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HUMANITARIAN
LEADERSHIP

Transformation in the aid and development sector? Business operating models



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Business operating models

Many transformative business efforts begin with ‘reinventing the operating model’ such as seeking to interconnect profit with purpose and tying returns to the impact. Consequently, across a range of sectors, including artificial intelligence (AI), digital, the Internet of Things (IoT), process automation, and others, it’s been recognised that businesses “are shifting value from manufacturers and distributors over to companies that operate end-to-end platforms and provide outcomes as-a-service”.¹

Since the early 2010s, the aid and development sector has been investing funding in ‘innovation practice’, such as establishing ‘innovation labs’ in efforts to accelerate impact, and borrowing initiatives from across business and technology sectors. While this has its challenges for application to the aid sector, there are informative and, in some cases, pioneering approaches to business operating models taking place across sectors, that offer interesting examples of operating differently that the humanitarian sector can take inspiration from. This section brings together some of these approaches, drawing from business, technology, and finance to human rights and development, sustainability, and climate change sectors.

¹ See Architecting an operating model: A platform for accelerating digital transformation, Deloitte Insights (2019). Accessed at: <https://www2.deloitte.com/us/en/insights/focus/industry-4-0/reinvent-operating-model-digital-transformation.html>

Case study 1: Bangladesh Rural Advancement Committee (BRAC)

Founded in 1972, BRAC is an international development organisation that aims to provide “microfinance, health, education, agriculture, and livestock services based on an integrated approach”. BRAC was initially based only in Bangladesh, but later expanded its services to many other countries. It is now the largest collaboration network of social businesses in the world.

See BRAC’s i-Insights webpage for a collection of resources sharing insights into how they operate and lessons from their implemented initiatives. In particular, see the Innovation at BRAC paper, which looks at the how and why of BRAC’s evolution, from its modest beginnings as a collaboration of a few individuals delivering emergency assistance to Bangladesh’s war refugees, to a holistic, longer-term approach that seeks to address the fundamental causes of poverty and social injustice.

Case study 2: Tackling climate change with innovative business models

This blog post from BMI Lab outlines views on “how business model innovation can support efforts to decarbonize societies and economies” and “contribute to the fight against climate change”. BMI Lab’s business model approach is “combining the traditional elements of a business model—who, what, how and value—with the concept of the triple-bottom-line—people, planet & profit.” BMI Lab proposes integrating initiatives such as, “expanding the participation in the circular economy, shifting towards more service-oriented business models, helping customers drive their efficiency, and integrating downwards in the value-chain to create value for end-customers” as priority approaches for employing efficiency and effectiveness.

Many have come to realise the gravity of climate change at local and international levels. Ceres is a technology and engineering company that aims to play a key role in a global transition to clean, affordable energy in the efforts to tackle climate change and air pollution. Core issues they focus on include water scarcity, bioenergy, sustainability, and a cleaner environment. To do this, they advocate for designing and building a “sustainable ecosystem around their product”: from addressing system development and support for customers, through to fostering strategic and mutually beneficial system partners.



Case study 3: New business models and frameworks for human rights

The [*Rethinking the Human Rights Business Mode: New and Innovative Structures and Strategies for Local Impact*](#) report from the Human Rights Initiative in 2017 highlights several strategies that NGOs and other organisations can consider as an alternative to “setting up as non-profit entities financed primarily through foreign and charitable grants”—a widely used business model for many human rights organisations, especially in low- and middle-income states. It presents the structures they can adopt “with a view to enhancing their impact, sustainability, and resilience.

In the report, the author puts forward the argument “for applying the concept of ‘business models’ to human rights NGOs”, to support looking at new “areas for potential innovation according to function rather than form”. Rekosh employs a business model framework for considering the categories of revenue streams, partners and resources, the different clients and cost structure, as well as outlining approaches and structures that organisations could use, “with a view to enhancing their impact, sustainability, and resilience”. Additionally, [Open Global Rights](#) seeks to bring together ideas, innovation and tools and provide a space for sharing diverse views and data that supports potential “new business models for human rights”.

This series of articles, [Closing space for civil society?](#), [Funding for human rights: How do human rights groups worldwide mobilize the resources they need?](#) and [Local funding for human rights](#) explores “whether and how non-governmental human rights activity can be developed outside the prevailing framework”.

Case study 4: Adapting operations and programmes in the context of the COVID-19 crisis

This [article](#) looks at ways some funders worked to better support NGOs to suitably respond to the COVID-19 crisis, including increasing the flexibility of funding with the intent to enable organisations to quickly pivot activities. Similarly, there were many examples of CSOs working quickly in efforts to respond to the changing needs and adapt their programmatic approach to better support their communities. Some examples include:

- [Action Against Hunger](#) worked with Somalia's Ministry of Health in efforts to share key pandemic health information around prevention and to ensure this information was reaching vulnerable communities, which included using different forms of transmission including radio, pamphlets, and mobile communication.
- [Restless Development](#) reformulated efforts to focus on training youth to “help collect young people's insights on the effects of COVID-19 on their communities to inform future programming” through building skills in data capture and different research methodologies.
- [Sightsavers](#), informed by gaps reported by partner agencies, modified existing health programmes that were treating other diseases to deliver behaviour change messaging to communities on ways to prevent COVID-19 transmission, and mobilised the organisation's pre-existing community volunteer network to share this information.

Some INGOs were also capturing data and using existing knowledge on health emergencies to inform rapid needs assessment and emergency responses (see these efforts from [Tearfund](#), [World Vision](#), [Wateraid](#), [Oxfam](#), [Islamic Relief](#)) and inclusion of minority or most vulnerable groups ([Age International](#), [Bond's Disability and Development Group](#), [Motivation](#)).

Research, reports & policy papers:

- [Domestic constraints on the global impact of US development transnational NGOs](#), *Development in Practice*, 30:6, Mitchell, G. E. & Stroup, S. S. (Sept. 2020). This article looks at the impact of cultural dynamics and regulation requirements for global NGOs headquartered in the US, in which the authors posit that the “prominence of US-based organisations in Transnational NGO (TNGO) governance structures” that centre around “features of the US environment” can have “significant repercussions for the sector as a whole”.

- [Rethinking the Humanitarian Business Model](#), Center for Global Development, Konyndyk, J. (May 2018). This brief contends that “humanitarian reform efforts in recent decades have underperformed because they have focused on enhancing coordination without realigning funding incentives”. It explores trends in humanitarian response such as unconditional cash programming, different approaches to needs assessments, and the use of emerging funding mechanisms, and outlines ways to mitigate the risks involved with disruption to traditional humanitarian business models.

Conceptual frameworks, guides, resources & practical tools:

- [Explore Business Models](#), Humanitarian Innovation Fund (HIF), Enhancing Learning & Research for Humanitarian Assistance (ELRHA). Provides a learning platform collating resources and exercises to help practitioners and leaders explore business models with the potential to transform the way solutions are delivered and better ensure sustainability and scalability.

- [A Guide to Successful Operating Model Transformation](#), Center for Excellence in Operations. This article explores ways to achieve effective and efficient operating model transformation, including, among other prioritised factors, an emphasis on the premise that “transformation requires a systematic approach.”

- [Four ways for international NGOs to tackle their organizational challenges](#) BCI Global (Mar. 2020). In this article, business consulting and advisory firm BCI global looks at how “shifts in focus of activities, sources of funding and complex geopolitics have a strong impact on the operations of INGOs” and the different funders becoming active in the aid sector. BCI Global explores four scenarios specific to INGOs, and how they could more effectively respond to these changing international landscapes.

Other interesting reads:

- [Introducing Amateurs without borders](#), HistPhil (June 2021). In this post, the author introduces her new book, [Amateurs without Borders: The Aspirations and Limits of Global Compassion](#) which looks at the “rise of new actors in the international development world” and explores the benefits and challenges for volunteer-driven grassroots international non-governmental organisations.

- [A Covid-inspired rethink of the humanitarian system](#), Geneva Solutions, Cook, P. (Dec. 2020). Geneva Solutions talks to World Economic Forum’s Global Future Council member and CEO of ODI, Sara Pantuliano about the “rethinking of current operating models in the sector”, and discusses the potential for cooperation around innovation, support to local actors and approaches for how technology can be used in humanitarian responses in a way that will not leave certain populations or communities behind.

- [The digital-led recovery from COVID-19: Five questions for CEOs](#), McKinsey Digital (Apr. 2020). Several business CEO’s answer questions on accelerating digital transformation and discuss key lessons from the 2007–08 recession including how “the companies that move early and decisively in a crisis do best”.

Podcasts, conversations & platforms:

- The Displaced Podcast from the International Rescue Committee holds conversations with “humanitarians, foreign policy makers, and innovators

to understand how they think about and tackle global crisis". The following episodes discuss operating models:

- [Jeremy Konydyk on the flaws in the humanitarian business model](#) (Sept. 2018). "Bureaucracy, turf wars and miscoordination are part and parcel of the UN and the aid sector, but the UN is what donors make it", discusses former head of disaster relief for USAID.
- [Owen Barder: we need an alternative to refugee camps](#) (Aug. 2018). The Center for Global Development's Owen Barder discusses alternative business and funding stream models for the sector, such as how "moving to cash aid could spell the end for refugee camps".

- *Civil Society Futures and Innovation Podcast: [Between Power and Irrelevance: Are International CSOs actually looking at shifting their roles?](#)*

Academics and practitioners discuss the issues of power, relevance and legitimacy of international CSOs with each other and more broadly across the sector.

- *Underscore Transformation Podcast: [Episode 10 – Target Operating Model Design](#)* discusses the challenges that surround making changes to policies, processes, systems, and team structures.

- Restless Development's series of [Youth Power Global Solidarity Meetups](#) seeks to provide a "space for the youth community to share opinions and promote global solidarity". The platform's [#FeelingRestless series](#) also shares information geared towards youth on the COVID-19 pandemic.



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This project was developed in partnership with the [RINGO Project](#), hosted by [Rights CoLab](#). Many thanks to the IKEA Foundation for supporting the initiative.

The RINGO Project is a systems change initiative that seeks to transform global civil society to respond to today's challenges, aimed at reimagining the role of the international non-governmental organisation.

As a part of the project, this thematic series maps various initiatives under key areas that cover decolonisation, finance and funding models, technology, leadership, ways of working, partnerships, and business operating models.

The purpose of this resource is for the use of practitioners in keeping up to date with the evolving discussions in this area, and promoting greater awareness of actions, knowledge-sharing, and collaboration among humanitarian actors of the role of INGOs in spearheading, facilitating, or supporting change in the sector.

The Centre for Humanitarian Leadership is an innovative collaboration between Deakin University and Save the Children that combines good humanitarian practice with academic rigour. Our mission is to lead and influence change within the humanitarian system through critical analysis, transformational and disruptive education and research, and meaningful contributions to policy and practice.

Rights CoLab is an open platform for facilitating collaborative efforts to advance human rights, among experts with diverse perspectives in the fields of civil society, technology, business and finance.



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