



Work and Employment Community Action Group



New Initiatives and Approaches to work with the Market: Analysis of early experiences

Expected Outcome: Enhanced understanding of effective partnerships in new market opportunities

Convener:

Vanita Viswanath, Udyogini

The problem:

India is rapidly changing. There are new economic sectors, a variety of players, consolidations, mergers and acquisitions on a scale not witnessed before in this country. Much of information and discourse around these opportunities are focused on creating wealth but it is recognized that a large section of poor people are not benefiting from this wealth creation. In this yet emerging scenario, there are a variety of opportunities, costs and constraints:

- Opportunities are new avenues and sectors for inclusion of poor and expansion of the market
- Costs are increasing vulnerability, demand on the poor for greater resilience, increasing costs of quality service delivery by NGOs. Costs may also be associated with differential effects of the market on different types of groups such as tribals and women and in diverse parts of the country.
- Constraints are economies of scale and scope in interventions to obtain the returns needed by the poor. Few NGOs are able to help communities produce value-added products of standardized quality in large quantities. There are problems of scope with little diversification and internal capacity in NGOs and producer organizations to cater to changing market demands. Companies are recruiting skilled personnel from NGOs creating critical human resource gaps for doing the work needed on the ground. There is institutional isolation and disconnect (conceptually and practically) among various actors in the market.

As for Solutions, we are yet to find them!

New Initiatives and Approaches: How much do we know?

The big players in the market, mainly the large corporate entities, are now getting deeper into developing supply chains in a variety of industries and are forging partnerships with NGOs and people's institutions such as producers' companies. Some, like ITC E-Choupal has worked with farming communities directly through their own hired personnel. Many NGOs have already begun to try new initiatives and new approaches to work with such companies – some in the CSR mode and others in a business partnership mode. Still more NGOs mention the need for economies of scale and scope by partnering with each other for aggregation and meeting the demand for qualified personnel. There are also public-private partnerships in a variety of sectors and locations though the results of these are not yet clear.

In recent months, in discussions on and off Solution Exchange, practitioners have raised the issue of new challenges to livelihoods and enterprises for the poor in the form of rapid market shifts, more risks and uncertainties and lack of skilled human resources in NGOs to meet the challenges. The market dynamics, the players and institutional relationships in the new economic order in India are, however, embryonic and there is little to inform a future strategy of inclusive growth which would result in improving the incomes and condition of the poor.

Towards mapping and analysis

1. E- Discussion on Solution Exchange Work and Employment Community

To begin focused work on this, an e-discussion on New Challenges for NGOs promoting Microenterprise in the Work and Employment Community of Solution Exchange was initiated in November and December 2007. The e-discussion brought out the following main aspects that needed further amplification and detailing both in terms of good experiences and deficiencies as well as continuing challenges. In terms of good experiences practitioners mentioned that NGOs have demonstrated their capacity for mobilizing communities, outreach and aggregation of primary produce and this is their comparative advantage for engaging with the market. However, NGOs have not done as well in identifying a profitable business opportunity, actual marketing and perhaps even value addition in a cost-effective way and companies and entrepreneurs have done this better. The continuing challenge for NGOs is a severe shortage of skilled personnel to undertake the value-added tasks to help the poor move up the value chain. To build on NGO strengths, it was suggested by some that it may be necessary to diversify into new roles such as skill development for employment of poor persons in the emerging industries and also strengthen their existing work of advocacy for services for the poor, such as financial services. The discussion also envisaged a strong need for forging partnerships among NGOs and between civil society and industry.

The e-discussion raised questions and provided some answers. There is little, though, as even the e-discussion showed, by way of mapping and analysis of the initiatives.

2. Concept and Brainstorming

Following the e-discussion, a concept note was prepared and circulated to the Work and Employment Community with an invitation to participate in a brainstorming session on this issue at the Annual Forum in Patna on February 20, 2008. In the brainstorming a consensus emerged with practitioners and others to move forward with a preliminary investigation and come up with analysis of early experiences. The following two principal areas of investigation were outlined:

The implementation dimension: The partnership between companies and NGOs/community organization and quality of implementation in a supply chain (skill development, aggregation of produce, etc)

The facilitation dimension: The knowledge and linkages building in emerging sector and partnership opportunities – what is available and usable and what needs to be improved?

3. Scoping of the Initiative

It was decided that the initial research will analyze the process and impact of the early partnerships between companies and NGOs in the supply chain (implementation dimension). The brainstorming also led to identification of key focus areas, possible sectors of focus, the outputs & activities and a core group of members who will guide the process.

a) **Focus Areas and Key Questions**

1. Investment/Revenue/Costs/Risks

- Who are the stakeholders who have invested in the project, in what activities, in what form and how much? What, in particular, is the role of government?
- Which stakeholders share in the revenue, from what activities and how much
- What are the costs of the various activities, how much and in what form are the costs borne by the stakeholders
- Is the activity following a business plan?
- What are the risks and which stakeholders have been affected and how e.g. related to price-fixing
- What are the effects of seasonality in the investment or buying arrangements by the companies?

2. Functions

- Who does what in the activities (company, NGO, producers' organization, producers, other buyers, technical support and financial support agencies)

3. Knowledge and Capacity Building

- How has knowledge and capacity been built up among various stakeholders related to the partnerships along the chain including technical and human resource capacities to undertake the activities; appreciation by the company for NGO and producer perspective; enhanced understanding of business in the NGOs and other grassroots level actors; legal and contractual aspects; revenue-generation and sharing?
- What aspects of this dimension remain inadequate?

4. Relationship-Building

- How were decisions made regarding the roles of the various stakeholders in the activity? Is there a system for continuous contact/discussions among the stakeholders?
- What is the perception of quality of produce and of the relationships themselves among the various stakeholders?

5. Ownership

- Who owns what in the chain? The vendors, producers, buyers, financiers, and others.

6. Contractual Arrangements

- What are the types of contracts concluded in this project and the terms of the contract?
- What are the legal implications of the various types of contract concluded?

b) **Possible Sectors of Focus**

- Crafts
- Agriculture
- Dairy
- NTFP

c) **Outputs and Activities**

Output 1: Study parameters and research requirements are defined, along with potential partners and time frame

- Formulate a draft research proposal based on e-discussion, the Concept paper and brainstorming session results
- Circulate the proposal for an **e-Consultation** to get feedback on the study parameters and research questions, as well as additional potential partners to participate in the exercise - contributors of innovative ideas, private sector, government and donor representatives, potential implementation and funding partners.
- Meeting up face to face with various companies with help from other community members

Output 2: Elements of the Research Proposal are finalized and a plan of work agreed on

- Convene an **"Action Group"** of the potential partners to finalize the framework, scope of the initiative, plan of work, and delegate responsibilities/assignments
- Mobilize for the research work; finalize financing arrangements

Output 3: The assignments are carried out according to the plan of work

- Carry out the field work; monitor performance; keep the Community informed.
- Compile results as a draft

Output 4: The research results are finalized and disseminated to the Community

- Reconvene the Action Group to finalize the results
- Circulate the draft to the Community for comments (second **e-Consultation**)
- Synthesize and disseminate results

d) **The Core Group**

The core group that will guide the process consists of Vanita Viswanath, Udyogini, New Delhi; Ujjal Ganguly, ITC; Nabaghan Ojha, Regional Centre for Development Cooperation, Bhubaneswar; Prema Gera UNDP

We invite the members of the community to contribute to this effort in any of the following three ways:

1. Improve on the Research Questions: Can they be made sharper? Are any issues missing? Are there additional sectors that would be valuable to study?

2. Contribute case studies and source material: Do you know of cases of partnerships in various livelihood sectors that could be studied for this exercise, particularly those in which the partners will be willing to share information? Are there relevant studies underway or completed that could be used?

3. Volunteer to participate: Would you be willing to document yours or others experiences, based on the finalized list of Research Questions?

You can contact Dr. Vanita Viswanath at vanitaviswanath@udyogini.org