comfortable discussing activities and giving related to their Trusts, they were reluctant to share specifics about their individual giving, considering it highly personal and not something to be spoken about publicly.

Thus, it should be noted that this report is limited to information we were able to collect and as such, it is possible and indeed likely, that there is catalytic philanthropy activity happening that is not documented in this study.

Giving Trends Amongst Ultra-High Net Worth Indians

Overview

This section of the report reveals trends in giving, specifically, what motivates UHNWI in India to give, the channels they give through, issues they support, and barrier they face.

Motivations for Philanthropic Giving

“It is not just unfair but plain wrong not to contribute towards ironing out some of the inequities”

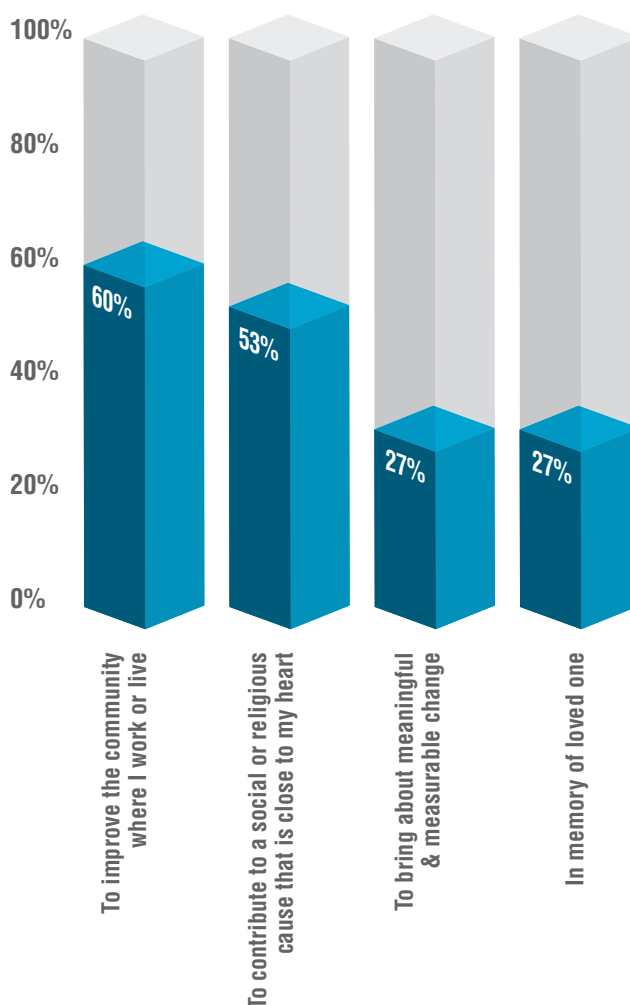
As is evident from the above quote, UHNWIs are highly sensitive to the growing inequities within our society. They feel a personal responsibility to contribute to the country’s social development and do not consider this the exclusive domain of the state. Many of the respondents of this research felt that they had earned their wealth from society and thus felt an obligation to give back to it.

As Figure 1 indicates, the primary motivation amongst India’s UHNWI is their desire to ‘give back’ to the community, be it at their place of work, stay or even where their family originated from. Next was their desire to contribute to a social or religious cause close to their heart. While many among the older business families have been influenced by the spirit of the Independence Movement and consider charitable giving part of their tradition, many of the newly wealthy give owing to a greater concern for social inequity¹⁷.

What is striking is the relatively smaller reference to “making a meaningful and measurable change” as a motivator. Indian philanthropists do not yet believe they can have meaningful impact on the issues facing the nation today; they seem insurmountable and the resources limited. It is this perspective that guides many philanthropic initiatives in the country to be orientated to charity rather than solving social problems.

Figure 1:
Motivations for UHNWI giving

What motivates you to give?



Source: CEMS-FSG UHNWI philanthropy survey 2011; n=45
*Responses add up to more than 100% as respondents could provide multiple responses

17. The recent report *Top-Of-Pyramid*, 2011, by Kotak Wealth and CRISIL Research notes those with newer wealth, particularly professionals “are most concerned about social inequality ... and take the time to give back to society.”

Changing times, changing motivations

Speaking to some of the wealthiest Indians revealed that while the urge to give was fairly universal, their reasons for giving differed. Reflecting a trend also seen across many other Asian countries, motivations often varied across older business families and first-generation-philanthropists, as well as older and younger donors.

As prominent industrialist and member of the Indian Parliament, Rahul Bajaj noted, “[I am motivated to give because] of the way I was brought up, my family’s legacy.” Continuing a tradition set by his grandfather Jammalal Bajaj who was a philanthropist and freedom fighter, the Bajaj family continues to work towards the upliftment of the underprivileged in and around the areas of business operations.

Chairperson and Founder of the Arghyam Foundation, Rohini Nilekani, spoke of a different motivation. “[I] give because I have more than I need. . . . but mainly because I am deeply concerned about how inequitable our society is. Before I was wealthy, I gave my time; now that I am wealthy I also have to give money because anyone who is wealthy is also accountable to society for wealth they are accumulating. [I believe] Wealth of all kinds must be shared – wealth of time, wealth of money and so on.”

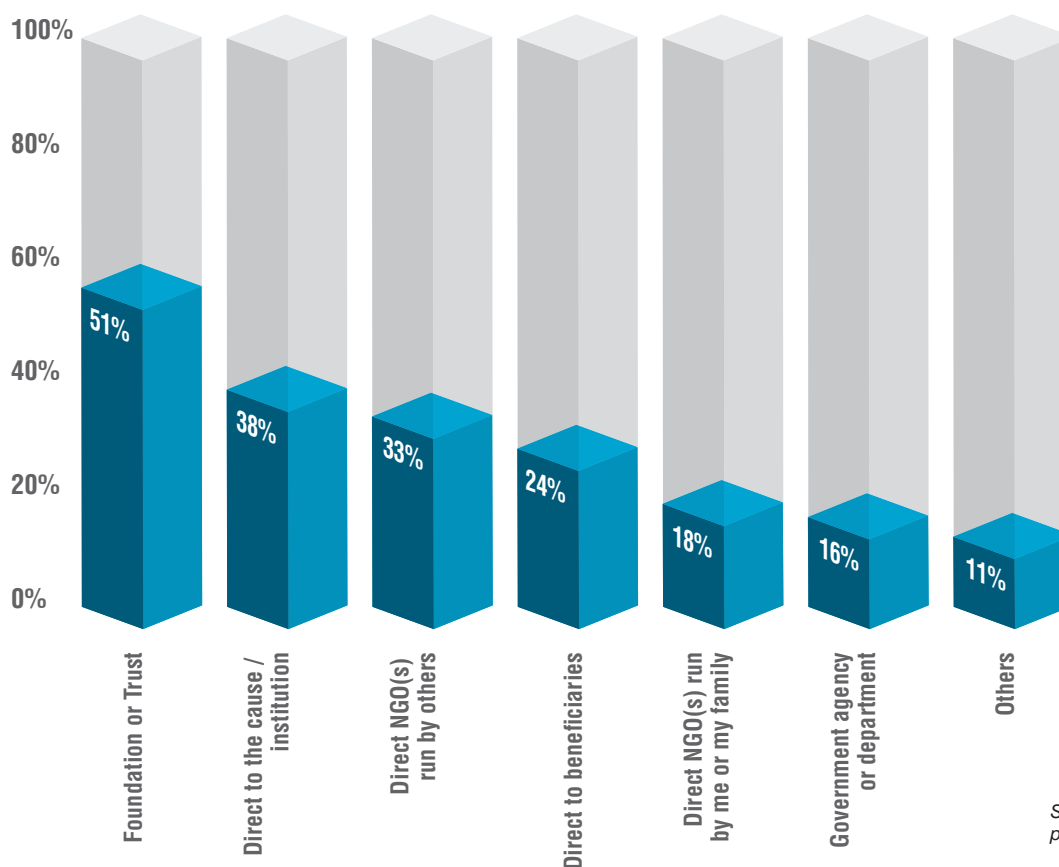
Channels for Philanthropic Giving

The most popular channel for giving amongst UHNWIs in India is through foundations and trusts they have set up, as disclosed by a little over half the UHNWIs surveyed. Donors often also combine giving through the foundation or trust with giving directly to NGOs, institutions, government agencies or beneficiaries. The popularity of foundations or trusts lies in their ability to provide philanthropists with a platform for greater involvement rather than simply writing a cheque.

In addition, UHNWIs sometimes also give through a foundation or trust because these entities are affiliated with the company and give these donors the advantage of leveraging matching grants from the company and act as a vehicle for employee donations.

Figure 2: Channels for philanthropic giving

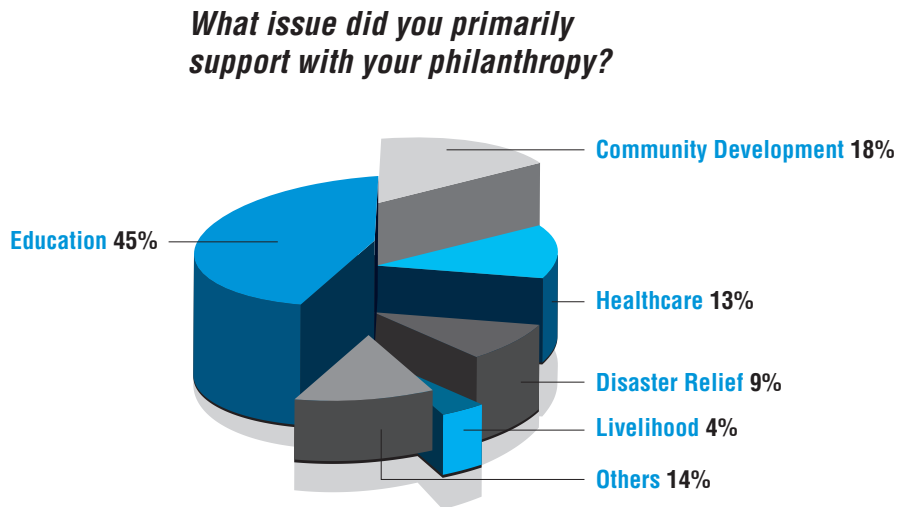
How do you channel your philanthropic giving?



Source: CEMS-FSG UHNWI philanthropy survey 2011 (n=45)

Issues Supported by Philanthropic Giving

Figure 3: Issues supported by Philanthropy



Source: CEMS-FSG UHNWI philanthropy survey 2011 (n=45)

Close to half of UHNWIs surveyed support education as the primary focus of their philanthropy. This is driven by a belief that it is a social equaliser that can provide the young with equal opportunity to compete in the world. Two thirds of funding to education is targeted at primary education, and the remaining goes to secondary and tertiary education. Primary education funding is typically targeted at building and operating schools that provide free or subsidised education for children of employees or for children living in the community where the philanthropists' businesses operate. It is also used to support existing schools in the vicinity of business operations run by NGOs or the government, by providing free meals, scholarships, or updating technology and infrastructure. Whatever the intervention funded, these philanthropists see working with local government authorities, through Public Private Partnerships (PPP) and other partnership mechanisms, as key to success. In tertiary education, many give to existing institutions of higher learning, establish new institutions in areas related to their field of interest, primarily engineering, or provide scholarships to needy students.

In addition to education, community development and healthcare are the next most popular primary issues supported by UHNWIs.

While UHNWIs donate primarily to a few select issues, they also

“When UHNWIs give ... they are often very engaged with the projects – not just giving money but also ideas and other inputs.”

Noshir Dadrawala,
Centre for Advancement of Philanthropy

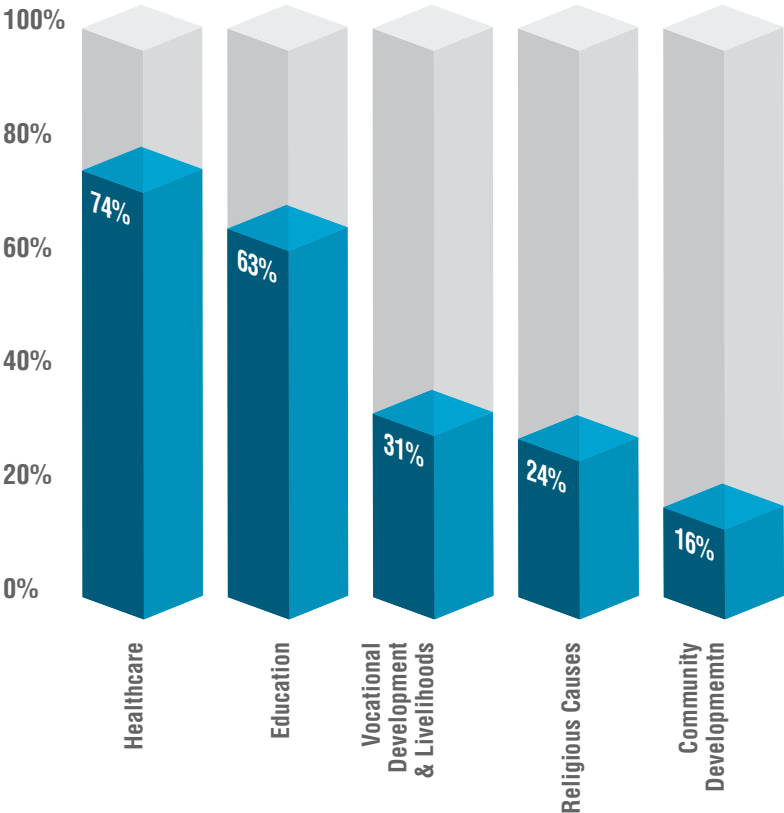
“Irrespective of approach [taken by the philanthropist], their personal involvement is key. A philanthropist today must be willing to devote time and energy, not just their money.”

Dr. Reuben Abraham,
CEMS-ISB

extend their support, albeit in smaller amounts, to secondary issues, such as healthcare and education. Vocational and livelihood development, religious causes and community development are also secondary issues supported.

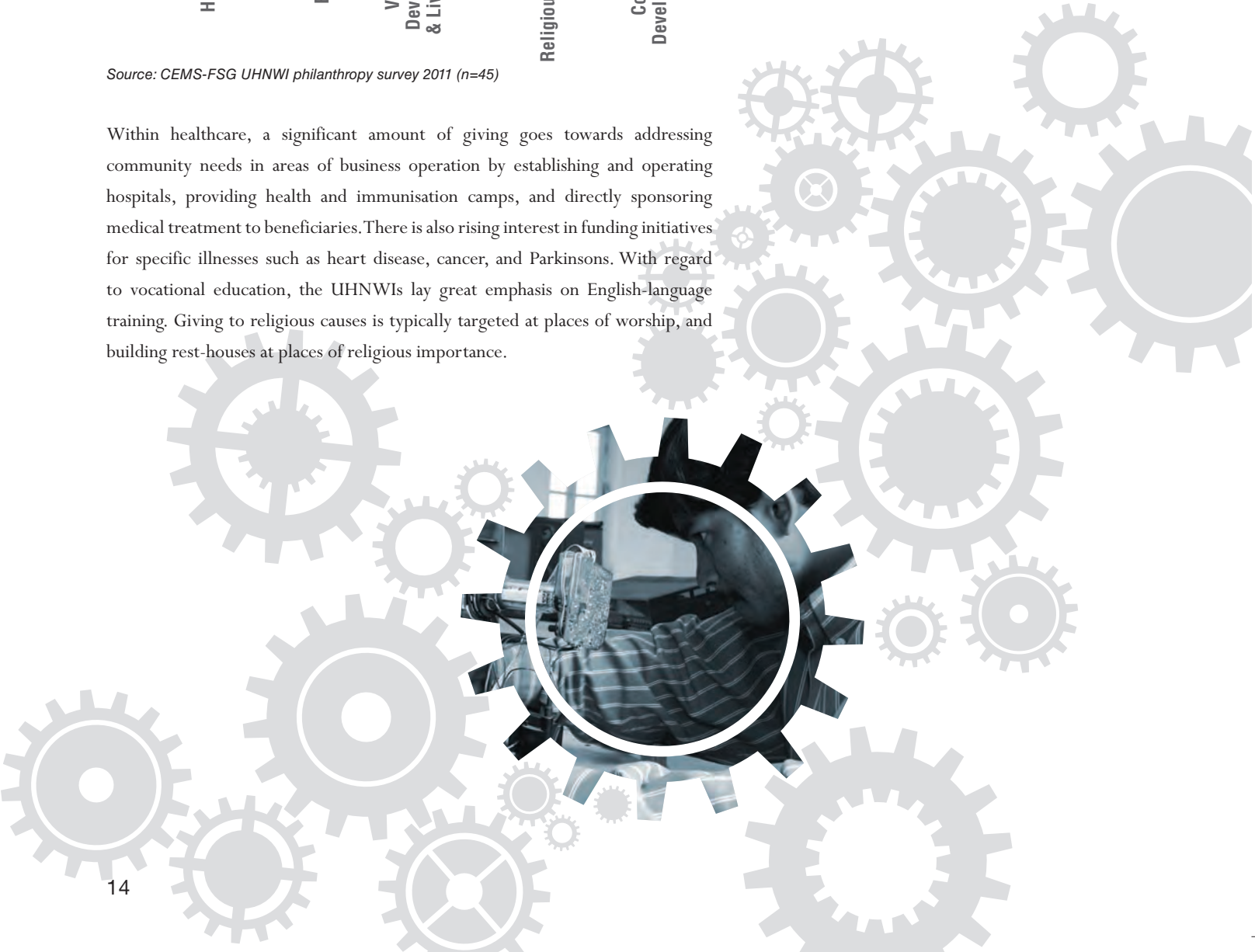
Figure 4: Secondary Causes Supported by Philanthropy

What secondary issues did you support with your philanthropy?



Source: CEMS-FSG UHNWI philanthropy survey 2011 (n=45)

Within healthcare, a significant amount of giving goes towards addressing community needs in areas of business operation by establishing and operating hospitals, providing health and immunisation camps, and directly sponsoring medical treatment to beneficiaries. There is also rising interest in funding initiatives for specific illnesses such as heart disease, cancer, and Parkinsons. With regard to vocational education, the UHNWIs lay great emphasis on English-language training. Giving to religious causes is typically targeted at places of worship, and building rest-houses at places of religious importance.



Shiv Nadar Foundation: Creating Outstanding Educational Institutions

Like many private foundations in India today, the Shiv Nadar Foundation has chosen education as its primary area of giving. Shiv Nadar calls himself a “product of education”. Mirroring a sentiment seen in many Indian philanthropists, Nadar sees education as the “true enabler, adding value to individuals, and helping to build leadership”. He initially set up engineering colleges in Tamil Nadu, his birth state, but Nadar’s focus has since moved to school-level education with the establishment of the VidyaGyan Schools in 2009.

The focus of the VidyaGyan schools has been to bring high quality education to rural children. In the words of TSR Subramanian, trustee of the Shiv Nadar Foundation, “The quality and calibre of individuals across rural and urban India is the same. It is the opportunities that differ. Urban and rural India are two worlds within our country that must be brought together.” As the country takes greater strides economically, there is an increasing need for rural participation and rural leaders, feels Nadar and the VidyaGyan schools are geared to provide for this need.

Every year the brightest children from rural Uttar Pradesh are selected for admission to the VidyaGyan schools. Recognising the importance of local government administration within the realm of education, the Shiv Nadar Foundation collaborates with it to first select toppers of the Class V exam across each district, then bring them to the district headquarters and test them again. Based on their performance in this second test, children are selected for admission to the VidyaGyan schools. The aim is to have representation from each of Uttar Pradesh’s 78 districts at the schools with an even distribution across various demographics.

Education at VidyaGyan involves all-round development, emphasising academics as well as music, social skills, sports and other extra-curricular activities. That means the annual Ram Lila performances are given as much importance as the academic curriculum. Students are also transitioned gradually from Hindi medium to English with an emphasis on computers and technology. All efforts are directed towards creating tomorrow’s leaders.

Having inaugurated its first VidyaGyan school in Bulandshahar (UP) in August 2009, the Foundation aims to open three more schools within five years, with an enrollment of 4,200 children across the state.

As is clear from the findings above, issues such as basic education and healthcare are the top priorities for India’s largest givers. Interestingly, only a small percentage of this funding is used to address these issues at a systemic level. For example, in primary and secondary education, systemic issues such as teacher training and effectiveness, student assessment, improved curriculum, and school performance management, are typically only addressed within the narrow confines of the school(s) operated by the funder and not at the broader district, state or regional levels. Thus, while the school(s) operated by the funder might offer high quality education, this approach, even if it is done at large scale can at best, reach hundreds of thousands of children, and falls far short of the over 100 million children aged six-14 who are enrolled in government schools in India today.¹⁸ While education is undoubtedly a worthwhile funding issue, unless it is targeted at the broader systems level, Indian philanthropy will not be able to catalyse change at scales necessary to make a meaningful difference in our country.

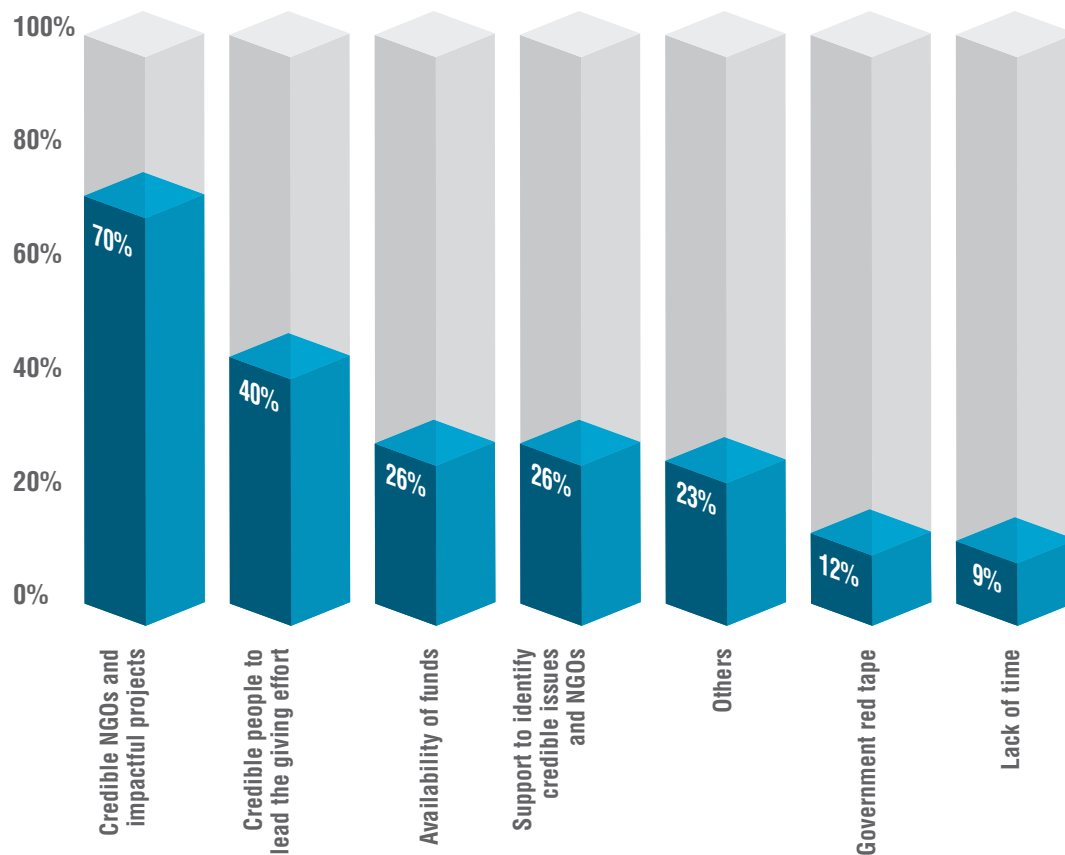
Finally, it is also interesting to note that many issues such as those identified in the United Nation’s Millennium Development Goals as being critical for India, such as poverty, hunger, malnutrition, and climate change do not find favour with the donors surveyed. Another area of funding that is conspicuously missing from the portfolio of giving of India’s largest givers is capacity building and strengthening of NGOs. This is explored in much greater detail in the following section of this report.

18. <http://www.tarang.org/facts/facts-statistics-about-education-in-india-2.html>

Barriers to Philanthropic Giving

Figure 5: Barriers to giving

What barriers do you face in increasing your giving?



Source: CEMS-FSG UHNWI philanthropy survey 2011 (n=45)

An overwhelming 70 percent of UHNWIs surveyed mentioned the lack of credible NGOs and projects that have meaningful and measurable impact as the biggest barrier to increasing their giving. There is also widely-held concern about the level of professionalism of NGOs in the country. One UHNWI we interviewed summarised the situation as follows:

“NGOs are not professionalised. They do not have a risk-taking-mentality, simply delivering on outputs you asked for without a problem-solving orientation. Another barrier is lack of feedback – once you’ve given the money to the NGO there is no feedback about what was done with it.”

Another added, “Many NGOs ask for contributions and you may think they are really passionate about the initiative but then you feel very little is going on and one feels disillusioned, taken for a ride. This is very disappointing in a country like India where resources are scarce. I feel NGOs must be very responsible and integrity must be high. Today, integrity is about taking ownership. The donor is delegating ownership to people who understand the cause best. If someone comes under the guise of doing a worthy cause and does not do it that is as bad as corruption. NGOs need to be audited in terms of what they are doing. They must deliver.”

As Dr. Reuben Abraham of CEMS-ISB deliberated, “India has the largest number of NGOs worldwide. The business sector and government are subject to tight regulation and are held accountable [for their actions]. Does the claim of ‘doing good’ place NGOs above a need for accountability? Regulating NGOs would also help the cause of philanthropy, since it engenders a greater degree of trust.”

Forty percent of the UHNWIs also spoke about the lack of dedicated people to implement their philanthropic efforts. One of the respondents elaborated on this issue:

“Getting committed, talented specialists who can help execute your plans better is a problem. Money does not solve problems. You need foot soldiers who can work empathetically, honestly, and with commitment towards a common cause.”

Two other obstacles to giving mentioned were the dearth of support services geared to identify causes and NGOs for philanthropic projects and the availability of funds. It is worth noting that such support services have arisen at scale in more mature philanthropy markets such as the UK and the US only in the last decade, and are only just starting to take root elsewhere

“We realised that we needed to embed teams within local structures to ensure impact, leverage government resources, and provide technical expertise”

Arun Pandhi,
Chief Development Manager, Sir Ratan Tata Trust

in the world. Organisations such as FSG, Bridgespan, and New Philanthropy Capital play a critical role in these mature markets by providing rigorous research and consulting services to support the development of philanthropic strategy and NGO capacity building. India has also begun to see the emergence of similar organisations - Center for Advancement of Philanthropy, Samhita, Give India, Dasra, and FSG India are all examples. However, India has the incredible opportunity to leapfrog to state-of-the-art

philanthropy by accelerating the development and scaling of such service providers.

Finally, about 10 percent of the UHNWIs said government red tape and bureaucracy were a barrier to giving. Though this may not seem like a large percentage it could become a bigger problem as more of India's largest givers seek to catalyse large-scale social change through collaboration with the public sector.



Catalytic Philanthropy Practices in India

Introduction

India is beginning to see the emergence of highly innovative philanthropic practices. Donors such as Anji Reddy and Azim Premji, working through their namesake foundations, Rohini Nilekani, through the Arghyam Foundation, and Hemendra Kothari, through the Wildlife Conservation Trust, are adopting approaches that have the potential to catalyse large-scale social impact on a variety of critical issues such as skills development, public education, water, and wildlife conservation. Philanthropic resources can often feel like a drop in the ocean when compared to the overall scale and scope of social issues that India faces. Yet, these philanthropists are proving that more than the amount of resources invested, it is the approaches and tools adopted that determine the impact. This is Catalytic Philanthropy, and to reiterate, its definition is as follows:

Innovative practices that have the potential to catalyse social impact at scales that far eclipse the amount of financial resources invested - just as in chemistry, the addition of a small amount of catalyst causes or accelerates a much larger chemical reaction.

This section of the paper focuses on answering the question: What are the innovative philanthropic approaches and practices that are particularly effective for catalysing large scale social impact in India? “Large scale social impact” is defined as those efforts that have the potential to address an issue at the systemic level thereby improving conditions for the vast majority of populations affected by it.

For example, the key issue in primary education in India is no longer enrollment but quality of learning in government primary schools. Traditional philanthropy, as noted in the previous section of this report, might approach the issue by building high quality primary schools that operate in parallel with the government infrastructure. This approach can at best reach a few hundred thousand children, falling well short of the over-100 million children aged 6-14 who are enrolled in government schools.¹⁹ In contrast, catalytic philanthropy would target systemic issues such

as student assessment, teacher skills, or curriculum effectiveness at the state or district level so that quality of education may be improved for ALL students in those states or districts, thereby reaching tens of millions of children.

Thus, we approached the research for this part of the report by looking for and understanding Indian philanthropic approaches that were attempting to create the right systemic conditions for transforming the targeted issue. It began with a hypothesis about what catalytic philanthropy practices might look like based on FSG’s extensive research on the subject globally over the past decade²⁰. The hypothesis was then refined through data gathered from 45 interviews with India’s largest givers, followed by additional in-depth interviews with a subset where catalytic efforts were underfoot. Multiple interviews were conducted with this subset involving the philanthropists where they were actively involved and/or with their foundation CEOs and programme officers.

Based on this research, it would be fair to conclude that most philanthropy amongst India’s largest givers is not catalytic as it is defined here. As has already been noted in earlier sections of the report, most philanthropy amongst this group is oriented toward “giving back” and not necessarily to effecting transformative social change. However, there were some exemplary cases of catalytic philanthropy. It is the practices of these exemplary cases that form the basis for this section of the report. While they are small in number, their approaches reflect thoughtfulness and potential for impact that parallels, and in some cases even exceeds, that of their global counterparts.

Catalytic philanthropy in India is characterised by four emerging practices. As the number of catalytic philanthropy efforts in India increases in future years, CEMS-FSG plan to refine this set of practices as well as enrich it with more nuanced understanding in future reports.

19. <http://www.tarang.org/facts/facts-statistics-about-education-in-india-2.html>

20. Please see *Catalytic Philanthropy* at <http://www.fsg.org/tabid/191/ArticleId/18/Default.aspx> and *Do More Than Give: The Six Practices of Donors Who Change the World* at <http://www.fsg.org/tabid/191/ArticleId/258/Default.aspx>



The Four Practices of Catalytic Philanthropists in India

1. Focus and use data to drive systemic change. Catalytic philanthropists in India focus their resources on a single issue or limited set of issues rather than spreading them thin across multiple areas. They recognise that addressing any one of India’s social issues is an enormous undertaking, and so target their efforts to maximise impact. They then insist on understanding their targeted issue in- depth with rigorous research and data. This is used to identify the set of interventions that can catalyse large scale, transformative change at a systemic level, which has the potential to achieve impact that goes far beyond the sum of resources invested.

2. Collaborate across sectors. Catalytic philanthropists understand the scale of issues that face this country, and the complex diversity with which they manifest in different geographies and amongst different people. These philanthropists seek to foster cross-sector collaborations with relevant actors including the government, private sector, and civil society to achieve impact at scale.

3. Use multiple tools. Catalytic philanthropists draw on an array of non-financial resources to complement their funding and do their work. Some innovative examples used to effect social change include advocacy, mass/social marketing and communications, and knowledge building. When combined with financial resources, this forms a potent arsenal that can achieve impact far beyond the money invested.

4. Measure and learn, continuously. Catalytic philanthropists understand that transformative social change takes time. They are patient and conscious that they need to put aside their “corporate mindset” that insists on quick, short term results. They are, however, zealous about rigorously measuring performance and interim outcomes towards ultimate impact so they can continuously learn what works and what doesn’t. They are also proactive about using the learning to refine and improve their strategies on a continuous basis.

Below, each of these practices is explored in greater depth supported with examples of situations where these practices are being put into action in India. It should be noted that the funders profiled in this section do not typically practice all the catalytic practices described above – some practice just one, others more.

This report does not mean to suggest that all philanthropists should adopt these practices. Philanthropy is a highly personal endeavour and, as such, it will find a variety of expressions. However, for those philanthropists who seek to make a transformative impact

on social issues, this report could help begin a journey towards greater sharing of best practices that can effect transformative social change in the Indian context.

Practice #1: Focus and use data to drive systemic change

All the catalytic philanthropy examples researched focus their resources on a single issue or in the case of the larger foundations, a limited set of issues (see Table 1).

Table 1: Primary focus area of catalytic philanthropists

Organisation	Primary Focus Area
Arghyam Foundation	Domestic water and sanitation
AzimPremji Foundation	Public education
Dr. Reddy’s Foundation	Vocational training
Sir Ratan Tata Trust	Rural livelihoods and communities
Wildlife Conservation Trust (funded by the Hemendra Kothari Foundation)	Wildlife conservation

Each of the primary focus areas listed above is an enormous undertaking if meaningful impact is to be achieved. Anurag Behar, CEO of the Azim Premji Foundation, an operating foundation whose objective is to improve the government-run public education system in the country, sums up the importance of focus as follows:

“Anything you take on [in this country] is such a big issue. To make a difference, focus helps - don’t do 500 different things, just do one thing”

To achieve transformative change, these philanthropists undertake extensive research - to understand the problem, identify gaps, and formulate interventions. Rohini Nilekani’s Arghyam Foundation is one such example.

Nilekani’s philanthropic resources come from wealth created by an early investment in husband Nandan Nilekani’s start-up Infosys. Her INR 10,000 investment has multiplied many, many times over to a substantial corpus from which Rohini does her personal philanthropy. Nilekani, who describes herself as an activist, speaks

often about her initial discomfort with the newfound wealth. Now though, she sees it as just another way to continue her work on social issues. She views herself and her foundations as instruments through which resources can flow to benefit the underserved. From her early philanthropic work on primary education with the Akshara Foundation and Pratham, her philanthropic focus is now on water and sanitation, issues she tackles through the Arghyam Foundation. Nilekani's approach to philanthropy has always been with the intent of achieving impact at scale - and Arghyam is no exception. The Arghyam Foundation's stated mission is to address issues of quantity, quality, and access to domestic water in India. The professionally staffed foundation approaches its work in a focused and data-driven manner. The team spends between six months to a year undertaking extensive research to understand all facets of the issues before launching or supporting any intervention or project. For example, before the team launched the India Water Portal, they not only conducted research but also held three conferences that brought together key stakeholders from government and civil society to help them understand the need for such a resource, and the gaps in knowledge that such a portal could fill. The decision to launch and the design of the portal was informed by this research.

Another example is that of the well-known Sir Ratan Tata Trust. The Trust's interventions within the Rural Livelihoods and Communities programme are defined through rigorous five-year strategic planning processes. For instance, the 2001 strategic plan identified the impoverished tribal belt in central India as a region to focus on; and the Central India Initiative or CInI was launched as a result. The 2006 strategic plan recommended a focus on "regaining agricultural dynamism" and the Trust increased its focus on interventions such as strengthening agri-businesses and diversifying income generation activities in targeted regions.

The Hemendra Kothari Foundation funded Wildlife Conservation Trust (WCT) is one of the country's most active private funders of wildlife conservation. Once the focus area had been identified, the Trust began by funding projects in response to requests received. After a few years however, the Trust began to question the true impact of its funding. It then decided to formalise its work by hiring a team of six experienced personnel from the domain. Leveraging the staff's knowledge and additional research, WCT honed in on a focused, three-pronged strategy to maximise its impact in preserving, protecting, and conserving wildlife and natural ecosystems in India:

1. Protect and maintain the integrity of forests and wildlife in 26 national parks and sanctuaries (working with the Forest Department). The selection of the national parks was in itself a data-driven exercise based on criteria such as sufficient funding by central and state government, openness of the state to collaboration with the Trust, proximity to other parks (to enable wildlife migration between parks), and presence of NGOs who

could carry out the work in the long-term

2. Livelihood, health, and education interventions for communities living in the immediate vicinity of the parks and along migration paths to reduce dependency on forests. WCT further honed this intervention by using a Geographical Information Systems (GIS) to identify migration paths of wildlife and from that, the communities that it should target with these interventions

3. Increasing public awareness and education to mobilise public opinion to support the issue over the long term, especially about the importance of forests, biodiversity, relationship between quality of forests and India's water security, relationship between biodiversity conservation, and climate change and its overall impact on quality of human life

The approach taken by the Wildlife Conservation Trust is a classic example of a private funder who is focused, data-driven and systemic. This is the sort of approach that portends the possibility of impact far beyond the financial resources invested.

Practice #2: Collaborate across sectors

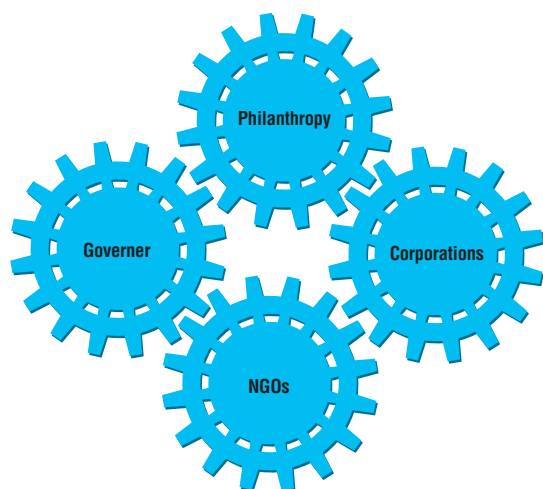
Catalytic philanthropists in India recognise that the social issues they are trying to tackle are so large and complex no single organisation can solve them. They are deeply aware that they need to collaborate with other actors in the system to have the kind of transformative impact they seek. In particular, the social sector in India is characterised by the role played by the government. Many of the philanthropists interviewed felt that the issue is only partly lack of money. Rather, they felt existing resources were not being channelled effectively to solve social problems. Arun Pandhi, the Chief Development Manager for the Sir Ratan Tata Trust (SRTT) summarised the situation as follows:

"In the development sector, the state government is the single largest player. You can work in isolation but in India state governments have funds available but lack effective delivery mechanisms"

In addition to the government, catalytic philanthropists also seek out partnerships with NGOs, community-based-organisations, other civil society organisations, and the private sector to collaboratively address an issue. About six years ago, Sir Ratan Tata Trust (SRTT), recognised the need to collaborate and engage effectively with other organisations on the ground in regions where it worked, and changed the way it worked. It set up associate organisations called "Cells" which are nodal agencies located in the region of intervention that facilitate and enhance sector engagement.

The five Cells set up within the Trust's Rural Livelihoods programme have begun engaging productively with cross-sector partners on the ground. The Himmothan Pariyojana Cell, which aims to promote livelihoods and enhance incomes in rural Uttarakhand, is an example. One of its programme interventions, Integrated Fodder and Livestock Development, collaborates with

Catalytic Philanthropists collaborate with other actors across sectors



the state government through the National Rural Employment Guarantee Scheme (NREGS), as well as with local livestock producer groups, panchayats, and NGOs to improve livestock breeding and feeding practices, increase availability of sustainably grown nutritious fodder, and increase market connectivity in 80 villages across seven hill districts of Uttarakhand. Through this kind of on-the-ground engagement, the programme aims to more than double family incomes (from INR 20,000/year to INR 46,500) in three years. While it takes a lot of effort to set up and nurture these cell structures (three-five years to develop an identity and operate at full productivity), the Trust believes it is key to increasing its impact on the ground.

The Tata Trusts

The Tatas, India's biggest and arguably most famous industrial family, never show up on any listing of wealthy Indians. This is because generation after generation of the family has bequeathed most of its personal wealth to charitable trusts. The results are the Sir Dorabji Tata Trust (and its allied Trusts that include the JRD Tata Trust, Jamsetji Tata Trust, Tata Education Trust, Tata Social Welfare Trust, RD Trust) and Sir Ratan Tata Trust (including its allied Navajbai Tata Trust), which together form the earliest examples of India's legacy in institutional philanthropy. Today, these two Trusts own about 65.8 percent of the US\$ 83.5 billion Tata Group of companies, the profits from which are used to do the Trusts' highly catalytic work. The annual disbursement of the Trusts totalled about US\$ 100 million in 2009-2010 and is growing in line with the growth of the Tata Group of companies.

Sir Dorabji Tata Trust (SDTT) was established in 1932 by Sir Dorabji Tata, the older son of the founder of the Tata empire, Jamsetji Tata. Originally, its prime purpose was "...encouraging learning and research in the country, of meeting costs of relief during crises and calamities and of carrying out worthwhile charitable activities."²¹ SDTT's early contribution to India came in the form of institution building. These include Tata Institution for Social Sciences or TISS (first graduate school of social work in India), Tata Institute of Fundamental Research, National Centre for Performing Arts, and the National Institute for Advanced Studies. Counted amongst the country's premier institutions, they have made important contributions in the fields of medicine, science, and education. About 40 percent of the Trust's annual budget is still allocated to support these institutions. Over the last decade, informed by multiple strategic review processes, SDTT's activities have evolved significantly. The Trust today proactively identifies areas of need and then seeks out effective NGO partners who can help it address those issues.

Sir Ratan Tata Trust (SRTT) was established in 1919 after the untimely death of Sir Ratan Tata, younger brother of Sir Dorabji Tata. Known for his generosity, Sir Ratan bequeathed the bulk of his wealth to the Trust in a will penned in 1913. SRTT's structured, strategic, and accountable approach to philanthropy today was envisioned by Sir Ratan in this will, which specified the following about the manner in which the Trust's funds could be used:

"To engage qualified and competent persons to investigate into matters that pertain to the social, economic or political welfare of the Indian community, the object being to design schemes of a practical nature calculated to promote the welfare of the said community, care being taken that such work is not undertaken from the stereotyped point of view but from the point of view of fresh light that is thrown from day to day by the advance of science and philosophy on problems of human well-being. No experiment and no venture should be aided or undertaken unless the scheme thereof is carefully prepared. No institution or organisation should be aided of which the accounts are not subject to periodic audits and are not regularly issued and which would not be open to inspection and examination. . . ."²²

True to the spirit of the will, the Trust is staffed by professionals with expertise in development issues and its programme approaches are developed and executed based on five-year strategic plans.

21. <http://www.dorabjitatatrust.org/>

22. <http://www.dorabjitatatrust.org/lbid>



Calendar with text in Hindi: "संविधान संशोधन" and "संविधान आदेश".



Another example of collaboration, in the area of education, is the Azim Premji Foundation. The Foundation believes that the only way change can occur is at the local level, district by district. Thus, it works in close collaboration with district and state government agencies. Its interventions seek to address capacity, training, and other gaps that exist at the local level. For example, in Yadgir district in north Karnataka, the Foundation found a clear need for teacher capacity development. As a result, it not only conducted teacher training but also dedicated cluster-level resource persons to go to schools once or twice a month to help with teaching plans and other ongoing academic support. The Foundation also helped build the capacity of the state education department's policy planning unit by seconding additional staff from within the Foundation to supplement the team of four. In Rajasthan, the Foundation was invited by the state government to develop workbooks that could apply the national curricular framework. The Foundation worked in close collaboration with the state government and engaged over 3,000 teachers to develop them. This way, the books were contextualised to local need, the teachers developed ownership over the workbooks, and also built capacity.

The Bharti Foundation is another example of cross-sector collaboration. The Foundation adopts and runs primary and upper primary government schools in Rajasthan in addition to running Senior Secondary Schools through a Public Private Partnership (PPP) with the Punjab government. The PPP collaborations usually involve the government providing some combination of infrastructure, a portion of capital expenses, and ongoing operating costs while the Foundation's role involves management, implementation, teacher training, pedagogy, technical assistance, and monitoring/evaluation. In this way, the Foundation has been able to extend its work beyond what would be possible operating on its own.

A noteworthy area of collaboration in the Indian context is that involving funding leverage. Many of India's private foundations build and operate their own programmes that are then used as "platforms" to leverage additional funding in collaboration with other private and public funders. Dr. Reddy's Foundation (DRF)'s flagship Livelihood Advancement Business Schools (LABS) programme is one of the largest scale, successful livelihood programmes in the country. Built over the past 10 years, LABS trains over 20,000 youth every year and places over 70 percent of them in skilled jobs. The LABS "platform" in financial year 2009-2010 leveraged every rupee of its own with almost five (4.7) from other donors. While almost half of this came from a single donor partner (the Michael and Susan Dell Foundation), LABS also collaborated with the Andhra Pradesh state government, Ministry of Rural Development, and Tata Communications, to name a few. Similarly, the Bharti Foundation, sees its Satya Bharti School Programme as a "platform" to leverage additional donor

funding and earlier this year secured a US\$ 5 million pledge from Google.

Philanthropists engaged in collaborations offer some pointers for what makes for successful collaboration, especially with the government:

"Understand and work within the rules of engagement with government. Government often does not pay on time, does not always give credit for your work, and operates on a different cultural level. If you understand and anticipate this, then you can figure out how to make the engagement most productive."

"At the demonstration stage, we fund the projects 100 percent and do not seek funding from the government. While we begin engaging with local governments very early on, we do not formally collaborate until the model is proven. This allows us to develop effective models without having to cater to special interests."

Jitendra Kalra,
CEO, Dr. Reddy's Foundation





संयुक्त राज्य अमेरिका
संयुक्त राष्ट्र संघ
संयुक्त राष्ट्र महासभा



Azim Premji Foundation

A Stanford-dropout at 21, an electrical engineer 30 years later, and a business leader with an empire ranging from soaps to software, Azim Hashim Premji is one of India's foremost philanthropists.

Forced to abandon an electrical engineering degree at Stanford University in 1966 to take over the family business following the demise of his father, Premji expanded the business from hydrogenated cooking fats to soaps, baby care toiletries, lighting, and in the 1980s, to IT. Wipro Limited has grown from a company with revenues of US\$ 2.5 million to over US\$ 6 billion today.

All through, Premji has been acutely sensitive to the issue of poverty in India, personally following a fairly frugal, Gandhian life. His most recent donation of US\$ 2 billion (INR 9,000 crore) to the Azim Premji Foundation in December 2010, as well as his pledge to give away most of his wealth during his lifetime has put the spotlight on Premji's philanthropic activities. His philosophy of giving is simple. "To those to whom much is given, much has to be given back." While he recognises the Asian culture of bequeathing wealth to future generations, he is of the opinion that "Parents realise their wealth should be used for social good rather than children's good"²³. Established in 2001, The Azim Premji Foundation was founded with a vision to contribute to effecting systemic change in Indian education to facilitate a much larger societal change.²⁴

"We believe that good education is crucial to building a just, equitable, humane and sustainable society. We want to contribute significantly towards improvement of education in India, and through that towards building a better society. All our efforts, including the University that we are setting up, are focused on the underprivileged and disadvantaged sections of our society. Our experience of the past 10 years has motivated us to significantly scale up our initiatives, across multiple relevant dimensions," said Premji, in the statement.²⁵

The Foundation functions as an operating entity rather than a funding entity and focuses on systemic change. "The issue in this country is only partly money [in the social sector]," said Anurag Behar, co-CEO of the Azim Premji Foundation. "The issue really is building large good organisations (including governmental organisations)...that will be here for a long time to come." The Foundation also emphasises close collaboration with local government. It is perhaps this perspective and foresight that has helped in achieving the success, however preliminary, that the Foundation has seen thus far – reaching out to 25 million children within a decade of its existence.

"You need to first define areas of engagement and then collaborate with like-minded organisations. Different components are supported by different parties in a collaborative, but command and control needs to lie with one party. We like to be that party to ensure coordination and cohesion."

Arun Pandhi,
Chief Development Manager, Sir Ratan Tata Trust

"We first assess the intensity of invitation of state governments. Do they really mean what they say about collaboration? Will they do what they say? State commitment is ephemeral and we can tackle change but it is helpful if there is good administration at least in the initial phase of collaboration."

Anurag Behar,
co-CEO of Azim Premji Foundation

23. <http://www.forbes.com/2010/04/30/azim-premji-billionaire-philanthropy-india-wealth.html>

24. <http://www.azimpremjifoundation.org/vision.html>

25. <http://www.ibtimes.com/articles/87965/20101202/azim-premji-azim-premji-foundation-donation-azim-premji-university-bangalore.htm>

Practice #3: Use multiple tools

The Indian philanthropic landscape of large givers stands in interesting contrast to that of other countries, such as the United States, when it comes to grantmaking versus operating programmes. Out of the approximately 1,10,000 private foundations registered in the US, only about 5,000 are operating foundations while the rest are grantmaking organisations. Further, amongst the 20 largest foundations by asset size in the US only four operate their own programmes while the remaining 80 percent are grantmaking organisations.

This stands in stark contrast to the Indian situation where the largest givers almost always operate their own programmes. Many such as the Bharti Foundation, Shiv Nadar Foundation, GMR Varalakshmi Foundation, Azim Premji Foundation, and Dr. Reddy's Foundation primarily operate their own programmes while others such as the Sir Ratan Tata Trust, the Sir Dorabji Tata Trust, and Arghyam Foundation do a combination of grantmaking and implementing their own programmes. The key driver, as noted in the previous section on collaboration, is that Indian philanthropists believe that the source of India's social problems lies only partly in the lack of financial resources. Like their US counterparts, they believe that inefficient and ineffective delivery of programmes through already existing government funding is a bigger driver of the country's problems. However, in contrast to their US counterparts, Indian philanthropists tend to build and operate their own programmes to fix this issue rather than do it through existing NGOs. Without exception, Indian philanthropists cite the reason for this as the lack of professionally run NGOs with the ability to execute programmes at scale, within the timelines desired by these donors.

The action orientation of Indian philanthropists is highly laudable because this approach does not rely simply on finding and funding good NGOs. This approach drives philanthropists to do whatever it takes to achieve their desired goals. Thus, Indian philanthropists use tools beyond grantmaking. These include advocating for change, using mass communication to build movements, and creating knowledge for the field. Profiled below are some of the exemplary manifestations of this practice.

Advocating for change

As noted in the above sections, the Indian government is often the single largest player in many social issues that affect the poor, be it education, health, or poverty alleviation. Catalytic philanthropists understand that large scale change often requires changes to government policies, practices, and implementation. These donors use evidence generated from on-the-ground demonstration projects they fund to advocate for changes to government policies and practices.

Dr. Reddy's Foundation (DRF)'s approach to achieving impact

at scale in the area of livelihoods for example, is centred upon demonstrating successful skills development models and then advocating for adoption by state and central government agencies. Jitendra Kalra, CEO, DRF describes their approach:

"Based on careful mapping of an area's livelihood potential (local economy, culture, natural resources, labour market, and industrial profiles), we first devise livelihood solutions, pilot them and bring them to scale to get noticed by the government and then we advocate to get the right policies created or changed."

DRF's LABS model has been adopted by several state and central government departments. For example, the Ministry of Rural Development is aggressively driving the Placement Linked Skill Development Programmes under SGSY (Swarnajayanti Gram Swarozgar Yojana) Special Projects. The programme, whose guidelines and processes have been largely derived from LABS has sanctioned more than 100 projects that are being implemented across the country. In addition, 15 percent of the current National Rural Livelihood Mission budget is earmarked for LABS-inspired placement linked skill development programmes. Aside from having a robust model that is low cost, one of the key reasons DRF has been successful in having its LABS model widely replicated is because it engages local government officials early on in the process. These officials then advocate for the model at the district, state, and central levels. This long term partnership also helps government officials understand the finer details of the model, which helps to ensure that the model is replicated with integrity.

The Sir Dorabji Tata Trust operates on a similar philosophy of advocating for the replication of its models by the government. Improving rural livelihoods by ensuring food security is one of its key focus areas. A significant programme within this portfolio is the System for Rice Intensification (SRI), a system of growing rice that has the potential to double rice productivity per hectare. Started in 2007 and now in its second phase, the programme reaches 1,25,000 farmers across 125 districts in 11 states. The Trust's Programme Leader, Dr Sanjiv Phansalkar, describes the Trusts' scale-up approach as follows:

"You need to take an idea to a critical scale before it will get noticed. If you do not have a large-scale prototype, no one is going to take it up [for replication]. With SRI we are now working with 1,25,000 farmers and that is hard to ignore. Most of social development issues remain with the states in India – each state is a country in itself and conditions across states vary widely. So a large-scale prototype also needs to prove its viability not just across large numbers of people but also across different agro-climatic conditions. We are proving SRI works below sea-level in the Sundarbans and also at high altitudes in the Himalayas. The point is that you cannot prototype a model in two villages and expect it to be replicated. There are 60 million paddy farmers in this country, 20 million in Bengal alone. When

you start to reach hundreds of thousands of farmers, then the model starts to become credible. We have been in discussions with NABARD (National Bank of Agriculture and Rural Development) and they are now launching a programme to the tune of INR 25 crore.”

Creating knowledge for the field

Knowledge creation is another powerful tool philanthropy can leverage to create impact beyond direct invested resources. Depending on the need in a particular field this can span the spectrum from centralising existing research, best practices, and data on an issue to generating new, cutting-edge research. Whatever the form, knowledge helps all actors in the field do their work better and, through that, increase their level of potential impact. For example, Arghyam’s India Water Portal is a comprehensive online resource for water issues in India. The portal was set up in response to the knowledge asymmetry that

existed in the sector amongst stakeholders, which was a critical obstacle to the sustainable management of water resources in the country. The portal not only consolidates and disseminates existing knowledge and data but also serves as a platform for discussion and debate. Organised into 12 areas (or “channels”), such as rainwater harvesting, watershed development, groundwater, wastewater, and so on, the India Water Portal offers practitioners and the public a comprehensive set of resources that include case studies of best practices, academic courses, media coverage, data and statistics, research, policies and laws, and books. Available in Hindi, Kannada and English, the portal gets more than 3,000 hits per day.

The Azim Premji Foundation firmly believes that practical on-the-ground research is key to changing practice and execution in the field of public education.

“Very little relevant research exists in the field of public education in India that can tell us things like: Are mid-day meal schemes giving adequate nutrition in all districts? Where and how can we supplement it to aid in the child’s development? Or what percent of time is a teacher in school and what percent of time is spent teaching? How does this differ by district? That’s the kind of research we do and want to expand over the next five years so that we can continue to contribute to improving education policy implementation at the district level. All our research is shared on our website, through professional journals, and professional associations so that it can inform the work of other interested actors in the field.”

Anurag Behar,
co-CEO, Azim Premji Foundation

Communication and movement building

In 2009, the Wildlife Conservation Trust, partnered with NDTV and Aircel on a major mass media campaign to increase public awareness around wildlife conservation. To make the campaign memorable, it was focused on a single message - the danger of extinction of India's majestic Royal Bengal tiger. The campaign, coordinated across multiple media and making heavy use of Bollywood endorsements, ignited the public's imagination across the country - there were marches, cycle rallies, and signature campaigns demanding action before it was too late. The campaign included a 12-hour telethon that raised a total of INR 45 million – INR 20 million from the public, matched by INR 25 million by Hemendra Kothari, Chairman, WCT. The Wildlife Conservation Trust, designated the implementation partner for the campaign, is now engaged in using those funds to create change on the ground.

More than the money it raised, the campaign was crucial in significantly increasing public awareness about the issue of wildlife conservation:

“The increased awareness has led to activism at a local level. You read much more today about conservation in the papers. The common person is talking much more about it. Both the public and local media are putting pressure on the forest department to take action. The government is taking much greater notice of the issue as a result of all this awareness”

Anish Andheria,

Director, Wildlife Conservation Trust

As the above example clearly shows, mass media can be a powerful tool to catalyse change if leveraged in the right way with the right messages. It can raise public awareness and bring pressure and resources to address the targeted issue.

In conclusion, philanthropists who leverage multiple tools in executing their work stand to create impact at larger scale than they might solely accomplish through direct programme

investments. It is interesting to note however, that one tool that is popularly leveraged by philanthropists in other countries – NGO capacity building – is for the most part missing from the Indian philanthropist toolkit. There are exceptions. Sir Dorabji Tata Trust is ramping up a NGO capacity building programme, and Sir Ratan Tata Trust builds the capacity of organisations it works with in its programme areas. However, the majority of Indian philanthropists prefer to operate their own programmes rather than work through existing NGOs. There are an estimated 3.3 million NGOs registered in India. While it is debatable how many of these are actually active, without serious investment in the capacity building of these organisations, or at least the subset that show potential to professionalise and scale, the Indian social sector runs the risk of not building long-term capacity in our civil society. It is likely that a more balanced approach (between building capacity of existing NGOs vs. creating new programmes within foundations) will emerge naturally as Indian philanthropy matures and especially as the amount of giving by individual philanthropic organisations grows. For, the complexity involved when foundations build and scale their own operations increases exponentially as the size of giving increases. It is much more complex to build and scale programmes as annual budgets approach many hundreds of millions or even billions of dollars (e.g. the Bill and Melinda Gates Foundation, which gives over US\$ 3 billion annually) than when the annual giving is in the sub-hundred million dollar range (the annual budget of the Sir Dorabji Tata Trust and Allied Trusts, one of the country's largest givers, was US\$ 61 million in 2009-2010). Perhaps, as importantly, smaller donors will often not have the scale to warrant operating their own programmes. Thus, increasing the effectiveness of NGOs can serve to increase the impact of the philanthropy from these smaller donors.

Another trend emerging in mature philanthropy markets, which has implications for NGO capacity building in India, is the recognition that no one organisation, however vast its resources, can single-handedly solve social problems at national scales. Mature markets are seeing the rise of collective efforts that align the work of many organisations across sectors – philanthropy, NGO, corporate, and government – to achieve large scale social change. Early research by FSG and others has highlighted examples of such highly effective collective efforts as well as critical factors that contribute to their success. From examples showcased in this early research, NGOs



are vital to the success of such collective efforts. Given the scale of social issues in India, collective efforts will be an important approach to solving social problems and is another reason why NGO capacity building should be taken seriously.

The sector should proactively accelerate this shift from foundations and trusts operating their own programmes to building NGO capacity so that a strong and vibrant NGO sector emerges sooner rather than later.

Practice #4: Measure and learn, continuously

Throughout this research, it has been interesting to note the level of attention and rigour the philanthropists pay to monitoring, evaluation, and learning. The primary driver of this focus seems to be the fact that Indian philanthropists typically hail from corporate backgrounds and want to know that their social investment is being efficiently and effectively deployed.

The Bharti Foundation for example, uses a Management Information System (MIS) to track and publicly report measures at the student, teacher, and school levels. At the student level, the Foundation's measurement and evaluation efforts go beyond simply tracking enrollment, dropouts, and attendance to include learning levels and holistic development of students. Similarly at the teacher level, in addition to basic measures such as attendance, teacher understanding of the pedagogy and attitude towards the teaching-learning process are evaluated. This is then used to design suitable teacher training modules. At the school level, regular site visits, quarterly audits, and comprehensive MIS data capture are used to create a road map to focus overall school performance improvement efforts. Parent engagement and community mobilisation measures are also tracked. Measures are compared across Satya Bharti schools and variances used to identify issues and address them. Because the Bharti Foundation's work and goals do not extend to education reform at the system level i.e. district, state or national, the Foundation limits its measurement to the efficiency and effectiveness of its schools. Similarly, Dr. Reddy's Foundation uses a sophisticated MIS system to track resource utilisation, placement, and retention across its centres. It looks for variance between centres as well as variance from one student batch to the next. Utilisation, placement, and retention data are also compared to target. Any variance from target triggers a carefully monitored alarm, this then drives remedial action. These are the systems that allow DRF to scale its programmes while ensuring quality. DRF goes a step further and pays its staff based on performance. "Performance reward policy" incentivise staff for minimising batch-to-batch variances, maximising quality placements, and retention.

The Arghyam Foundation conducts monitoring and evaluation at three levels - grant, initiative, and organisation. The organisation

works closely with its grantee partners to establish baselines at the outset of the project, decide the appropriate interventions, and then evaluate outputs against it every six months. Arghyam invests in its partners' capacities by, for instance, sending them for training. Partners conduct baselines to clarify outputs and outcomes that will be included in the grant MOU to be signed with the Foundation. The Foundation staff and their grantee partners together review progress of these outputs and outcomes every six months and make course corrections as necessary. The Arghyam Foundation views evaluation and course correction as the joint responsibility of the partners and the Foundation. At the initiative level, efforts such as the India Water Portal are also evaluated on an ongoing basis using multiple indicators including number of users, kind of user and quality of engagement. Finally, at the organisation level, Arghyam recently completed a five-year evaluation using an external evaluator. This evaluation was focused on understanding whether Arghyam was making progress against its three overarching goals – (1) improving access to water and sanitation in a sustainable way for more people (2) developing sustainable models for water management, and (3) influencing policies and practice. The evaluation results will be used to make course corrections in the Foundation's activities. The Sir Ratan Tata Trust takes a similar approach of monitoring and evaluating its work. As at Arghyam, baselines are established at the outset at the project design stage, and then progress is reviewed against that baseline annually or bi-annually, sometimes using subject-matter experts. Periodically, the Trust also conducts impact assessments on particular projects and initiatives using independent, third party evaluators.

26. Please see *Collective Impact* at <http://www.fsg.org/tabid/191/ArticleId/211/Default.aspx>

When it comes to measuring ultimate social impact however, catalytic philanthropists in India are extremely cautious and wary:

“I spent 20 years running businesses and so I am equally fascinated and fixated on measuring impact. But I am deeply cautious about it. Measuring social change, and related issues, is not easy. These things [e.g. educational outcomes at the systems level] do not change in five, six or seven years. So we have to measure something in between – for example, if a programme is focused on improving the pedagogy in mathematics in one district, we measure outcomes such as if pedagogy has improved and if children are learning math better. This can tell us that we are moving in the right direction, but it doesn’t tell us that things have changed in any sustainable manner. The desire to measure quickly and superficially, and to hunt for impact is a problem with lot of funding agencies and people who come from a corporate mindset – they have little understanding of how society and social forces work and are impatient to see impact. Social change does not work like that and it is creating a massive problem in the social sector”

Anurag Behar,
co-CEO of Azim Premji Foundation

“When it comes to impact, I believe that measuring social impact can be very difficult, especially in the short or medium term and especially in cases where the philanthropy supports social movements to change the very nature of political power and decision-making. For example, when George Soros supported freedom movements behind the Iron Curtain, it took decades to see the tide of history turning, and even then the job is never done. So long as we accept the limitations of measurement, we can then use collaboratively created indicators to give us comfort or signal the need for course correction.”

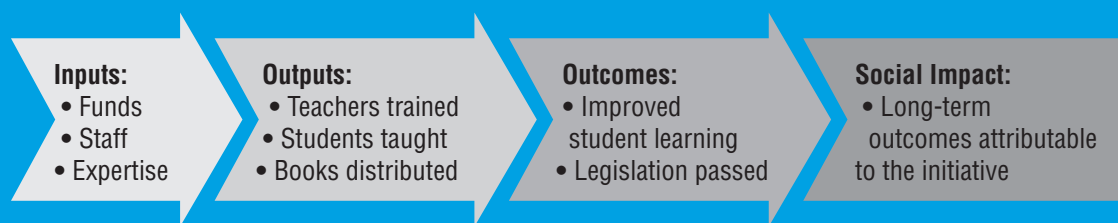
Rohini Nilekani,
Arghyam Foundation

It would be fair to conclude that catalytic philanthropists in India are rigorous when it comes to measuring outputs and outcomes at the grant or programme level. Further, they are proactive about using this information to make course corrections. This kind of measurement is aimed primarily at ensuring that grantees and the foundation are held accountable for deploying resources in the most effective and efficient manner and that is laudable. However, there seems to be a yawning gap when it comes measuring social impact. The cautionary notes above should be taken seriously – Indian philanthropists need to understand how social change happens and that transformative change takes a long time. Indian philanthropists need to go beyond funding only what can be measured in the near term. However, the fact that social change

takes a long time does not mean progress towards it cannot be measured. After all, the reason substantial resources and time have been invested into this sector is to effect transformative social change on a chosen issue. Without measuring the impact of these efforts it cannot be known if the ultimate goal is being achieved. Measuring social impact or progress towards it need not be a complicated affair. The issue that typically confounds the social sector is the cost and lack of timeliness of measuring social impact that can be attributed to the efforts of the funder or NGO, controlled for external influences. Based on FSG’s research in monitoring and evaluation²⁷, we believe that it is more practical to measure the contribution of the funder or NGO’s efforts to the ultimate impact (see boxed text titled “Evaluating Impact”).

Evaluating Impact

To begin with, it is useful to clarify the terms used in social sector evaluation. Professionals in the field categorise evaluation as falling into three categories: monitoring performance (input and output); measuring outcomes (near-term results); and evaluating impact (long-term changes that are attributable to the funder’s or NGO’s efforts). (See Figure 1.)



Even though the technical definition of impact is long-term change attributable to the funder or NGO making the measurement, the social sector is realising that establishing attribution is expensive and does not yield timely information. Therefore, leading organisations are adopting approaches that are more timely and pragmatic, without proof of attribution. The first step in measuring impact is to turn lofty missions into specific and measurable long-term goals. For example, the Bill and Melinda Gates Foundation’s US Education programme has set a long term goal of ensuring that 80 percent of high school students graduate college-ready. The Foundation’s evaluation of impact against this goal does not attempt to distinguish outcomes resulting from its actions versus those due to other factors. By going beyond a simple declaration that their goal is to increase high school graduation rates and putting a figure on it, the Foundation is able to objectively measure progress against it. In this and other examples by leading philanthropic funders, it is their contribution to the ultimate impact that is emphasised and not attribution. When funders establish clear long-term goals and eliminate the burden of attribution, they can then measure their impact relatively inexpensively in a more timely fashion. These funders rely on publically available data and, if that is not available, conduct the necessary research/surveys themselves or commission third parties to do it for them.

The social sector in more mature markets is also moving towards shared measurement. These systems develop common metrics of impact pertinent to an issue, say public education, that all organisations working on the issue can use to measure progress. Because these metrics are defined and measured in a common fashion, organisations can more effectively share results and learn from each other’s work, thus enabling the sector to go beyond simply sharing anecdotal results from isolated case studies.

27. Please see *Insights to Action: New Directions in Foundation Evaluation* at <http://www.fsg.org/tabid/191/ArticleId/177/Default.aspx> and *Breakthroughs in Shared Measurement and Social Impact* at <http://www.fsg.org/tabid/191/ArticleId/87/Default.aspx>

28. Please see FSG publication *Breakthroughs in Shared Measurement and Social Impact* for examples of Shared Measurement Systems: <http://fsg.org/tabid/191/ArticleId/87/Default.aspx>



Conclusion and way ahead

There can be no doubt that catalytic philanthropy practices are emerging in India. As the field matures, so will these practices and they will evolve in a distinctly Indian way. However, this evolution can be accelerated. The findings of this study point to a few key issues and practices that, if addressed, could enable more catalytic philanthropy to develop in India.

First, for more of India's largest givers to meaningfully contribute to addressing the country's most critical issues at scales India needs, they must shift their orientation from one of "giving back" to one of "solving social problems". As highlighted in the previous section of this report, this requires a deep understanding of the issue at hand to identify those points of leverage that philanthropy can affect to catalyse large-scale social change in the system. In order to do this, Indian philanthropists need to set bold goals at the systems level, measure their progress against them and through that, hold the entire system accountable for creating a better society for all our citizens. In addition, while collaboration is recognised as an important element of solving social problems in India, more donors need to take this approach in their work. Since no single organisation can solve society's most challenging social problems, Indian philanthropy needs to move away from its current focus of operating its own programmes to take the lead in catalysing collective efforts across sectors - not just with governments, but also with each other, with NGOs, and with the private sector – so that all organisations working on an issue may together, align their efforts to achieve common goals.

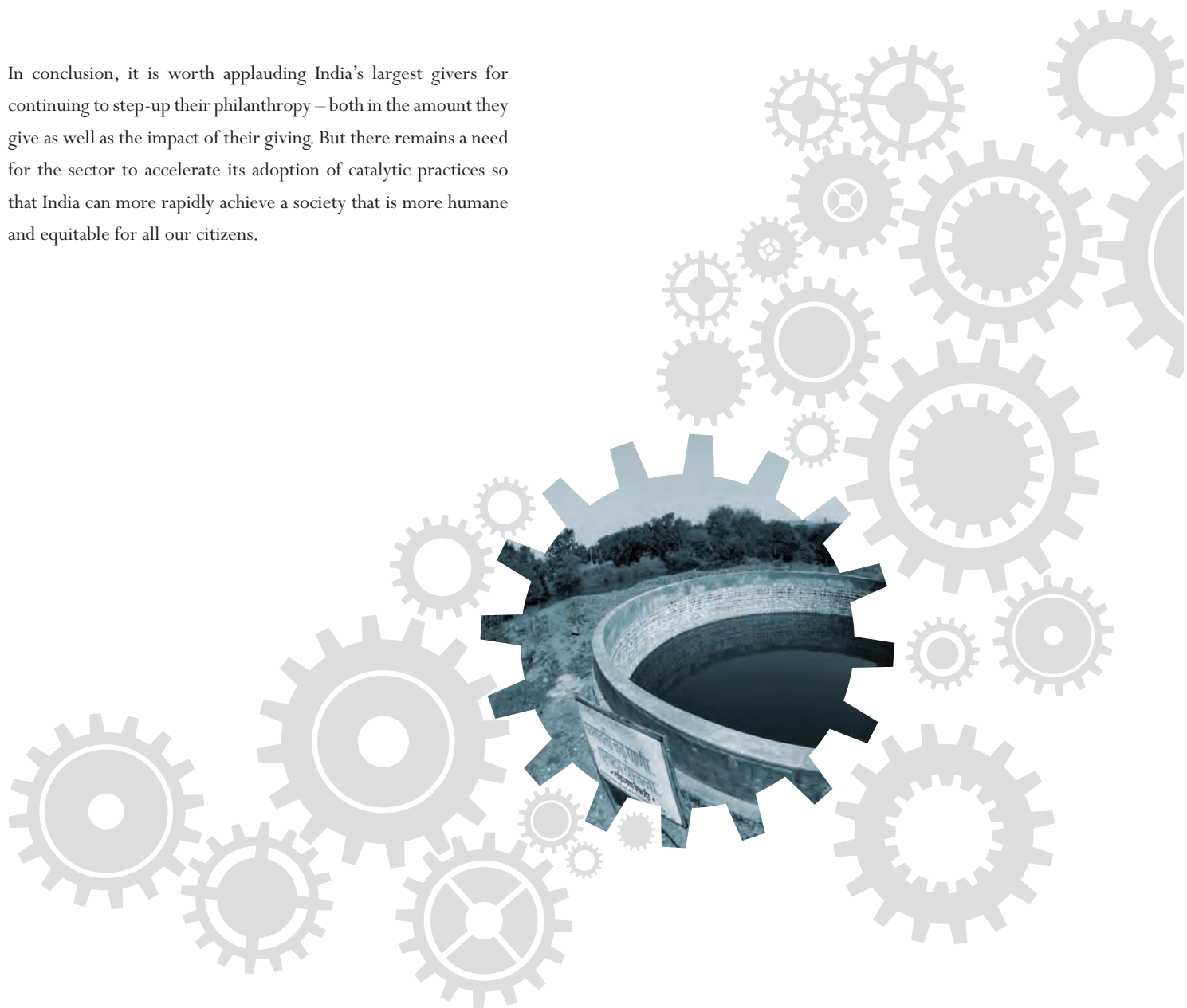
Second, aside from targeting funding at the systems level to catalyse large-scale social change on issues currently focused on such as education, India's largest givers also need to increase funding for the broader set of social issues that need urgent attention in our country. As the Indian economy grows, foreign funders will progressively reduce aid for issues such as child mortality, poverty alleviation (especially through focus on agriculture productivity and skills development), child malnutrition, common diseases such as malaria, TB and diarrhea, and environmental sustainability. This needs to be replaced by local funding sources including private philanthropy. As noted in the report's earlier sections, a critical enabler could be to increase the availability of support services in the sector that provide donors with research and information on issues as well as credible NGOs working in those areas.

Third, the issue of NGO professionalisation needs to be urgently addressed. UHNWIs are wary of working with NGOs they perceive as operating with little transparency and accountability. Donors want to be confident that their contributions are having an impact. One part of this solution is for NGOs themselves to proactively move towards creating greater transparency in their accounting practices as well as improving their monitoring and impact evaluation. Donors also have to bear some responsibility for building the capacity of NGOs so that they can become more professional. As noted earlier, this is a critical tool for the catalytic philanthropist and it is conspicuously missing in India today. Aside from the more typical scaling of programmes, donors need to fund scaling of organisational capacities including human capital, leadership and governance, strategic and business planning, financial and sustainability, IT and physical infrastructure, and monitoring and evaluation. The traditional donor mindset of minimising "overhead" expenses had led to starvation of organisational and professional capacity in NGOs the world over. Indian philanthropists should learn from this and urgently seek to reverse the lack of capacity that plagues the Indian NGO sector today.

Fourth, there is an urgent need for the government to promote more donor-friendly policies. The current tax break of 50 percent of the amount contributed, lack of tax break on immovable property, inability to donate equity to trusts and the compulsion to use up 85 percent of money received by the trusts/NGOs all work as barriers to giving in the current context.

Finally, there is a need for Indian philanthropists to increase their willingness and openness to sharing meaningful impact data, as well as effective philanthropic practices. Indian philanthropists can accelerate learning by engaging more with each other as well as with other global funders. In the US and Europe, such engagement is enabled by the existence of associations like the European Foundation Center, Independent Sector, Council on Foundations, Grantmakers for Effective Organisations, and Center for Effective Philanthropy. The Indian philanthropic sector should consider creating similar organisations. Such associations can enable greater cross-fertilisation among funders not just domestically but also globally and serve to accelerate the advancement of philanthropy everywhere.

In conclusion, it is worth applauding India's largest givers for continuing to step-up their philanthropy – both in the amount they give as well as the impact of their giving. But there remains a need for the sector to accelerate its adoption of catalytic practices so that India can more rapidly achieve a society that is more humane and equitable for all our citizens.



“We only work with bureaucracies that are serious about conservation (e.g. state governments). Additionally, we try to build capacity of several grass-root NGOs dedicated to wildlife conservation, rural health, and vocational training. Because of my extensive previous exposure in the field of wildlife, I knew the politics as well as the landscape where interventions were to be made, and that has helped.”

Anish Andheria,
Director, Wildlife Conservation Trust

APPENDIX

India's Progress against United Nations Millennium Development Goals

The United Nations Millennium Development goals, set forth in 1990 with a target date of 2015 are as follows:

Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal primary education

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality

Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, malaria and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Develop a global partnership for development

The following table illustrates the 12 targets set for India across the eight Millennium development goals along with the mid-term progress recorded for each, as measured in 2009²⁹.

Table 1: Primary focus area of catalytic philanthropists

Target no.	Target description	Goal to which relates	Progress Signs
1.	Halve, between 1990 and 2015, proportion of population below national poverty line	Goal 1	Δ
2.	Halve, between 1990 and 2015, proportion of people who suffer from hunger	Goal 1	θ
3.	Ensure that by 2015 children everywhere, boys and girls alike, will be able to complete a full course of primary education	Goal 2	ΔΔ
4.	Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	Goal 3	Δ
5.	Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Goal 4	θΔ
6.	Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio	Goal 5	θΔ
7.	Have halted by 2015 and begun to reverse the spread of HIV/AIDS	Goal 6	Δ
8.	Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Goal 6	θΔ
9.	Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	Goal 7	ΔΔ
10.	Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation	Goal 7	Δθ
11.	By 2020, to have achieved, a significant improvement in the lives of at least 100 million slum dwellers	Goal 7	∅
12.	In cooperation with the private sector, make available the benefits of new technologies, especially information and communication	Goal 8	ΔΔ

ΔΔ : On-track or fast considering all indicators

Δ : Moderately or almost nearly on track considering all indicators

θΔ : Slow or off-track by some indicators but fast by other indicators (including cases where composite targets are involved)

Δθ : On-track or fast by one main indicators but slow by another main indicators (including cases where composite targets are involved)

θ : Slow or almost off-track considering all indicators

∅ : Pattern of change not discernible due to lack of sufficient data

References

1. UNDP, Human Development Report 2010: The Real Wealth of Nations Pathways to Human Development, 2010
2. http://www.nationmaster.com/graph/eco_hum_dev_ind-economy-humandevdevelopment-index
3. <http://www.tarang.org/facts/facts-statistics-about-education-in-india-2.html>
4. <http://www.indianexpress.com/news/first-official-estimate-an-ngo-for-every-400-people-in-india/643302/>
5. Cap Gemini and Merrill Lynch Wealth Management, World Wealth Report, 2010
6. Forbes Business, October 2011
7. <http://www.worldbank.org.in/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/INDIAEXTN/0,,contentMDK:20195738~pagePK:141137~piPK:141127~theSitePK:295584,00.html>
8. [http://www.cseindia.org/userfiles/who3%20\(2\).pdf](http://www.cseindia.org/userfiles/who3%20(2).pdf)
9. Bain & company, India Philanthropy Report 2011
10. Kotak Wealth & Crisil Research, Top-of-the-Pyramid-2011
11. <http://www.dorabjitatrust.org/>
12. <http://www.forbes.com/2010/04/30/azim-premji-billionaire-philanthropy-india-wealth.html>
13. <http://www.azimpremjifoundation.org/vision.html>
14. Millenium Development Goals – India Country Report, 2009
15. UBS-INSEAD Study on Family Philanthropy in Asia, 2011

About CEMS:

The Centre for Emerging Markets Solutions (CEMS) is an interdisciplinary applied research centre at the Indian School of Business (ISB) which investigates issues of economic development and inclusive growth. CEMS has been set up with the conviction that market-based solutions exist for a large number of the developing world's problems, as long as new products and services are developed, proof-of-concept demonstrated, and capital made available from a variety of sources. CEMS takes a systems approach to economic development and focuses on six interrelated foundational elements: Small business and Finance; Affordable Housing and Urbanization; Education and Employability; Healthcare; Energy; and Philanthropy.

About FSG:

FSG is a nonprofit consulting firm specialising in strategy, evaluation, and research. It was founded in 2000 as Foundation Strategy Group and has since celebrated a decade of global social impact. Today, FSG works across sectors in every region of the world—partnering with foundations, corporations, non-profits, and governments—to develop more effective solutions to the world's most challenging issues.



Indian School of Business
Gachibowli, Hyderabad - 500 032 AP, India
Ph: +91 40 23187102 Fax: +91 40 23007017
www.isb.edu <http://blogs.isb.edu/cems/>



M.R.Co-op Housing Society, Bldg no. J/18,
Relief Road, Santa Cruz (W), Mumbai 400 054, India
Tel: +91 9920466010
www.fsg.org