

Social Sector Practice

A young girl is shown from the side, looking up and drawing a telescope on a dark green chalkboard. She is holding a piece of white chalk to the board. The chalkboard is filled with various drawings: several five-pointed stars of different sizes, a crescent moon, and a large, detailed drawing of a telescope. The girl is wearing a pink and white patterned top.

Designing philanthropy for impact

Giving to the biggest gaps in India

October 2013

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Introduction: Making “designing for impact” integral to the dialogue on philanthropy

The major focus of the dialogue surrounding philanthropy in India is the amount of money donated or the “quantum of philanthropy”, which is well below the global average (as indicated by several studies). Many efforts are being made to increase giving—including movements such as the Joy of Giving Week and the Mumbai Marathon; high net worth donor circles and occasional forums by philanthropists and foundations; and significantly, a law passed in Parliament recently, that requires companies to contribute 2 per cent of their profits towards corporate social responsibility (CSR).

Meanwhile, dialogue on the impact of philanthropy (vs. just the quantum) has also started, though the majority of recommendations focus on high quality measurement, selecting the right organisations to support, building a strong team to drive philanthropy, and so on. While these elements are indeed critical, they assume that the design and strategy are correct and instead jump focus to managing and ensuring impact.

Philanthropic activity can be seen as a three-step journey: one, deciding *how much* to give; two, making choices on *where* and *how* to give (or what we call “designing for impact”); and, three, ensuring high quality *execution and measurement*. While there is significant focus on the first step in India currently and the third is starting to get some attention, there is very little dialogue on the second. A positive change has been that donors, foundations and corporates interested in CSR are gradually but increasingly asking two questions: a) which sectors or causes should one try to address (“where to give”); and b) what types or modes of intervention and contribution are likely to achieve sustainable transformation at scale in the chosen area (“how to give”). However, answering these questions can be a major challenge because of the lack of readily available information and research.

OBJECTIVES AND SCOPE

This paper hopes to make “designing for impact” (before starting interventions) integral to the dialogue on philanthropy in India. It assesses the biggest gaps in philanthropy in India currently, and provides some ideas on how to select sectors/sub-sectors or causes to work with, and how to decide the mode in which to intervene.

Specifically, this white paper explores four questions:

- What are the biggest gap areas in philanthropy in India in terms of sectors/sub-sectors or causes? What causes these gaps?
- What are the biggest gap areas in terms of modes of intervention pursued by operators and supported by donors? What causes these gaps?
- What can we learn from relevant examples within India and some from around the world?
- How can philanthropists make effective “where to give” and “how to give” choices, and therefore make their philanthropy far more effective?

The aim is not to provide definitive or prescriptive answers to the questions above but only to present findings and facts, along with a possible structure and approach, so that donors can arrive at their own models for philanthropy.

This paper is primarily addressed to high net worth donors, ultra high net worth donors and large foundations (both funding foundations and operating foundations).¹ In addition, many of the findings of this paper would also be relevant for multi-lateral entities and corporates spending on philanthropic causes through CSR.² This paper also has useful findings for recipient organisations and operating entities, both as they try to determine their own strategies and as they try to understand donor mindsets better.

APPROACH AND SOURCES

This is an independent McKinsey & Company paper that draws on various public sources, original analyses and interviews by McKinsey, as well as research conducted by GiveIndia. We used an extensive set of data sources across 12 sectors and over 50 sub-sectors. The team conducted in-depth interviews with over 30 donors and experts in India across sectors, surveyed more than 75 NGOs nationally and leveraged GiveIndia's past interviews and surveys with high net worth individuals (HNIs). McKinsey experts were also interviewed for their sectoral inputs and perspectives on philanthropy.

We approached the research in five parts:

- **Analysed sectors/sub-sectors:** Identified a list of 12 sectors and over 50 sub-sectors that could be relevant in terms of donor interest in India. We developed a simple “philanthropy demand-supply rating framework”, rated each sub-sector approximately, and identified both the nature and the criticality of the gap.
- **Analysed modes of intervention:** Identified several “modes” in which interventions take place (e.g., building infrastructure and advocating for a policy), classifying modes into four categories ranging from the most direct to the most indirect, identifying which modes see the biggest gaps in India currently, and developing views on how different modes could be relevant based on the nature of gap in the sub-sector as well as the donor’s “theory of change” (i.e., what the donor believes will cause change in the sub-sector).
- **Developed an understanding on donor preferences and concerns:** Through a range of interviews, we developed an understanding of why donors prefer some sub-sectors or modes of intervention over others and learnt their biggest concerns on addressing gap areas.
- **Studied relevant examples for learnings:** We analysed a few international and emerging Indian examples of donors as well as non-government organisations (NGOs) working in gap areas in terms of sub-sectors or modes of intervention, and derived learnings on key success factors from these.
- **Captured starting considerations for donors:** We developed a set of considerations for donors on how to make their philanthropy most effective by designing for impact or making optimal choices on “where to give” and “how to give”.

SUMMARY OF FINDINGS

The gaps identified in this white paper are along two dimensions—sectors or causes and modes or types of interventions.

- **Sectors/sub-sectors:** While donor efforts and mind-share are disproportionately focused on only 7 to 10 sub-sectors or causes (e.g., primary education, primary healthcare and disaster relief), our analysis of over 50 sub-sectors shows gaps across the board. Further, our analysis,

1 Typically, a high net worth donor’s contribution could be between INR 10 lakh and INR 1 crore per year, an ultra high net worth donor or smaller foundation’s contribution could be between INR 1 crore and INR 30 crore per year, and a large foundation’s contribution could run into hundreds of crores per year.

2 Since multi-laterals and corporates spend significant money on philanthropic causes, we believe that many of the findings here would be useful for them. However, it is important to note that additional relevant considerations – e.g., strategic posture towards receiving country in the case of multi-laterals, communities of presence and linkage with business objectives in the case of corporates – are not addressed here.

using a simple “philanthropy demand-supply rating framework”, shows three distinct types of gaps (quantity gaps, niche gaps and quality gaps), with the nature of interventions supported by donors often not well-aligned with the nature of gap.

- **Modes of intervention:** As we classify interventions on a “most direct” to “most indirect” spectrum, we find that each mode has its own advantages and a combination of modes need to be used for the overall transformation of a sector. However, there is a disproportionate focus on the relatively direct intervention modes (over 85 per cent of spend), creating significant and critical gaps in indirect modes.

Chapter 1 details findings in terms gaps by sector/sub-sector and Chapter 2 details findings in terms of gaps by modes of intervention.

As donors, foundations and corresponding operating entities evolve, there is often a significant shift towards the more indirect intervention modes, better alignment with the nature of gap in a particular sub-sector and a stronger “theory of change” driving the choice of interventions. Some interesting examples of this evolution from the education and healthcare sectors in India are explored in this paper.

In conclusion, we capture a few thoughts for donors to consider on “designing for change” or making effective choices on “where” and “how” to give: explore a wide canvas of sectors and sub-sectors to start with and consider using a demand-supply rating as one of the factors for selecting sub-sectors; form a clear view of the nature of gap in the sub-sector as well as your own “theory of change” for the sub-sector, and therefore decide on the type of intervention that could be most effective; over time, ensure that at least 30 to 40 per cent of your portfolio is focused on the more indirect modes; and build in relevant key success factors for the chosen mode of intervention.



Chapter 1: Critical gaps across sectors with donor focus limited to a few

Of a large number of possible sub-sectors, we found that donor efforts and mindshare, as well as the efforts of operating entities, are heavily concentrated on just a few sub-sectors.

Our analysis of approximately 12 sectors and over 50 sub-sectors, using a simple “philanthropy demand-supply rating framework”, revealed opportunities across the board, with three distinct types of gaps emerging — “quantity gaps”, “niche gaps” and “quality gaps”. Within each type of gap, about 5 sub-sectors are in relatively critical states. However, donor focus seems to have limited correlation with the nature or the criticality of gap.

Our interviews with donors highlighted a few key reasons for this disconnect: donors tend to focus on areas they can most relate to personally; there is a lack of information on the most critical areas and insufficient perspective on how to drive change there; and donors are influenced by the relative focus of organisations working on the ground. In addition, the areas donors already choose to focus on continue to have gaps that need to be addressed.

This chapter explores the relative donor focus and reasons, details the three types of gaps and critical sub-sectors found, and raises the question of whether donor focus is related to the nature or criticality of gap.

1.1. DISPROPORTIONATELY CONCENTRATED DONOR FOCUS AND REASONS

Our analysis shows that while there are a large number of sectors/sub-sectors or causes that could be relevant to donors and to the overall development of the country (over 50 sub-sectors listed in **Annexure A** and more possible), donor efforts and mindshare are disproportionately concentrated on just a few.

Though concrete data is difficult to find, our interviews with over 30 donors and experts, our analysis of 20 to 25 leading foundations’ giving patterns, GiveIndia’s earlier survey of over 30 ultra high net worth individuals³ and a sample-based view of retail philanthropy indicates that around 90 per cent of donor contribution is concentrated in approximately 10 sub-sectors out of the over 50 sub-sectors analysed (Exhibit 1).⁴ Giving for religion is also a significant part of philanthropy in India, especially retail philanthropy, but has been excluded for the purpose of this white paper.

A natural question that arises is how this compares with the experience of other countries, especially in the developed world.

A significant similarity is that education, healthcare and disaster relief are among the top few causes supported by donors all around the world, mainly due to greater personal association with these sectors.

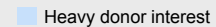
3 These individuals are part of India Forbes 100; this was a survey of personal philanthropy of these individuals during 2011–12.

4 This does not include corporate social responsibility (CSR) efforts, which are by definition more diversified in terms of sector, since CSR most commonly involves providing a combined set of services to communities around key locations of the company.

Exhibit 1

Donor interest is heavily concentrated in just a few of a large number of possible sectors and sub-sectors

NOT EXHAUSTIVE



Education	Healthcare	Human rights	Arts, culture & heritage
<ul style="list-style-type: none"> Pre-primary education Primary education Secondary education Higher education Special needs education 	<ul style="list-style-type: none"> Neonatal care and child mortality Maternal care Malnutrition Primary healthcare Immunisation De-addiction/rehab. and mental health counseling Medical care for differently abled Elderly care AIDS and infection diseases Chronic diseases Tertiary care Terminal care 	<ul style="list-style-type: none"> Child welfare Women's welfare, safety, rights Physical security of vulnerable sections Rehab of criminals/prisoners Justice to undertrials Pendency of cases 	<ul style="list-style-type: none"> Conservation of monuments/heritage Conservation of traditional arts and crafts Preservation of literature Conservation of tribal languages and culture Preservation of performing arts (theatre, music, dance) Promotion of sports
Employment	Governance	Environment	Disaster management
<ul style="list-style-type: none"> Vocational training and livelihoods Financial inclusion Rural employment Access to market Economic independence of women Economic independence of differently abled Economic independence of tribals 	<ul style="list-style-type: none"> Government procurement process Information transparency Civic issues and citizen participation in water, waste, etc. Political system Grassroots governance 	<ul style="list-style-type: none"> Water Conservation of forests Renewable energy Ecologically sustainable construction and development Wildlife conservation and animal rights 	<ul style="list-style-type: none"> Disaster relief Disaster prevention
Infrastructure	Food & agriculture	Philanthropy	Others
<ul style="list-style-type: none"> Urban infrastructure Rural infrastructure (water, sanitation, housing) Telecom, power 	<ul style="list-style-type: none"> Food security Agriculture Irrigation Organic farming 	<ul style="list-style-type: none"> Promotion of philanthropy 	<ul style="list-style-type: none"> Clothing

Our broad estimates and interviews indicate that the highlighted sub-sectors together would account for about 90% of donor spend

¹ Some of the sub-sectors may overlap partly, but are listed separately because they represent different objectives
SOURCE: ICNPO classification, Union budget, 12th 5-year plan, donor interviews, Give India UHNI survey

However, many developed nations do appear to have greater breadth in terms of sectors covered. For example, in the US, a survey of the 1,400 largest foundations shows that while education, health and human services (including disaster relief within the US) receive close to 60 per cent share of funds, several other sectors such as public affairs and society benefit (itself consisting of multiple sub-sectors), arts, culture, environment and animals also receive significant donor focus (Exhibit 2).

There are also examples of some countries where philanthropic spend attempts to be complementary to government spend in terms of sectors covered.

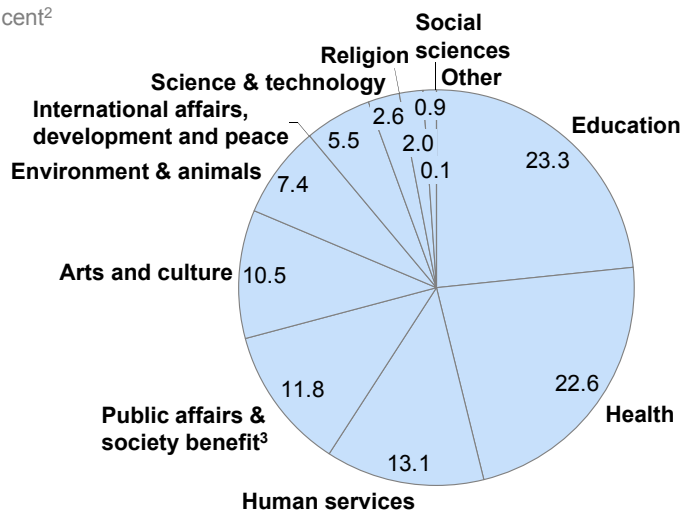
Exhibit 2

Greater breadth of donor focus in many countries: USA

US foundations distribution by program area, 2009¹

Share of philanthropic spend

Per cent²



¹ From survey of 1,384 largest US foundations with a total contribution of approximately USD 22 billion; totals may not add up due to rounding
² Due to rounding per cent does not equal 100 exactly
³ Includes civil rights and social action, community improvement and development, philanthropy and volunteerism, and public affairs
 SOURCE: Foundation Center, Highlights of Foundation Giving Trends, 2011

Reasons for the relative donor focus

Almost all donors and experts interviewed in India acknowledged the disproportionate concentration of philanthropic effort in very few areas. The top reasons quoted by donors include (Exhibit 3): personal association with only a few areas (e.g., education and health); enough gap between current and desired state in the chosen sectors; a lack of knowledge or perspective on how to drive change in several sectors; insufficient information about many sectors and sub-sectors; and the relative number of organisations working on the ground in a particular sector, i.e., insufficient operating entities in other sectors.

While the lack of sufficient operating entities in other sectors is well-known, international experts state that the presence of NGOs is often an outcome of funds available, rather than the other way round. Our interactions with NGOs confirm this, with NGOs working in areas outside the focus sectors perceiving a greater challenge with respect to donor support.

1.2. THREE TYPES OF GAPS AND IMPLICATIONS FOR DONORS

Rating framework

Our philanthropy demand-supply rating framework uses six demand factors and three supply factors:

■ **Demand factors, i.e., factors that influence the need for philanthropic giving**

1. Percentage of unaddressed population
2. Level of quality/outcomes vis-à-vis global benchmarks
3. Type of need (i.e., how basic)
4. Whether the market works automatically and for-profit consumer-driven ventures are possible
5. Magnitude of resource required to address the gap (based on size of population to be covered and resource intensity)
6. Number of NGOs for whom this is a primary focus area (therefore causing demand)

Exhibit 3

Top reasons quoted by donors for heavy focus on a few areas		APPROXIMATE
Top five reasons ¹		Description
Personal association/passion	15	Sectors like education and health are “seen” and “experienced” on a day-to-day basis, therefore leading to a passion for these
Enough gap in focus sectors	13	Common focus sectors continue to have enough work to be done still and remain important
Lack of knowledge	8	No perspective on how to drive change in many sectors, i.e., no “theory of change”
Lack of information	6	Not enough data on where the biggest gaps lie
Not many operating entities in other sectors	5	Very few NGOs whom donors can support in other sectors; also reflected in NGO survey, though the cause and effect seem to operate both ways

¹ An interviewee may have quoted more than one reason
SOURCE: Donor and expert interviews

- **Supply factors, i.e. the amount of attention or financial contribution already present**

1. Total current spend by government
2. Total current spend by donors
3. Diversity and stability of spend

Each sub-sector was rated on each parameter using a rubric with a rating scale of 1 to 4 (detailed in **Annexure B**), through a combination of data, expert inputs and judgment.

Three types of gaps

Our analysis of approximately 12 sectors and over 50 sub-sectors, using this rating framework, shows, unsurprisingly, that there are gaps in most of the sub-sectors. More importantly, these gaps are of three distinct types (Exhibit 4), therefore requiring different types of donor efforts.

- **Quantity gap:** High demand and low supply leads to a basic quantity gap in the sub-sector. Examples include sub-sectors such as malnutrition, water and rural infrastructure.

In our rating framework, these sub-sectors would have some or all of the following characteristics: an overall demand score of 9 or above (on a possible highest score of 24), a supply score of 7 or below (on a possible highest score of 12), significant population impacted (above 50 million) and high resource intensity.

Donors can typically play a few types of roles to help address these gaps:

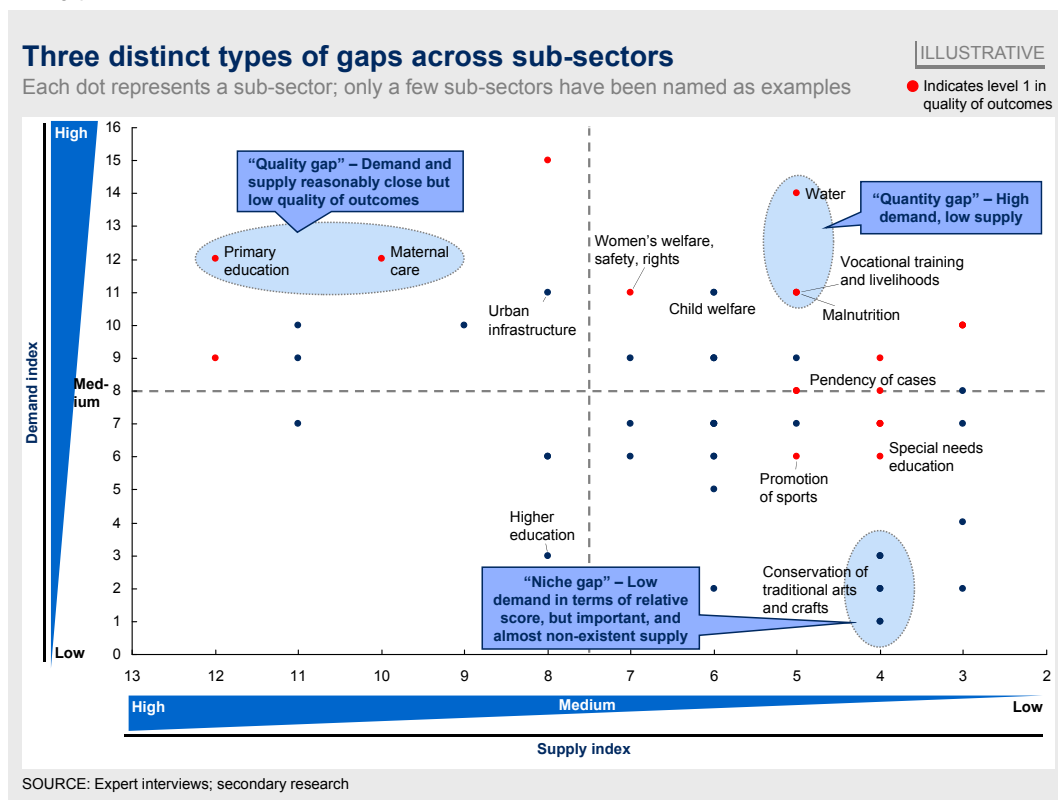
- Solve the problem in a small geography through a direct intervention which can also serve as a model (since the magnitude of the gap and resources required will be so high that donor money cannot solve it at scale).
- Work with the government or leverage government resources to solve the problem at scale, where the government brings the majority of the resources and the donor helps drive

relevant advocacy, innovation, implementation support and so on. One example is the financial support provided by Jankidevi Bajaj Gram Vikas Sanstha (JBGVS) to increase the uptake of the government’s reimbursement scheme for toilet construction in Pune district (see Box 1).

- Increase supply in the market by providing patient capital to entrepreneurs and creating enabling mechanisms. An example is the role played by the National Skill Development Corporation, where the Section 25 corporation provides a combination of soft loan and equity to promote large scale private efforts in skill development and tries to create enablers such as industry-based sector skill councils.
- Support innovation that can bring down the cost or resource intensity of the solution, therefore reducing the “demand score” and the gap. Cost reduction could also make the product or service more affordable and enable a part of the affected population to pay for it, therefore further reducing the gap. An international example here would be the Bill and Melinda Gates Foundation’s efforts to promote the development of new low-cost technologies in areas such as agriculture and electricity.

The majority of donors participating in these sub-sectors typically play only the first role, often with the idea that if multiple such donors did the same thing, the problem could be solved for the entire country (which may not be realistic).

Exhibit 4



- **Niche gap:** These gaps have low overall demand in terms of relative score (typically 8 or less). These are important gaps, but are not large simply because of the limited size of the underlying population addressed and/or the lower resource intensity. They are relevant causes nevertheless, and have nearly none or very low supply (often a supply score of 4 or below). Examples include sub-sectors such as conservation of traditional arts and crafts, promotion of philanthropy, rehabilitation of criminals/prisoners and special needs education.

For example, in the case of conservation of traditional arts and crafts, one could argue that the population directly impacted is only a subset who have the interest and/or the ability to

access these. Also, the amount of money needed is relatively lower than for causes that require significant infrastructure input. This gives the sub-sector a relatively lower “demand score” in our rating. However, the supply is much lower than even this requirement, with neither government nor donors spending significant money on this area and very few entities focusing on it. Therefore, it becomes a gap.

A different kind of example is special needs education. Here, because the population impacted is less than 10 million and the resource intensity is medium, the sub-sector receives a relatively lower “demand score”. However, again, the supply is much lower than even this requirement.

In the case of niche gaps, it could be possible for a relatively large donor (or a set of donors) to address the problem at scale through direct interventions.

Box 1. Incentivising users for better uptake of a government scheme

Under certain schemes, the Government of India provides for almost INR 10,000 to rural BPL (below poverty line) households for the construction of a toilet. However, the money comes as a reimbursement and may not always cover the entire cost of construction. Jankidevi Bajaj Gram Vikas Sanstha (JBGVS), one of the Bajaj Trusts, works in a few blocks in Pune district to increase the use of this scheme, by providing villagers about INR 1,000 to INR 1,200 per toilet (7 per cent of the estimated total cost of INR 15,000 in these locations and therefore a leverage ratio of 15X for donor funds), helping them with the application process to avail the government scheme, and where required, helping them get a loan till the government reimbursement reaches them. In the last few years, JBGVS has served as a catalyst for building about 10,000 toilets in 150 villages of Maharashtra.

- **Quality gap:** In some sectors, demand and supply are reasonably matched (or have relatively small gaps) but outcomes are of very low quality. Examples include sub-sectors such as primary education and maternal care.

In our rating, these sub-sectors typically have a high “supply score” (8 or above on a possible score of 12), but a quality rating of level 1 or 2 (the lowest levels).

Quality gaps also exist in many sub-sectors with quantity gaps or niche gaps, but in those cases, supply itself needs to be enhanced significantly and hence the efforts required are likely to be different in nature.

Donors can typically play two types of roles to help address quality gaps:

- Partner with the government or with other providers to build capabilities that can significantly enhance the quality of the current supply, at scale. For example, the Emergency Management Research Institute (EMRI) leverages the government’s primary healthcare infrastructure, funds from the National Rural Health Mission and uses donor funds to bring technology support and management skills (Box 2).
- Directly set up a high quality model to serve as an example or resource for the broader sector (e.g., a small chain of world class schools for under-privileged children that may be irrelevant in terms of scale but can serve as a role model in terms of quality).

However, often, in sub-sectors with quality gaps, donors support the addition of more average quality supply, which provides limited value.

The different types of donor efforts and the areas where each type could be particularly relevant are discussed in greater detail in Chapter 2.

Box 2: Addressing the quality of emergency health services by leveraging government infrastructure at scale

Emergency Management Research Institute (EMRI), founded in 2005, in Andhra Pradesh, is a public-private partnership based organisation that brings technology and managerial inputs into the primary healthcare system. The organisation, which runs with an independent board, leverages the healthcare network of states, and uses donor support to bring on board a high quality management team and relevant technology — resulting in a leverage of about 20X for the donor’s input. As per EMRI’s April 2013 report, it currently addresses over 150,000 emergency calls a day.

1.3. CRITICAL SUB-SECTORS WITHIN EACH TYPE OF GAP

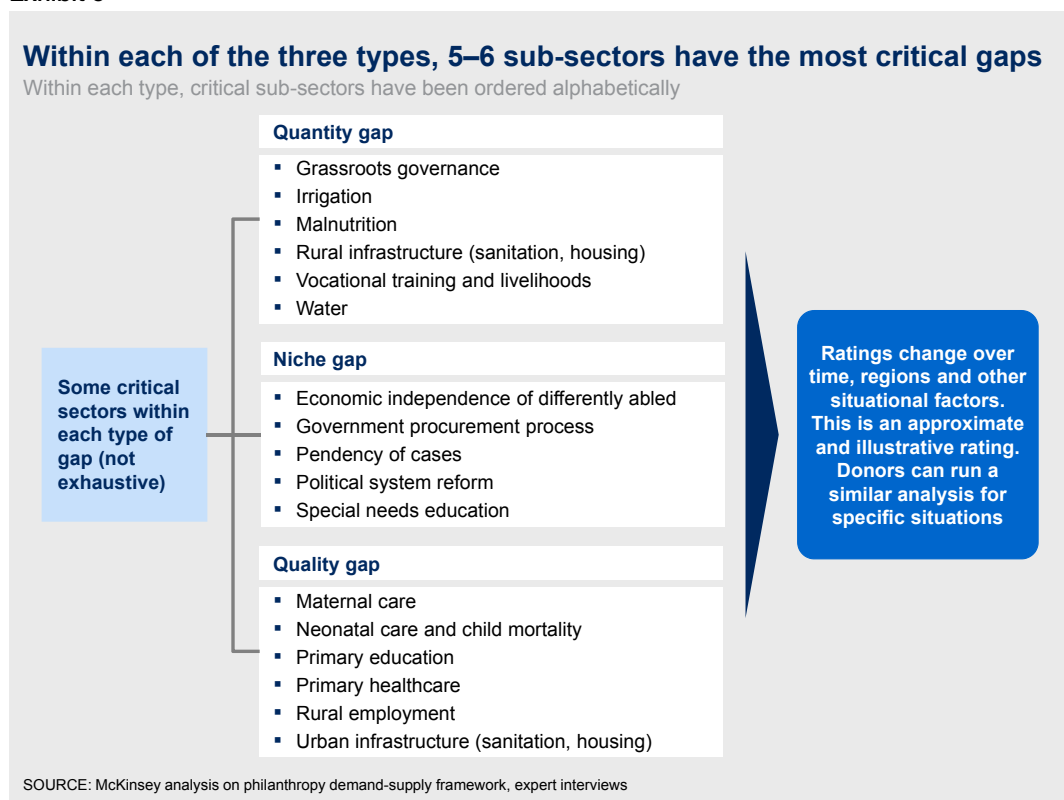
Within each of the three types, five to six sub-sectors emerge as having the most critical gaps (Exhibit 5).

Just as donor efforts are often not well-correlated with the nature of gap in a sub-sector, relative donor interest also has only partial correlation with the criticality of gap.

An interesting example is the comparison between disaster relief and disaster prevention. Disaster relief is one of the top seven sub-sectors receiving donor funds, while disaster prevention (e.g., research related to disasters, systems for better preparedness) — one of the sub-sectors with a “quantity gap” — gets very little donor support.

It is important to note that the ratings here are purely indicative and based on national averages; they may differ based on region, time frame and other situational factors. Donors may also give varying weightage to “how basic the need is”, which is only one of the demand side factors in this analysis. Further, other considerations such as the donor’s personal passion and relative capabilities will continue to remain important. Donors who want to select sub-sectors on the basis of such a framework will need to run a similar analysis for their specific situations.

Exhibit 5





Chapter 2: Preference for direct interventions, critical gaps in indirect modes

The choice of modes of intervention which donors support seems to be mainly influenced by how tangible, measurable, attributable and controllable the impact can be. In fact, when we classified modes of intervention on a “most direct” to “most indirect” spectrum, we found that the majority of philanthropic contributions support the more direct modes.

However, each category of interventions has its own advantages—where direct modes typically have the opportunity for deeper impact and easier measurability, indirect modes typically have more opportunity for higher scale and greater sustainability. Further, the choice of intervention is highly linked to the nature of gap in the sub-sector as well as the donor’s theory of change (or what is likely to cause change) for the sub-sector. Donors and experts largely agree that for the overall transformation of a sector, both direct and indirect contributions are needed and will be complementary. Hence, with many more donors focused on direct modes of contribution, there is a significant gap across sectors with respect to the more indirect modes.

As donors, foundations and operating entities evolve, there is usually a significant shift towards the more indirect categories, with some interesting ways to solve the typical donor concerns associated with these modes (e.g., inability to measure or attribute success, lack of control over outcomes). However, successful examples are still limited in number.

This chapter explores the gaps in modes of intervention, by classifying interventions into four categories, discussing how the choice of intervention mode is dependent on both nature of gap in the sub-sector and the donor’s theory of change, exploring relative donor focus and reasons for the skew, and examining the change in the nature of focus with evolution of donors, foundations and operating entities.

2.1. FOUR CATEGORIES OF INTERVENTION MODES WITH DIFFERENT ADVANTAGES

Across sectors, modes of intervention and corresponding donor support take different forms, and can be classified into four categories, ranging from the most direct to the most indirect (Exhibit 6):

- **Category A — Direct to beneficiaries:** These interventions touch the beneficiaries directly; for example, directly running operations, building physical infrastructure and providing repeating commodities (e.g., books, computers, food). From the donor point of view, this would often mean funding an NGO that directly serves the beneficiary and sometimes includes serving the beneficiary in an operating role.⁵
- **Category B — Services for improving the impact from a direct input:** This refers to the delivery of specialised services, potentially through specialist organisations. For example, in the case of primary education, while a Category A intervention could be to run a school or chain of schools, a Category B intervention could be to improve the quality of other schools by providing teacher training or headmaster training.
- **Category C — Working with the institution that serves the beneficiary at scale:** This refers to interventions such as government system capability-building, supporting entrepreneurs or making the market work, driving public-private partnership models, building an institution as a critical resource for the sector, creating change agents, and driving community behavior change.

5 It is important to note that throughout this paper, the mode of intervention does not refer to the mode of funding. For example, even if a donor supports a “direct intervention”, the donor’s funding could be routed through an operating NGO or intermediary.

Exhibit 7

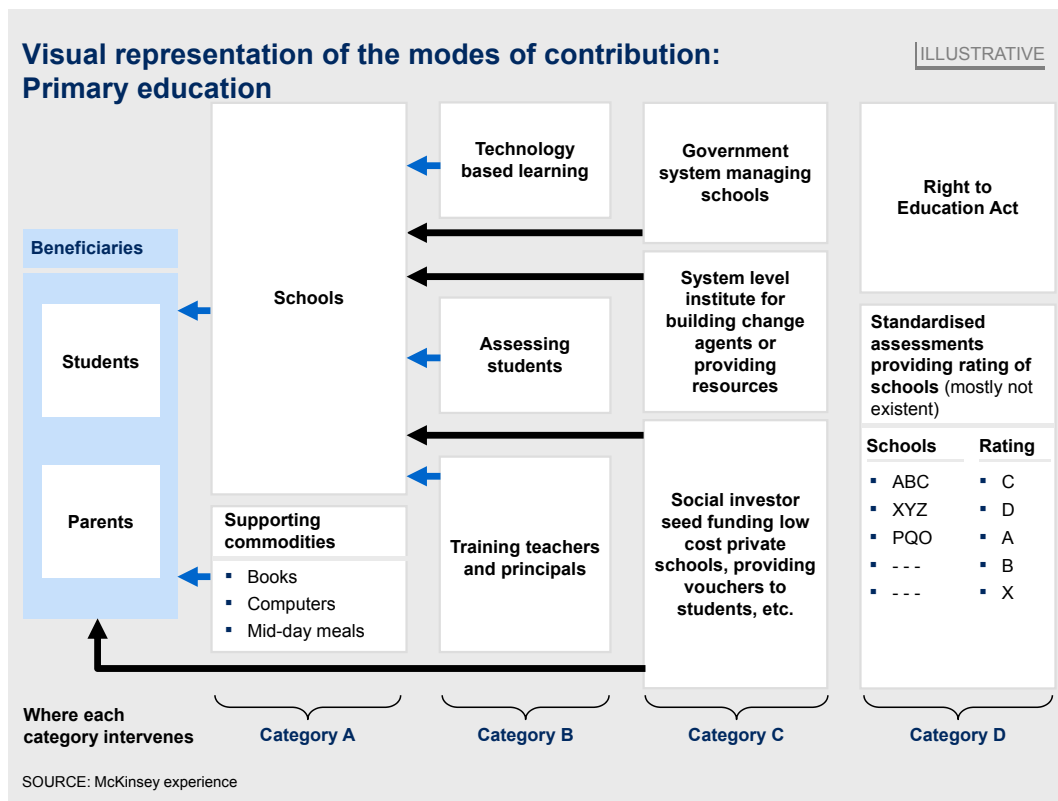


Table 1 compares the four categories of interventions on seven key parameters.

The most common pitfalls in Category A and B interventions include high cost or use of rare resources; focusing on only the model without any thought to scale-ability, though the stated intent is to scale; and (ironically but quite commonly) not becoming a benchmark on quality.

The most common pitfalls in Category C and D interventions include not reaching even “reasonable quality” of output or outcome (and assuming that this will happen over time); providing theoretical inputs to a system and assuming change will happen (vs. real hand-holding or capability-building); and expecting readily available partners (vs. shaping partnerships).

2.2. CHOICE OF INTERVENTION HIGHLY DEPENDENT ON NATURE OF GAP AS WELL AS THEORY OF CHANGE

90 per cent of the donors and experts interviewed believe that all four categories are important for the overall transformation of a sector or sub-sector. Many of them also believe that the choice of intervention mode should be highly dependent on the nature of gap in the sub-sector (as partly discussed in Chapter 1) as well as the donor’s “theory of change” or view-point on what will drive change for the sub-sector.

Linking modes of intervention to the nature of gap in sub-sectors

As captured in Chapter 1, we find three distinct types of gaps across sub-sectors with different implications for donors. Here we describe how each category of interventions could be most applicable for certain types of gaps.

- **Category A** or direct intervention is usually the first step in any sub-sector and also usually the first step for a donor trying to understand the space.

In sub-sectors with a significant demand-supply gap (e.g., malnutrition), Category A interventions may allow donors to address the issue, at least in a specific geography. Select partnerships can help reduce the cost and increase the reach of such initiatives, as shown by

Table 1

Advantages of each category are highlighted in green

Parameters	Category A	Category B	Category C	Category D
Degree of donor control	High and direct control by donor and operating entity	High control over intervention but only partial control over outcome	Partial control even over intervention given multiple stakeholders	Control possible on activities, but very little on outcome, given uncertainties involved
Partnership requirement	Typically not essential	Requires agreement with the direct provider	Will usually require partnerships with other organisations, government, etc.	Will usually require partnerships with other organisations, government, etc.
Impact and ease of measurement/ attribution	Impact can be tangible and deep; easy to measure and attribute since many parameters are in control	Possible to measure outputs of the service (e.g., teacher competency improvement through training); eventual outcome (e.g., student learning) may be measured but not easy to attribute fully to the service	Difficult to measure/ attribute as the impact is typically long term, less tangible, and influenced by many factors beyond the intervention	Very difficult to measure as the impact is mostly very long term, uncertain, and intangible
Time horizon for change	Short to medium term	Short to medium term	Medium to long term	Almost always long term
Leverage for money	INR 1 = INR 1 (since all inputs are provided by the entity)	INR 1 could translate to INR 10 of impact (e.g., 5 to 10 per cent of a healthcare centre's cost being spent on training can significantly impact effectiveness)	INR 1 could translate to INR 100 of impact (e.g., 1 per cent of a government system's budget being spent on quality improvement can have significant impact)	Difficult to estimate, multiplier can be 1,000X or higher
Scale	Constrained by direct physical input requiring significant funding and continuous operations	Possible but typically constrained by both service provider ability and receiving organisation's scale	Significant scale possible at system or institution level	National scale possible through policy or framework setting
Sustainability	Dependent on individuals	Dependent on individuals	Partial sustainability through a broader base of stakeholders	Full sustainability; not individual dependent

Box 3. Addressing malnutrition by partnering with the mid-day meal scheme of the government

Malnutrition is one of the sub-sectors with a critical “quantity gap”. While a direct intervention could be relevant here, the quantity gap is such that even multiple donors together may not be able to bridge it. Further, a concrete channel is needed to reach the consumer. The Akshaya Patra Foundation (TAPF) makes a direct or Category A intervention with part-funding by the government and through the mid-day meal scheme of government schools, to significantly increase both ability to bridge the gap and effectiveness. After 55 to 60 per cent of the cost covered by the Government, TAPF’s cost per child per year is INR 675⁷ — therefore an annual contribution of INR 10 crore can address 160,000 children. An impact study by the M.S. Ramaiah Medical College in a particular rural area showed that the number of children below the optimal level of nutrition was reduced from 60 per cent to almost 0 per cent and other metrics such as anemia reduction and weight increase also showed significant improvement.

The Akshaya Patra Foundation’s work (see Box 3).

In sub-sectors with relative smaller demand but almost non-existent supply—called “niche gaps” in Chapter 1 (e.g., special needs education, promotion of sports)—large donors may even be able to drive overall sub-sector transformation through Category A interventions.

7 Source: <http://www.akshayapatra.org/Harvard-Business-School-Case-Study> and <http://www.akshayapatra.org/revised-cost>

Further, even in sectors that primarily have quality gaps (e.g., primary education), Category A interventions can provide a high quality model for the system. Emerging examples include the schools being run by Akanksha Foundation and Mukangan (an initiative of Paragon Charitable Trust) in Mumbai (see Box 4). Use of government infrastructure makes these initiatives possible and a recent public-private partnership policy could both reduce operating cost for donors significantly and formalise mutual responsibilities between the government and the operator.

Box 4. Addressing the quality of primary education by leveraging government infrastructure

Primary education is a sub-sector with a critical “quality gap”, which is even more pronounced for children from low income backgrounds. Since basic supply is not the biggest issue, except in specific geographies, a direct intervention (i.e., running a school) is relevant here only if it is of benchmark quality and serves as a model and resource for the broader system. Relevant emerging examples would include the Akanksha Foundation and Mukangan, which combine government infrastructure with their own teachers, management and training, to deliver English medium education to low income children in Mumbai. Learning outcomes studies show strong performance in many of these schools. Further, a recent public-private partnership policy, passed by the Municipal Corporation of Greater Mumbai, could reduce the private funding requirement and create a leverage of 5X to 8X for donor funds. These foundation schools have gradually started serving as examples and also started consolidating their learnings in the form of teacher training and headmaster training programs offered more broadly.

- **Category B** or services can help improve the quality at least in pockets, in sub-sectors that have significant basic supply but of poor quality.

Further, the theme level specialisation of Category B can play a significant role in Category C interventions.

For example, in the area of education, the Piramal Foundation has supported a few select services that have the potential to improve quality, e.g., reading initiatives by Pratham, headmaster training by Kaivalya Education Foundation. Piramal Foundation leaders state that they focus on initiatives that have the potential to scale up and contribute to overall system reform. They also try to simultaneously influence the broader system (similar to category C or D interventions), e.g., trying to change the basis on which headmasters are selected in the government system.

- **Category C** is necessary to transform the quality of a system at scale, where supply is sufficient (e.g., primary education, primary healthcare).

In sub-sectors with a significant demand-supply gap (e.g., malnutrition), if a donor wants to transform the sub-sector at scale, rather than just in a small geography, Category C (and D) interventions will be necessary. Examples include partnering with the government, seeding entrepreneurs and helping make the market work and supporting research or innovation that could drive down the cost or resource intensity of direct intervention. In all these cases, an existing Category A intervention could serve as a good model.

Category C could also involve directly creating a resource that is critical for the sector as a whole. Some of the institutions of national importance catalysed and built by the Tata group in the 1900s (e.g., Indian Institute of Science, Tata Institute of Social Sciences) are examples of this.

Finally, Category C may also be the only way to intervene in areas where separate private efforts are not possible (e.g., pendency of judicial cases).

- **Category D** is typically necessary for the long-term sustainability of any transformation. For example, if the quality of a large scale school system is reformed through a Category C

intervention (combination of relevant services for quality, system capability-building and so on), a set of policies or frameworks, i.e., Category D interventions, may be needed to sustain the transformation (for example, policy to have regular assessment of student learning, policy to select headmasters based on performance).

Further, similar to Category C, Category D may be the only way to intervene in areas where separate private efforts are not possible.

Boxes 5 and 6 show two examples of working on policy to drive change in specific sectors.

Box 5. Improving urban infrastructure by facilitating the adoption of a relevant policy⁸

EMBARQ India, an initiative of World Resources Institute to work with local transport authorities, uses Category D interventions, supported by Category A/B interventions, to implement sustainable urban transport solutions. They showcase direct impact to beneficiaries by working with bus transport authorities on pilots (e.g., the bus rapid transit in cities of Ahmedabad and Indore are estimated to have reduced nearly 10,000 tons of CO₂ and saved over 3.5 million hours of passenger travel time) but also focus on extensive research and campaigning for relevant policies. They facilitated the adoption of India's first National Urban Transport Policy and are now trying to facilitate the introduction of comprehensive mobility planning as a key requirement for city development in India.

Box 6. Helping implement a policy effectively through advocacy combined with system level resources and pilots

The Centre for Civil Society (CCS) works on mainly category D interventions, supported by some direct pilots and system level resource building, in school education, livelihood generation, and good governance. As an example in education, CCS is trying to support better implementation of the Right to Education Act (through information dissemination, bringing relevant stakeholders together in policy round tables, etc.) and is trying to support the affordable private school movement through a combination of information dissemination, building system level resources (National Independent Schools Association or NISA) as well as running pilots on vouchers for funding the student directly.

How intervention choice is driven by the donor's "theory of change"

Donors who want to play a role in the overall transformation of a sub-sector need to have a "theory of change" for it or a view-point on what will drive change in the sub-sector. This can significantly drive the choice of intervention. This sub-section captures a few illustrative theories of change and what could be the corresponding interventions:

- **Donor-led:** If a donor's theory of change for a particular sub-sector is that a large number of donors need to support "direct to beneficiary" interventions (and that this is realistically possible given the amount of funding needed), then the donor could drive a visible Category A intervention with the aim of motivating other donors.
- **Government-led:** If the theory of change is that the government will continue providing this particular service and needs support in quality enhancement, the donor could support a holistic government system transformation effort (Category C) and corresponding Category D interventions, such as establishing a public-private partnership policy that enables continuous improvement, running a transparent rating system that forces change through accountability, or building a long term system level resource to drive continuous improvement. In addition, the donor could support Category B interventions that are focused on improving the quality of specific aspects of the government system and could eventually provide inputs for the larger system transformation.
- **Market- or entrepreneur-led:** If the theory of change is that entrepreneurs will provide this service with consumers paying for it, at scale, the donor could support a Category C intervention,

⁸ Source: <http://embarqindia.org>, press searches

such as seed-funding of high potential entrepreneurs, and Category D interventions, such as frameworks and regulations that create a level playing field in the sector, public-private partnership models that bring down the cost for the consumer, and interventions that enable consumer choice (e.g., vouchers). The donor could also support a high quality Category A intervention as a model or experimental bed to derive learnings and resources from.

As an example, Omidyar Network supports market-based solutions with the potential for large scale, catalytic impact. The philanthropic investment firm aims for social and economic advancement through five initiatives: Consumer Internet and Mobile, Entrepreneurship, Financial Inclusion, Government Transparency and Property Rights. Omidyar Network takes a long term view on its investments and has the flexibility to offer a range of financing options including grants, venture capital, debt and program-related investments.

- **Through creation of a bottleneck resource:** If the donor's theory is that there are one or two bottleneck resources that are constraining the overall growth of a sector and once these are in place, the sector will develop, the donor could directly support creation of this resource. Though direct, we would classify such an intervention as Category C, given the large scale catalytic impact on the sector.

An example is the Public Health Foundation of India (PHFI), which aims to serve as a catalyst for the healthcare sector, by helping build skilled healthcare workers, supporting research in the sector and helping governments with public health initiatives.

- **Through change agents for the future:** If the donor's theory is that a large number of individuals need to lead several initiatives to drive change over the next, say, 50 years, the donor could support a Category C intervention that creates change agents for the future.

An example is Teach For India (TFI), which aims to create change agents and future leaders for the education sector through a two-year fellowship (see Box 7).

An international example is Venture Philanthropy Partners (VPP), which supports leaders in building high-performing non-profit organisations. VPP funds capability-building and related efforts for these organisations, rather than supporting their initiatives directly.

- **Through community behavior change:** If the donor believes that day-to-day behavior of the community needs to change, the donor could support Category D interventions such as a campaign that drives community behavior change or a law that makes some behaviors mandatory.

International examples include initiatives by certain foundations to promote hand-washing in developing countries and efforts by several groups to make seatbelts mandatory in the US in the 1980s and 1990s.

Ford Foundation leaders state that they believe in a social justice approach aimed at addressing the root causes of inequality and poverty. Specifically, the foundation aims to build the capacity of civil society actors so that grantee partners can leverage large scale government programs and policies better. Their interventions often involve pilots but with a path to expanding those lessons into the broader system and policy environments; that is, Category C and D interventions (see Box 8).

Box 7. Creating change agents in education

Teach For India (TFI) attempts to attract promising college graduates and young professionals to serve as full-time teachers in low-income schools for two years. Through intensive training and coaching support, the Fellows aspire to make significant learning level improvements in their classes during the two years. However, even more importantly, the experience aims to be transformational for the Fellows themselves, so that they can develop into leaders in education in the long term. For example, in their second year, each Fellow undertakes a "Be the Change" assignment where they conceive, plan and execute a project that can benefit their classroom and the broader society. Of the first three graduating cohorts of Fellows (between 2011 and 2013), over 60 per cent have stayed in the development sector after the fellowship. TFI is now present in 5 cities (Mumbai, Pune, Delhi, Hyderabad and Chennai) with over 700 fellows.

Box 8. Ford Foundation – Focus on system and policy change by leveraging civil society influence

Across all its portfolio areas, the Ford Foundation focuses on seeding and leveraging interventions, with an attempt to find innovative solutions to challenging issues. Grantee partners of Ford use their experience on the ground to influence local, regional and national policy optimisation, so that schemes associated with key policies can be implemented in a more effective and transparent manner. Using the lessons from pilots, the foundation brings together government and community resources, to increase social awareness within flagship national programs. For example, once the Prohibition of Child Marriage Act (2006) became a law, Ford identified key groups that could work as enablers for implementation of different strategies and a mix of strategies were used in different geographies to understand what works. These include working with community groups on awareness-building of girls' right not to marry, examining opportunities to create district level plans through inter-departmental convergence, creating community champions and gaining support from the Village Panchayat to ensure accurate birth certificates. Another example is the support provided by the Ford Foundation to an NGO in Mumbai that, through an MOU with the Municipal Corporation, provided support to government hospitals on appropriate methods of working with victims of violence (e.g., culturally appropriate testing procedures, access to counselling). After 9 years of experimentation and refinement, the program, now called the One-Stop Crisis Centre (OSCC), is slated to be rolled out across 100 districts in the country, with the NGO providing capability-building and technical support. Given the challenges associated with measuring social justice, the foundation's approach to impact evaluation focuses on key elements of methodology, success in creating enablers and qualitative early wins, rather than simply quantitative outcome metrics.

2.3. RELATIVE DONOR FOCUS AND IMPACT

While 90 per cent of donors interviewed agree with the importance of all four categories, an approximate analysis of the top 20 to 25 donors and foundations across sectors (Exhibit 8) shows that Category A or “direct to beneficiaries” interventions (often through NGOs running such interventions) receive an overwhelming share of 60 to 65 per cent share of donor contribution, and Category B or “services” receive about 20 to 25 per cent. Category C has probably seen an increase in recent times and appears to have a share of about 12 per cent currently, while Category D receives a low share of 3 per cent (or less). Further, if smaller donors and corporate CSR are included, the picture is likely to be even more skewed towards Category A.

On the other hand, as seen in the previous section, the nature of gap in many sub-sectors necessarily requires Category C and D type interventions—quality improvement in sub-sectors with primarily quality gaps, at scale transformation of sub-sectors with quantity gaps and quantity or quality related initiatives in sub-sectors where separate private efforts are not possible.

As a result, in spite of significant donor focus on some of these sub-sectors, outcomes remain sub-optimal, due to significant gaps with respect to Category C and D type interventions.

The most quoted donor reasons for not focusing much on the more indirect modes of intervention include lack of measurability, insufficient visibility or association of name, concern about “taking on the system”, limited opportunities or examples of success, and lack of knowledge and research (Exhibit 9).

Several experts argue that even the top reason—lack of measurability—is more to do with the donor's lack of understanding of the sub-sector and intervention, rather than the nature of the intervention itself. Even for Category C and D interventions, measurement is possible by picking the right inputs or processes and intermediate outputs to measure and potentially leveraging professional measurement entities, once the donor's understanding of cause-effect linkages in the sub-sector deepens. Further, some of the experts interviewed also argue that not everything that matters can be measured, and over time, donors find other ways of establishing likelihood of impact, such as supporting an individual who has proven himself/herself.

These observations are borne out by the fact that donors seem to increase their focus on indirect interventions over time, as discussed in the following sub-section.

Exhibit 8

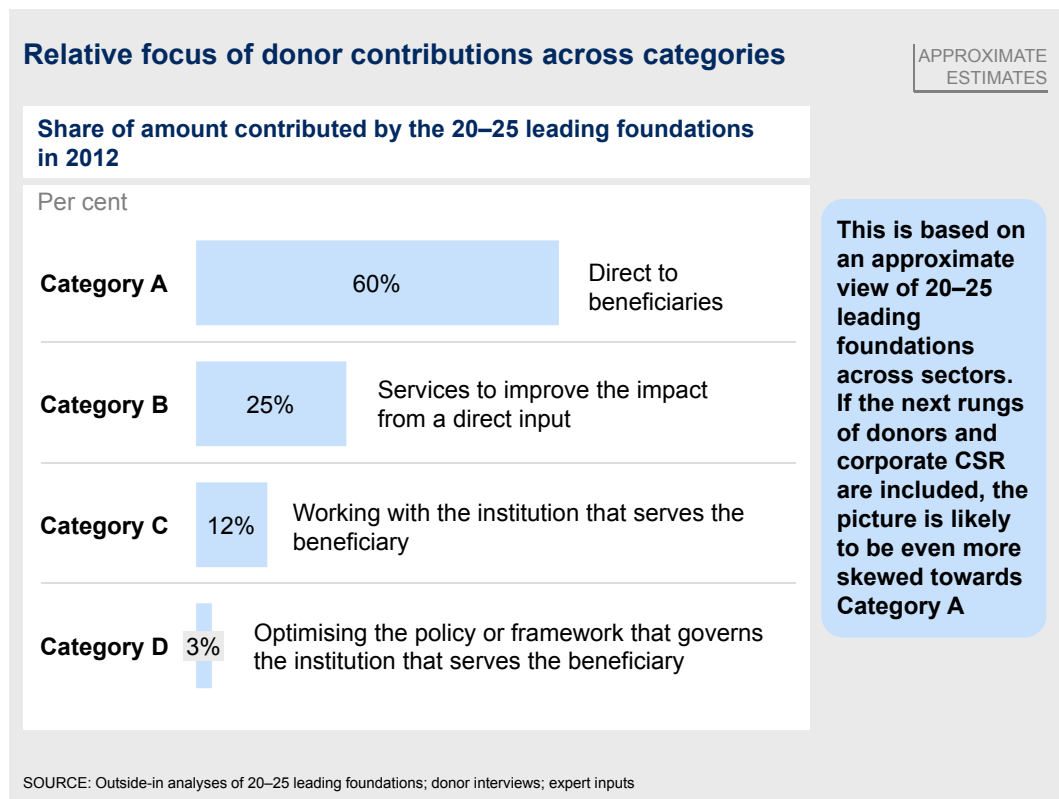
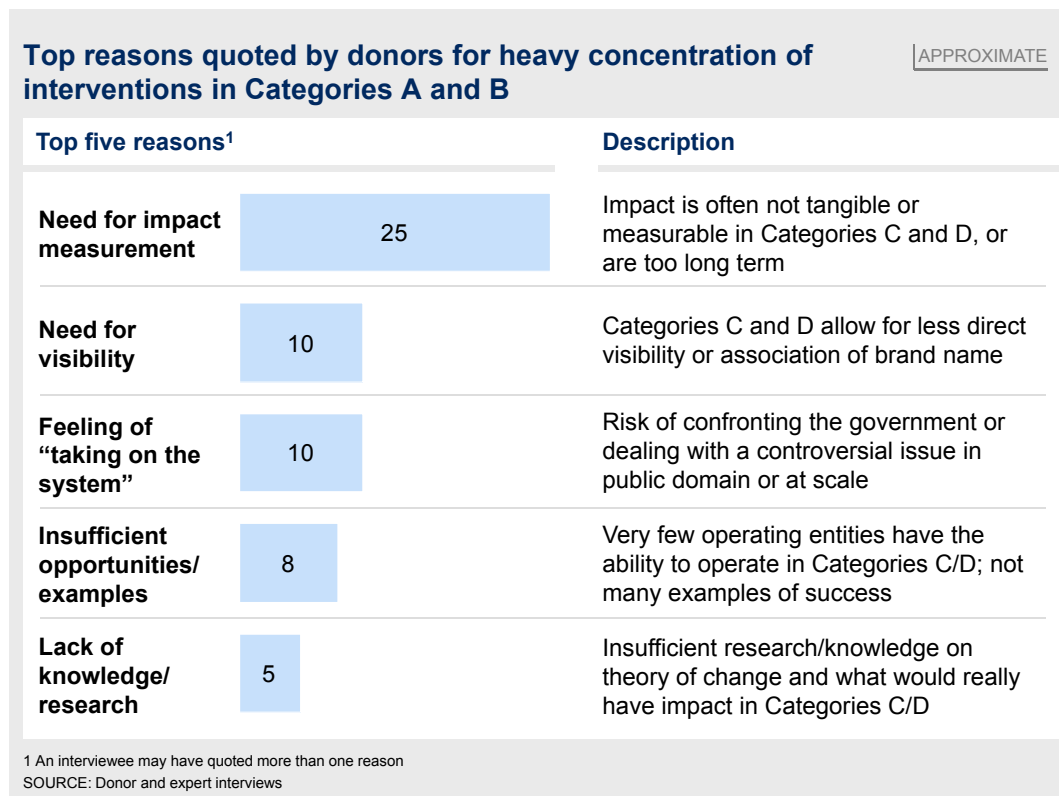


Exhibit 9



2.4. CHANGE IN NATURE OF FOCUS WITH EVOLUTION OF DONORS, FOUNDATIONS AND OPERATING ENTITIES

Early stage donors typically start by supporting Category A and sometimes Category B initiatives, since they can understand these tangibly. As donors, foundations and corresponding operating entities evolve, there has been a significant shift towards the more indirect intervention modes, though successful examples are still limited in number.

Some interesting examples of this evolution in India can be seen in the education and healthcare sectors.

Michael & Susan Dell Foundation is a US-based international donor organisation focused on improving the lives of children living in urban poverty. In the urban primary education space in India, over the last decade, the Michael & Susan Dell Foundation has largely supported Category B interventions, i.e., services aimed at improving the quality of education. Examples include Naandi Foundation's remedial support to children lagging significantly behind and Educational Initiatives Pvt. Ltd.'s assessment of learning outcomes. During the last three years, the foundation has begun funding Category C interventions, including "making the market work" initiatives (e.g., supporting a revenue-based remedial education model spun off from Naandi Foundation) and building capabilities in the government system (e.g., catalytic funding for the School Excellence Program, a public-private partnership based effort primarily funded by the Municipal Corporation of Greater Mumbai).

Azim Premji Foundation has focused on improving the quality and equity of rural education in India since 2001. The foundation started with a combination of supporting service interventions (e.g., helping implement activity-based learning methods in some districts of Karnataka by providing teacher coaches) and system capability-building interventions (e.g., building capabilities in District Institutes of Education and Training or DIETs in districts across several states, establishing an assessment mechanism for schools along with a state government). Based on learnings from the ground, the foundation, while adding a select direct intervention to the mix (building its own schools to serve as models and resource hubs) is now largely focused on further solidifying and strengthening its indirect interventions: setting up a university aimed at providing leaders and experts to the education and development space, setting up district institutes that can build government school system capability in a deeper manner, developing assessment and accreditation mechanisms for the broader system (a Category D intervention).

Bill & Melinda Gates Foundation started work in India in 2003 with its anti-AIDS program, Avahan, as a direct at-scale intervention. Initially, the foundation's focus was mainly on direct interventions in healthcare, with support from select Category D interventions, such as awareness building regarding AIDS. Over time, the Avahan HIV prevention program has transitioned to the government and the foundation has started doing more system capability-building such as technical training in direct skills, providing job aids and setting up concurrent monitoring and data systems. Further, the foundation tries to keep increasing the leverage of indirect interventions; for example, a particular training may be run by an NGO for the first time but the attempt would be for the existing government machinery to start running it subsequently, with the NGO or Gates Foundation only providing supervision. The aspiration of the foundation is that in another 2 years, 70 per cent of its focus should be on indirect interventions, with direct interventions serving only as a pilot.

Possible ways to solve concerns associated with indirect intervention modes

With evolution in terms of deeper understanding of the sub-sector as well as overall experience in philanthropy, donors and foundations have found some interesting ways to solve concerns typically associated with Category C and D interventions, for example:

- **Need for impact measurement:** Options used by donors include measuring well-defined inputs and near-term outputs/milestones, not just the eventual outcomes, and developing a research-backed theory of change that links the inputs to the outcomes. Some donors are comfortable betting mainly on the people driving the change without too much focus on measurement or reviewing the approach and anecdotal evidence of change rather than specific metrics.

- **Need for visibility:** Options for resolving this concern include defining the intervention as a set of “modules” that can be associated with specific brands, or creating visibility for a consortium or partnership as a whole.
- **Feeling of “taking on the system”:** Some donors partner closely with the system, providing deeper support or “hand-holding”; others start with support related interventions and then move to accountability related interventions. Another way to address this concern is to operate as a consortium of donors or foundations.
- **Insufficient opportunities and lack of knowledge or research:** Some donors allocate a small percentage of their portfolio to invest in research on drivers of change in the sub-sector and to shape less obvious opportunities.



Chapter 3: Summary of recommendations for donors

This chapter briefly lays out five starting thoughts for donors and foundations (many of which will also be relevant for multi-laterals and corporates doing CSR), to help make better choices on where and how to contribute or intervene.

1. Consider a wide canvas of sectors and sub-sectors at the start

Consider a wide range of sectors/sub-sectors before deciding on the ones to contribute to. As shown in Chapter 1, there are at least 50 sub-sectors (and likely many more) that need philanthropic interventions. Therefore, a starting list will ideally incorporate sectors and sub-sectors that go well beyond personal experience.

Examples of the top sub-sectors of gap at the aggregate level in India currently are:

- Quantity gaps: Grassroots governance, irrigation, malnutrition, rural infrastructure, vocational training and livelihoods, and water
- Niche gaps: Disaster prevention, economic independence of the differently abled, government procurement process, pendency of cases, and political system reform
- Quality gaps: Maternal care, neonatal care and child mortality, primary education, primary healthcare, rural employment, and urban infrastructure.

Our demand-supply framework and ratings should be treated only as a starting point at an aggregate level. The ratings will vary significantly over time, by region and due to other situational factors. Donors should ideally use a similar tool to develop their own perspective.

2. Use criticality and nature of gap as important additional inputs to choose sub-sectors

Personal passion and capabilities will and should always remain important factors for selecting sub-sectors or causes to contribute to. However, donors can use a demand-supply rating framework as an additional tool to indicate the criticality and the nature of gap in the sub-sectors that interest them (e.g., quantity or basic demand-supply gap, quality in specific aspects, niche or smaller but important requirement) to help make better selections. As shown in Chapter 1, while there are gaps across most sub-sectors, the nature of gap can vary significantly. Further, as shown in Chapter 2, depending on the nature of gap and the mode of intervention chosen, a given amount of money can have very different kinds of impact. Therefore, building a strong view of the nature of gap can help shape more effective interventions.

Some experts suggest that visiting and directly seeing affected populations or initiatives can help donors cultivate a passion for themes that have critical gaps.

3. Decide on the mode of intervention based on the nature of gap one is trying to address and a theory of change for the sub-sector

It is important to form a “theory of change” or a “pathway to development” in the sub-sector (e.g., government-led vs. market-led). Based on the nature of gap and your theory of change, identify the mode of contribution that could be most relevant, considering the range of modes captured in Chapter 2, and the relative advantage and role of each.

One practical way to form a theory of change is to support a sector for 1 to 2 years through a number of small grants, along with spending significant time to understand what works, and then start making bigger and more targeted investments.

4. Ensure that least 30 to 40 per cent of the giving portfolio is focused on Categories C and D (indirect modes), especially in the case of a larger foundation

For donors keen to drive sector-wide change, it is important to ensure a good mix of interventions across Categories A, B, C and D, as defined in Chapter 2. Larger or more evolved donors and foundations should ideally ensure that at least 30 to 40 per cent of the portfolio is focused on Categories C and D, critical to bridge the gaps in many sub-sectors.

Larger and more evolved donors and foundations will likely be able to build the sectoral depth and the innovative practices that these modes need, e.g., investing in shaping opportunities and developing relevant research; forming strong partnerships; measuring well-defined inputs and near-term outputs as milestones toward the eventual outcomes; defining the overall intervention as modules with which brands can be associated; and partnering with the system rather than “taking it on”.

5. For each category of intervention, build in the relevant key success factors early

In line with the advantages of each category of interventions, while working on Category A and B interventions, ensure that a distinctive high quality benchmark is developed, at reasonable cost and using scalable resources, and explore opportunities to move towards Category C. While working on Category C and D interventions, define targeted outputs and outcomes as well as the theory of change clearly; start the early measurement of relevant inputs; ensure critical scale with reasonable quality in a time-bound manner; and find opportunities to partner with Category A interventions to test and refine specific elements in a controlled environment.

Annexure A: List of sectors and sub-sectors analysed

This list is based on a number of sources, including the International Classification of Non-Profit Organisations (ICNPO), the Union budget, the 12th Five Year Plan and several donor interviews. Though not exhaustive, it aims to cover a large number of areas for the purpose of analysis.

Table A details the list of 12 sectors and 57 sub-sectors that we analysed. Some of the sub-sectors listed may overlap in parts (e.g., vocational training and livelihoods partly overlaps with economic independence of women), but have been listed separately because they represent different objectives and the donors and operating entities focusing on these are often different.

Table A: Sectors and sub-sectors analysed

Sector	Sub-sectors analysed	Sector	Sub-sectors analysed
Education	<ul style="list-style-type: none"> Pre-primary education Primary education Secondary education Higher education Special needs education 	Governance	<ul style="list-style-type: none"> Government procurement process Information transparency Civic issues and citizen participation in water, waste, etc. Political system Grassroots governance
Employment	<ul style="list-style-type: none"> Vocational training and livelihoods Financial inclusion Rural employment Access to market Economic independence of women Economic independence of differently abled Economic independence of tribals 	Human rights	<ul style="list-style-type: none"> Child welfare Women's welfare, safety, rights Physical security of vulnerable sections Rehabilitation of criminals/prisoners Justice for undertrials Pendency of cases
Infrastructure	<ul style="list-style-type: none"> Urban infrastructure Rural infrastructure (water, sanitation, housing) Telecom, power 	Environment	<ul style="list-style-type: none"> Water Conservation of forests Renewable energy Ecologically sustainable construction and development Wildlife conservation and animal rights
Food & agriculture	<ul style="list-style-type: none"> Food security Agriculture Irrigation Organic farming 	Disaster management	<ul style="list-style-type: none"> Disaster relief Disaster prevention
Healthcare	<ul style="list-style-type: none"> Neonatal care and child mortality Maternal care Malnutrition Primary healthcare Immunisation De-addiction/rehabilitation and mental health counseling Medical care for differently abled Elderly care AIDS and infection diseases Chronic diseases Tertiary care Terminal care 	Arts, culture and heritage	<ul style="list-style-type: none"> Conservation of monuments/heritage Conservation of traditional arts and crafts Preservation of literature Conservation of tribal languages and culture Preservation of performing arts (theatre, music, dance) Promotion of sports
		Philanthropy	<ul style="list-style-type: none"> Promotion of philanthropy
		Others	<ul style="list-style-type: none"> Clothing

Annexure B: Philanthropy demand-supply rating framework

The objectives of the philanthropy demand-supply rating framework are to:

- Point out the broad types of gaps in different sub-sectors and the most critical areas of gap, relatively
- Provide a simple and practical tool to help donors prioritise sub-sectors (since ultimately each donor will take his/her own decision based on multiple factors and the aim of this white paper is not to provide definitive or prescriptive answers).

Further, given the incomplete and fragmented data available, the framework uses a mix of quantitative and qualitative parameters to help arrive at an overall judgment.

As captured in Chapter 1, our philanthropy demand-supply rating framework consists of nine parameters—six demand factors and three supply factors. We used a simple but well-defined rating rubric with levels 1 to 4 to rate each sub-sector on these parameters. Table B provides a summarised view of how each parameter is defined and the sources of data.

Table B: Key elements of the philanthropy demand-supply rating framework

Parameters	Unit or qualitative basis for defining Levels 1 to 4	Sources of data
Demand factors		
1. Size of unaddressed population	Percentage of population requiring this input but not addressed	Sectoral reports by various agencies, Planning Commission statistics, estimates by donors/NGOs/experts
2. Level of quality/outcomes vis-à-vis global benchmarks	Among the poorest globally vs. Among the best globally	International benchmarks in some sectors, expert views in many sectors
3. Type of need	How basic is the need	Millennium Development Goals, other international agreements, national policies, expert views
4. Market works automatically; for-profit consumer-driven ventures are possible	Extent of demand, consumer incentive to pay, operational complexity in delivery	Expert views, McKinsey experience
5. Magnitude of resource required	(a) Size of population impacted, millions	Sectoral reports by various agencies, Planning Commission statistics, estimates by donors/NGOs/experts
	(b) Resource intensity per person, qualitative	Expert views, McKinsey experience
6. Number of NGOs for whom this is a primary focus area (therefore causing demand)	Percentage of overall NGO landscape	Estimates in sectoral reports, donor and expert views
Supply factors		
1. Total Government spend	INR crore	Sectoral reports by various agencies, Planning Commission statistics
2. Total donor spend	INR crore	Estimates based on review of top 25–30 foundations
3. Diversity and stability of spend	Number of entities focused on the topic, track record of spend	Estimates based on review of top 25–30 foundations, donor interviews

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