

## Twinning as an effective strategy to graduate NGOs into successful enterprises

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In 2002, the International Network for Bamboo and Rattan's Livelihoods and Economic Development Programme (INBAR/LEDP) and Indian partner Centre for Indian Bamboo Resource & Technology (CIBART) established the Konkan Bamboo and Cane Development Centre (KONBAC). This non-profit organisation is dedicated to generating livelihood opportunities for rural artisans and farmers through the creation of eco-friendly bamboo products. KONBAC developed a business ecosystem that helped production units attract, source and fulfil orders. As demand and volumes increased, cash became a serious constraint upon growth despite considerable potentials.

To address cash constraints, INBAR/LEDP decided to set up inclusive social enterprises “twinning” with existing daughter/partner NGOs under the banner ‘NATIVE’. Both would work in tandem to increase return and develop sustainably while addressing the triple bottom line of “People” and “Planet” through “Profit”. In Konkan, INBAR helped KONBAC establish a sister for-profit company, NATIVE KONBAC Bamboo Products (NK) in 2009. KONBAC employees and the communities involved with the NGO became enterprise owners.

This “twinning” of a non-profit organisation and a for-profit social enterprise with unified goals enabled operations to accept capital investment from the private and public sector, as well as to invest in infrastructure and retain professional staff, enabling the business to grow sustainably. In the current financial year, NK has increased from under a million to 90 million Indian rupees (INR). New sources of funding (credit/equity) meant that KONBAC did not have to rely solely on grant funding anymore to continue its work – grants commonly last 3 years and often result in financial stress. More importantly, shareholding and co-owning has empowered the artisans.

Today, NK is valued at INR65 million (US\$1.2 million at 9.8x the original share value), following an initial equity infusion from primary stakeholders and a working capital loan of INR5 million (US\$92,180) less than four years ago. The most recent private cash infusion of INR25 million (US\$456,375) came from Maitreya Rural Growth Venture Pvt. Ltd.

NK is doing substantially more business than KONBAC ever could, while the latter continues to carry out activities such as bamboo resource generation and back-end processing with local communities, gradually benefitting and involving more artisans and farmers in the manufacture of high-value and high-volume bamboo products. Since 2009, the number of artisans has grown from 260 to 1,400; 420 are directly employed by NK and average salaries have increased by 50%. The number of farmers involved has grown from 550 to 1990; these now earn 60% more for a bamboo pole than in 2009.



Twinning of a non-profit with a for-profit is a unique model that enables two-way social and economic empowerment of the rural poor. The enterprise's sustainability ensures long term continuity in KONBAC's work while benefitting and empowering larger numbers in poor, rural areas without having to rely only on grants. The success of NK as a business model was awarded the first prize at the 2011 Sankalp Award, India's largest award for social enterprises.

To bring the twinning concept to life, grant funding was initially needed for developing a pilot site. NK's success demonstrated the model's benefits. This was then refined and shared with other partner NGOs, with several inclusive social enterprises having since been set up in India and Africa.

By improving livelihoods and developing local economy, twinning has also helped to curb a growing migration trend from villages to the cities. Mr. Satesh Haldankar is an artisan and NK shareholder from Kudal. After 7 years spent working for KONBAC, he explains that this enabled them to break the long held annual tradition in the Konkan region of migrating to Mumbai for jobs.

As an unconventional concept for rural development, and one which shifted the boundaries between non-profit and for-profit, twinning encountered resistance in its first steps. Investment from a benevolent vehicle is essential during the early stages of any twinned enterprises. NATIVE companies have grown and built positive track records and are now being funded by the National Mission for Bamboo Applications, Friends of Women World Banking, and Lamp Fund (BASIX). However, to develop inclusive social enterprises with other existing NGOs, other factors/contexts also need to be considered to find adequate resources and networks.

INBAR/LEDP envisioned a network of NATIVE social enterprises that could also include existing and independently set-up social enterprises - provided they conform to being 'Inclusive, Equitable, Profitable and Sustainable'. NATIVE companies are social enterprises that go beyond working with rural communities, the latter having the best of both worlds - the non-profit and the for-profit. Unlike most existing social enterprises that carry out social work but are privately owned and managed and do not include the community, twinning includes the latter by giving them co-holding and ownership. The NATIVE Charter is bringing about a paradigm shift in development by ensuring that each and every stakeholder is involved through equity and ownership.

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