

How Digital Transformation is Empowering and Challenging Non-Profits

IRC NGO & Not For Profit Practice team | Dec 1, 2020

On 15 October 2020, IRC Global Executive Search Partners convened back-to-back virtual roundtables with leaders of seven international non-profits to discuss the impact digital transformation is having on their own operations and the communities and individuals they serve.

The increased reliance on information, communication and technology tools to carry out their mission, communicate among staff members, and engage beneficiaries and donors, is changing the way non-profits operate, bringing both challenges and opportunities amid a widening digital divide and a growing need for intervention among increasingly vulnerable segments of the global population.

Executive Summary

- The growing need for critical relief efforts is posing a challenge to the core mission of non-governmental organizations (NGOs) across the globe.
- Restrictions on physical contact are challenging conventional fundraising and donor engagement modalities, pushing visibility campaigns online.
- A widening digital divide threatens to derail sustainable development goals, especially in education and women's empowerment.
- Reliance on fewer large donors represents an existential threat for many non-profits, underscoring the need to employ new means of engagement.
- Onboarding and inspiring the next generation of non-profit leaders is challenging amid an accelerated shift toward remote work environments.
- NGOs that were behind the curve in digital transformation have been forced to play catch up in 2020 as a matter of survival.

Non-profit organizations have faced an incredibly challenging 2020, a year in which the size of the vulnerable population around the world has grown dramatically as quarantine orders shuttered businesses and international travel ground to a halt. Measures imposed to mitigate the threat to public health disproportionately impacted the poor, whose access to digital education and employment opportunities is limited. A slew of environmental disasters, meanwhile, including wildfires in the Amazon, Australia and on the West Coast of the US, followed by the most active hurricane season on record, have brought the existential threat of climate change to the fore as governments grapple with the need to decarbonize the global economy.



Anybody unconvinced about the need to digitalize, as a matter of survival, has been taught a brutal lesson in 2020. "The discourse at the moment is around a human rights approach to digital access," said JET Education Services CEO James Keevy. Based in South Africa, JET's mission has been to contribute to the transformation of the country's education sector to overcome the legacy of apartheid. Digital access can be an equalizer, but the lack thereof can also deepen inequality, Keevy noted, and in the last couple of months, the most disadvantaged have been even further disadvantaged, while those that were advantaged, have gained.

NGOs invariably straddle the digital divide, with one foot among high net worth philanthropists, the other among the world's poor. Face-to-face meetings with foundations are out this year, and mastery of virtual fundraising platforms, very much in. For many NGOs, digital fluency and the ability to work from anywhere on the planet, amid hyper uncertainty accompanying war, pestilence and famine, is part of their DNA. The Hunger Project (THP), for example, works in 13,600 villages across 22 countries, and has long operated decentralized field offices that collaborate via digital platforms and utilize the best available technology it can borrow, said CEO Melanie Noden.

Technology has enabled more efficient and effective operations for THP, Noden said. The ability to aggregate data from mobile phones and tablets in the field in real-time has been a great asset to the group, both to monitor and evaluate the impact of its work so communities themselves can work out the gaps and what is still needed, and also to inform donors, she noted.

Data analytics is becoming increasingly important as THP works to ensure ongoing engagement of its members. Under the current circumstances, the small network of large donors has been a blessing, allowing the organization to continue nurturing those relationships through direct contacts, but in the long run, THP needs to grow its community and engage youth more to be a sustainable model, she acknowledged. Like many other non-profits, THP needs to implement an effective digital strategy to diversify and broaden its investor base, Noden said.

Opportunity International, which provides innovative financing solutions to break the cycle of poverty across Africa, Asia and Latin America, has been encouraging traditional finance companies to establish a digital footprint as it transformed the way it provided its own services, according to former CEO and Global Executive Director Robert Dunn. The lockdowns imposed across the globe in mid-March 2020 demonstrated just how critical that digital transformation is to remaining relevant, he said. "For organizations that weren't digital, they really felt it. This has been something we've been trying to reach for a long time," Dunn said.

There's no money for business as usual international development agencies, Dunn said, noting both Opportunity International and BaptistCare, a faith-based non-profit he chairs, had raised more in 2020 than the previous year, notwithstanding the wildfires which ravaged Australia and could have diverted donations to a more visibly pressing cause. Social giving could drop by as much as 10% in Australia this year, Dunn said, noting Opportunity was facing a similar situation as THP in the demographics of its donors, with a small number of supporters who give generously contributing the lion's share of its budget.



Local relief efforts tend to receive more funding at the expense of international causes in the aftermath of natural disasters, and Australia has had its share with extreme drought followed by massive wildfires, Dunn noted. Older demographic donors helped buoy contributions, however, he said, and many who could afford to donated government stimulus checks.

As everything went virtual in the second quarter of 2020, the reconnaissance missions abroad, or Insight Trips, as Opportunity International calls them, were grounded, and virtual tours, whether live via zoom, or pre-recorded, have become the de facto norm. "If you just take the slider forward, it'll be done one day with virtual reality," Dunn said. On the plus side, "that means you don't have to lose a whole week-and-a-half of your life and get on a plane and do all that stuff", Dunn noted. As beneficial as that experience was, for many, it's now off-limits, he added.

Many non-profits have been highly successful at fundraising on virtual platforms, but the enormous potential to build online communities to share common interests and practices, has hardly been tapped. The impact of social media on traditional media has been profound, and new delivery channels continue to emerge. The debut of rapper Travis Scott's animated presentation, Astronomical, via Fortnite, a video game developed by Epic Games, garnered a live audience of nearly 30 million people, for example, Dunn noted. "Who do I want on the board? People who know how to do that stuff."

Non-profits need to master digital platforms to optimize their core operations, but they also need to be aware of where different generations of donors get their news and information, and of the changing norms and expectations these donors have about how their contributions will be utilized and accounted for, said Kevin Lampen-Smith, General Manager External Strategy and Engagement at WorkSafe New Zealand and Chair of DCM, an NGO dedicated to ending homelessness in the city of Wellington.

"You're trying to take these people on a journey with you as they journey through their life, and it's impossible unless you connect with them," Lampen-Smith said. Organizations of all types need to understand and leverage the changing media landscape in order to have a real impact, he added. "Do you understand the social algorithms that are driving information to our youngsters?" he asked, adding, "From a governance point of view, if you've got the wrong people at the board table, you're going to miss out."



Digital platforms have allowed even the largest global organizations, like the International Finance Corporation (IFC), to become nimble, onboard staff, carry out due diligence and close transactions remotely, noted Senior Investment Officer Chish Mawoyo. The IFC has added disruptive technologies to the sectors it has invested in historically, namely agribusiness, health, education and infrastructure, Mawoyo said, having recognized that it can accomplish its mandate in this new vertical as well. "We've

seen there are some technologies that you can invest in that can bring about the same mission of achieving inclusivity, the same mission of achieving growth, the same mission of achieving development," he said, citing the example of Africa's homegrown mobile banking platform, M-PESA.

Despite the fact that many changes brought about in 2020 may be temporary measures, there are elements that will become permanent, said VEI CEO and Water for Life Director Marco Schouten. Reduced international travel, for example, may be here to stay, he noted. "That means we need to think now about changing the business model in which we operate, and also how we do fundraising," Schouten noted.

VEI is an international joint venture through which five Dutch water operators implement their corporate social responsibility (CSR) policy to contribute to clean water and sanitation. The adoption of new technologies is having a tremendous impact in the water and sanitation sector, where sensors, software and smart meters are empowering utilities to minimize losses and improve service delivery. VEI and Water for Life are also using technology to explore new ways of engaging stakeholders and financing their operations, Schouten said. Online communities of practice, which Water for Life formed in recent months to share knowledge around critical water issues, is a mode of engagement that has proved invaluable in 2020, Schouten said. Digital tools have enormous potential for skills recognition, to build capacity and match supply and demand in a very significant way, Schouten added.

While some of these online communities were created in the height of a global crisis as a workaround to restrictions on contact and mobility, they will endure because they are very complementary to the normal way in which many non-profits like Water for Life build capacity, said Schouten.

"You can create communities in an online environment that you couldn't do physically, and I think that's the opportunity for a different way of engagement, Lampen-Smith agreed.

It's critical to combine technological fluency of younger team members with more experienced staff to optimize the effectiveness of an organization, said TECHO Regional Director for Development Pelayo Achondo. "If, as new generations, people don't mix their capacity to adapt to technology with people with more experience, I think that we're kind of lost," Achondo said. "The combination between a technologically-savvy new generation and people with more experience is really powerful, and we need to have it every day," he added.

TECHO is a youth-led non-profit focusing on housing solutions, habitat and the environment in slums across Latin America and the Caribbean. For the first time in its 23 years of operations, staff members have not been able to maintain physical contact with beneficiaries, he noted. "You are seeing families with no access to water or electricity; so asking for access to a smartphone, for example, it's a challenge," he said. The organization has responded with flexibility, however, broadening its mission to meet the immediate needs of its stakeholders by raising money for food and hygiene products instead of housing solutions, he noted.



Notwithstanding the efficiency and convenience afforded by innovative technologies, especially those that enable remote work and operational efficiency, interpersonal relationships are more difficult to cultivate without walking around an office, spending time getting to know fellow team members face-to-face, and building trusting relationships over coffee, Mawoyo said.

In a time of heightened anxiety, where individuals interpret risks and threats differently, it's been a challenge to look after the mental wellbeing of staff in the absence of physical contact, agreed Lampen-Smith. He said he's been encouraging staff members to "ring someone that you might have met in the tearoom" to force ad-hoc conversation, but acknowledged, "it's quite difficult to do".

THP had its first face-to-face board meeting in months recently, and it was incredibly productive, said CEO Melanie Noden. "I have also brought my team back into the office

a couple of weeks ago trying to get people together, because as humans, we need to do it together to have the greatest impact," she said.



IRC NGO & Not For Profit team: [Grant Pryde](#) (Asia Pacific Practice Group Leader), [Malcolm Duncan](#) (Global Practice Leader), [Pia Puebla Menne](#) (Americas Practice Leader), [Patrick Westerburger](#) (EMEA Practice Group Leader).