Integrating sustainability into business practices: a case study approach

World Vision Australia

Facts and figures

<table>
<thead>
<tr>
<th>Type of organisation</th>
<th>Not-for-profit – public company limited by guarantee</th>
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</thead>
<tbody>
<tr>
<td>Industry</td>
<td>International development, relief and advocacy</td>
</tr>
<tr>
<td>Turnover (2010)</td>
<td>$346.6 million</td>
</tr>
<tr>
<td>Head office</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Operations</td>
<td>More than 90 countries as part of World Vision</td>
</tr>
<tr>
<td>Employees</td>
<td>561</td>
</tr>
<tr>
<td>No. of travellers p.a</td>
<td>21.9 million (estimate)</td>
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The Journey - Building off a sustainable foundation

World Vision Australia (WVA) commenced operations in 1966 and is a member of the World Vision International Partnership (WVI). WVI is a partnership of over 90 interdependent national offices, most of which are governed by local independent boards or advisory councils. Each office has signed a Covenant of Partnership and abides by common policies and standards. WVA was established with a clear social mission dedicated to working with children, families and communities to overcome poverty and injustice.
Our Mission

We are a Christian relief, development and advocacy organisation that seeks to transform the lives of children and communities by tackling the causes of poverty.

The organisation’s core values build on the mission, as follows:

- We are Christian – motivated by Jesus Christ’s example and His love for all people without discrimination and conditions
- We are committed to the poor – and respect them as active participants in the relationship
- We value people – before money, structures, systems and other institutional machinery
- We are responsive – to life-threatening emergencies; and encourage innovation, creativity and flexibility
- We are partners – maintaining a cooperative stance and a spirit of openness towards others
- We are stewards – and manage the resources available to bring maximum benefit to the poor, whilst at the same time taking care to restore and protect the environment and ensuring development activities are ecologically sound.

WVA has built principles of broad sustainability across social, environmental and economic dimensions into the fundamental DNA of the organisation’s mission and values.

Awards

- 2008 Runner-up, PwC Transparency Awards
- 2009 Winner, PwC Transparency Awards.

Governance and strategy

In 2007 leading Australian organisations were focusing more on sustainability, and WVA realised that in order to remain credible and legitimate in discussions with these entities, it needed to demonstrate that it really was ‘walking the talk’. The initial priority was therefore to develop a sustainability report.

WVA were advised to use the GRI G3 framework to develop their initial sustainability report. WVA found it challenging to relate GRI to their core business activities. With hindsight, the framework led them to focus too much on reporting environmental sustainability to the detriment of quality and relevant social indicators (i.e. WVA’s core business). The 2007 report was delayed, environmentally focused with only a place-maker for social indicators which needed to be further developed and understood in the context of the organisation’s core mission and activities.

As a leading International NGO – taking responsibility to develop a better NGO reporting framework
As a result of this experience WVA was able to provide critical support to WVI as it worked closely with GRI and other international NGOs (INGOs) to develop the GRI – NGO Sector Supplement which addresses many of the difficulties experienced in developing social indicators for an NGO. WVA used the draft indicators when preparing its 2009 Annual report and WVI published its first Accountability Report using the final indicators in 2010.

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In addition, WVA found the PwC Transparency Awards a particularly helpful framework to use in building an integrated annual report. They also determined that ‘accountability’ in delivering on its core mission was a more relevant term than ‘sustainability’ for an NGO. Introducing the term ‘sustainability’ as it applies to broader organisational governance and processes initially gave rise to concerns that there may be some conflict or potential confusion with the long-standing use of the term ‘sustainable development’ by humanitarian and development practitioners within the sector which carries with it technical meaning in the context of programming. Early on the term ‘sustainability’ was often interpreted as being limited to environmental issues rather than broader organisational sustainability which also encompasses social and economic factors.

Driving ‘accountability’ back into the organisation through more strategic planning
In 2008, WVA also developed a three year Strategic Plan (2009-2011) which included 10 priority goals aligned to the core mission. Underpinning these 10 goals were some 330 management actions used to gauge progress, assess managers and measure success internally.

### Strategic Plan 2009 – 2011

Our Strategic Plan for 2009-2011 sets the following goals as we work towards our mission:

**Transform children’s lives**

We will facilitate and deliver best practice advocacy, humanitarian development program domestically and internationally, so as to provide the most effective help for the children and communities with whom we work.

- **Goal 1**: Support and influence the implementation of best practice humanitarian and emergency relief, advocacy, and international programs
- **Goal 2**: Implement best practice programs in Australia.

**Champion the child poverty agenda**

We will engage our supporters, partners and allies, including the communities with which we work, to fuel a social movement against poverty and injustice. We will be viewed as credible voice on behalf of the children and communities we serve and therefore be in a strong position to influence the actions of decision makers.

- **Goal 3**: Challenge and advance humanitarian and development thinking and practice
- **Goal 4**: Fuel a movement to engage the whole Australian community on poverty and injustice issues
- **Goal 5**: Influence the Australian Government, international institutions and foreign governments to adopt policies and practices consistent with the Child Poverty Agenda.

**Grow our resources**

We will increase our capacity to transform lives by growing our funding from the Australian public, Australian Government, corporations and multilateral organisations.

- **Goal 6**: Grow funding from the Australian Government and multilaterals
- **Goal 7**: Grow child sponsorship income from the Australian public and businesses
- **Goal 8**: Grow non-child sponsorship income from the Australian public and businesses.
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**Improve organisational performance**

We will conduct our operations effectively and efficiently, demonstrating accountability and transparency in all we do. We will be viewed by our donors and staff as excellent stewards of our people, our funds and the environment.

**Goal 9**: Drive continuous performance improvement  
**Goal 10**: Make strategic investments to position World Vision Australia as an INGO of the future.

In 2009, WVA reported on its performance against these strategic goals. It included an integrated ‘2009 in Numbers’ summarising a number of key statistics relating to programs, finances, people, gender, workplace safety, training and learning, as well as a detailed breakdown of WVA’s GHG inventory. This information was compared to prior year, but there were no targets (except for GHG inventory) and alignment to strategy or analysis.

With respect to performance against the 10 goals, there was only a qualitative ‘snapshot’ of achievements under each goal, making it difficult for external readers to assess whether WVA is on track or not, in delivering against its Strategic Plan.

**Development of a suite of reports to demonstrate performance against WVA’s ‘accountability’ goals**

To overcome some of the limitations in the Annual Report disclosures, WVA also issued the Annual Program Review 2009, which provides transparent reflection through detailed case studies of 14 relief, development and advocacy programs.

The issue of quantitative evaluation of WVA’s performance is a complex one, as each program undertaken by WVA has unique circumstances and issues. However, in 2009 WVA also produced its first ‘Annual Evaluation Review 2009’ focused on the outcomes and effectiveness of completed programs. This report is work in progress, but is very candid about the difficulties associated with measuring the success or otherwise of WVA programs.

Continual improvement and a realisation to look out even longer term when considering the impact of global mega-trends on the current strategy and business activities

The journey is continuing for WVA. Management is consulting widely and is about to ‘refresh’ its strategy and develop both the 3 year Management Commitments 2012 to 2014, as well as a 10 year Strategic Outlook. The work to date on sustainability and program evaluation has highlighted a number of strategic issues which are being addressed in the refresh strategy, not least of which are the need to: step up the level of advocacy around climate change, continually improve WVA’s own operational performance, revisit WVA’s long term development program strategy and build better alliances at the program level with specialist agencies around key thematic issues such as health and education.

**Stepping up the level of Advocacy**

In refreshing its strategy, WVA is considering the implications of global mega-trends like climate change, population growth, and urbanisation etc. over the next 10 years on the sustainability of their current modus operandi.
operandi. This exercise is focussing attention on a number of strategic and operational challenges facing WVA as it pursues its mission over the long term.

One area WVA has turned its attention towards is the need for increased advocacy to accelerate action on climate change. WVA understands that climate change and poverty are inextricably linked and that climate change will exacerbate poverty. It also understands that poverty exacerbates climate change – through the destruction of tropical forests, through the use of inefficient energy-hungry technologies, and through poor health and education and weak institutions which together make reforms difficult. Climate change is closely interconnected with other tremendous global challenges – poverty, disease pandemics, security threats, geopolitical shifts and tensions, economic instability, urbanisation and the technological revolution – each of which is gathering pace at every level: locally, regionally and globally.

How WVA responds to the threat of climate change will determine its effectiveness in achieving its mission for decades to come.

WV as a major 21st Century INGO and a civil society change agent, knows that it can never on its own implement the systemic change required to address global climate change and many of the other societal issues that WVA now deals with in its programs – that requires Governments around the world to take positive action.

WVA has taken on the role of global leader for the WVI partnership in climate change and environmental advocacy matters with a view to developing a uniform approach for each jurisdiction. Through its advocacy and the actions it takes itself, WVA management will increase the pressure it puts on Governments to both promulgate required mitigation legislation and regulation, as well as act more efficiently and effectively in the use of Government aid monies.

Leadership and employee engagement

In order to be credible in its advocacy role, WVA needs to be operating as a sustainable organisation. Over the last few years, WVA has undertaken a number of simple projects to reduce its operational carbon footprint and improve the energy efficiency of its facilities. WVA considered moving to a 5 Star Head Office building with increased access to public transport and better working conditions. However following the findings of a detailed scoping review, it was decided more prudent not to re-locate at this time. However, the Board and executive did commit WVA to achieve a target of zero emissions by 2017 for a selection of key Head Office indicators (air travel; car fleet; electricity; gas; paper). This will be achieved by purchasing carbon offsets where emissions cannot be sufficiently avoided or reduced to meet WVA’s yearly reduction target.

This commitment, which involves the purchase of some offsets, has been challenged by certain commentators as contravening WVA’s commitment to ensure that as much money as possible flows directly to communities. The WVA position is that its stewardship values require it to manage resources in a manner that brings maximum benefit to the poor and that it has a responsibility as a global citizen to play its part to reduce emissions, thereby protecting children now and into the future from the increasing impacts of climate change. In order to advocate credibly WVA must be living its values, and that means reducing emissions from its own operations as much as possible, and then buying offsets to support other global GHG reduction programs. WVA expects that some carbon offsets may even be generated from its development programs in the coming years.

There is a need for WVA to ensure that its approach to relief and development remains responsive to changing contexts

As an example of having to respond to global change, the increasing incidence of natural disasters caused to some extent by climate change is likely to result in WVA’s spending on humanitarian disaster relief work increasing over time. This may require a shift in the current balance of long term development work the organisation undertakes in comparison with humanitarian disaster relief work, or it may even require a more radical change.
An additional issue which WVI is grappling with is the increasing urbanisation of poverty. WVI's traditional 10-15 year Area Development Programs (ADPs) (funded by child sponsorship) was developed largely with rural contexts in mind, which has led to a range of challenges when applying funds raised in urban areas. Understanding how to work effectively with partners and communities in urban contexts has become a major area of focus for WVI. In 1950, only 30% of the world's population was urban. In 2008, more than half of the human population were living in urban areas. Currently, one billion people live in slums and over 750 million of them live without adequate shelter and basic services.

WVA is host to the World Vision Partnership Centre of Expertise for Urban Programming. In this role WVA is the global focal point for the development of WVI resource materials, funding models and strategic advice relating to high quality, sustainable urban programs.

**Hiring new skills to deliver WVA's required future services**

WVA have recruited new skills to deal with these strategic changes. By way of example, a new group has been formed, the Innovative Partnerships Team (IPT) to target partnerships and projects in climate change, health and program resources. This team has a blend of scientific know-how and commercial acumen with staff from a range of backgrounds in science, environmental studies, engineering and commerce.

The IPT is involved in a number of programs including the development and distribution of energy efficient stoves in communities. These simple stoves reduce GHG emissions by some 98% as well as providing other societal benefits including health benefits from reduced toxicity in households and the reduced need for women to collect fuel for cooking away from the home. In addition, the IPT is helping communities register carbon credits for the GHG savings, generating additional funds for the community. Down the track, the IPT will seek to calculate and report the social return on investment for projects like this.

**Resources and alliances**

In its forward planning, WVA believes it will have to work more closely with partners outside of WVI to drive longer term development. In a complex and interdependent world, WV acknowledges the importance of external partnerships to enhance its work in relief, development and advocacy efforts. Single sector approaches to global issues, including the fight against poverty are not likely to succeed.

Working effectively in collaboration with other organisations from across all sectors of society is not seen as optional – it is considered to be essential to meet shared challenges such as achieving the Millennium Development Goals or effectively managing the impact of climate change.

As it looks ahead WVA is considering how it needs to adapt its model to accommodate the likely increased humanitarian aid, adapt its development programs to the changing context, work with and partner other agencies in setting up a more sustainable and resilient communities, as well as increase its Government lobbying as discussed above.

**WVA is reviewing its funding model to ensure it meets changing needs**

WVA is exploring the role of existing funding models such as child sponsorship in response to shifts in its programming outlook (e.g. increased number of conflicts and natural disasters requiring emergency relief; increased urbanisation of poverty).

WVA's child sponsorship program includes a Donor Promise to spend all the monies raised through its major revenue raising program (child sponsorship) on the specific child's community. However, for many of the development issues WVA will face over the next decade and beyond, national borders and traditional rural/urban distinctions may have little or no relevance: the effects of climate change on an ecosystem are not contained within countries; choices made in one nation or even in one community can have detrimental consequences downstream; the trade in human beings operates across entire regions, originating in poor communities, moving across countries, through and into the developed world.
Except in specific circumstances (such as humanitarian emergencies or fragile states) WVA’s approach to development has shifted away from one of direct service provision to engagement with communities by working with and through partners to promote sustainable development. This approach is more sustainable as many of the partners (particularly local authorities and traditional community groups) were there long before and will be there long after WVA’s engagement. More funding is also being directed towards community mobilisation and capacity building of local groups, facilitating networks, ensuring access to information – activities which are less tangible (e.g. than building a school or paying school fees) and often have longer lead times. The need for increased advocacy is also more evident at the local, national and international levels.

While child sponsorship provides a secure funding base for ADPs and the WVI offices in countries which support ADPs, for countries without sponsorship programming maintaining sufficient levels of funding to support programs is more challenging.

Given the various factors at play there are an increasing number of populations, situations and programming approaches where child sponsorship in its current application may not be appropriate.

WVA has started, and will continue to develop revenue streams that can work on top of core sponsorship funding or can stand-alone, providing long-term funding or short term interventions across a wide range of sectors.

WVI’s global, regional and national office structure continues to be critical to the partnership’s ability to access disaster sites and run aid and development programs

In a number of developing countries there can be significant problems in getting aid to disaster sites due to logistical challenges caused by the nature and scale of the disaster. Host government processes can also be a contributing factor although in most cases disaster affected governments work with the international community to expedite the importation of relief items. WVI has established national offices staffed by local nationals in many of these countries. These local offices are supported by regional offices and key strategic WVI partners (like WVA in Asia Pacific). This national office framework has proven to be critical in enabling WV to get aid to distressed communities quickly, including supplies and material that may originate from WVA. In some countries it is also critically important for local WVI staff to have relationships with village leaders, who are key to the relief effort and being able to access and work with disaster affected populations. Many other NGOs who fly-in support, and do not have pre-existing relationships with local communities, find it difficult to gain access to disaster areas quickly.

**WVA must continue to drive sustainable development practices in the end to end delivery of all its programs**

WVA adheres to the industry philosophy for humanitarian and relief programs of ‘Build Back Better’. WVA has developed a suite of management tools to support teams at each stage of the program to deliver relief in an environmentally and socially responsible way.

**Crisis management and program establishment**

The onset of a crisis or disaster in a national office triggers a process leading to a declaration of category (external scale and impact) and response level (how WVI will respond). This declaration is relevant for all WVI offices including fundraising offices such as WVA. The national office mobilises a team to the disaster site to assess the extent of the damage and support required. Depending on how the disaster is classified, there will be up to two stakeholder meetings within 24 hours at WVA’s head office to determine the program, funding source (appeal or emergency funds), resources etc.

Responsibility for managing the program will either be the Programming Team at head office, or the Country Program Co-ordinator working with the national team. Whilst the central head office relief team is being scrawbled further information on WVI’s response and learnings from similar types of disasters is collated by WVI HO and sent to the program leader to support initial activities on the ground.
WVA has an Emergency Process manual with standards to be followed by relevant stakeholders. There is also a WVI HEA Response Standards Handbook which provides guidance on operational standards. Additionally WVI is committed to the Sphere standards which are internationally agreed minimum standards for disaster response and are the result of interagency collaboration. These cover areas such as water & sanitation, health, food, shelter, site and toilet planning etc. Compliance with the manual ensures that short term emergency actions minimise longer term environmental and social problems i.e. contamination of drinking water through misplaced toilets; destruction of farm land through misplacement of temporary camps etc.

**Sustainable supply chain**

Each WVI national office is responsible for assessing local suppliers. National offices often procure building products in country to meet the needs of the aid program. Local procurement may provide a more sustainable and cheaper option, reducing GHG from transportation and providing work in impacted regions. It is acknowledged however that this is an area which could be improved with formal whole of organisation policies and procedures on supply chain issues such as ethical procurement. This is an area WVI has commenced working on.

In countries where aid supplies cannot be procured locally, they have to be freighted into the country. WVA has engaged a single freight forwarding company that guarantees delivery to the actual disaster site (minimising potential customs issues). The freight company also allows WVA to select the ships with the lowest carbon impact to deliver WVA aid.

**Accounting and integrated reporting**

The Annual Report 2009 and other WVA publications contain examples of the outcomes of the programs. However, the evaluation and measurement of a program's success in achieving its objectives is extremely difficult, as there are multiple cause and effect variables to be taken into account. WVA understands the importance of measuring performance against program objectives, but are concerned that adopting simple metrics (which do not account for local context) to assess performance might actually lead to counter-productive outcomes.

For example, if the objective is to reduce the number of cases of water-borne stomach diseases, short-term success could be measured by simply accelerating the distribution of pills; however this may not be a sustainable solution as it may not address access to potable water, behaviours relating to use of water, especially for children, nor ensure that people understand why the diseases are occurring. A program of education at least, and possibly the establishment of a local medical centre might be a more sustainable option.

Evaluations are conducted within WVI’s design monitoring and evaluation framework, LEAP (Learning through Evaluation with Accountability and Planning), first published in 2005. While the organisation has had some success in evaluating the performance of individual projects it has recognised a gap in its capacity to aggregate this information and assess broader trends in its overall performance. WVA has undertaken its own analysis of past findings and is developing an improved ‘evidence-based’ framework for aggregated evaluation and reporting.

WVA’s Annual Evaluation Review 2009 analyses end of project and program funded by WVA. The document discusses program outcomes, as well as the issues faced in undertaking the evaluations. 5 case studies in the 2009 report highlighted some of WVA’s best program outcomes. WVA have not included KPIs in the first report, and outcomes cannot really be compared with original program objectives which will have changed over the 10 to 15 year program. WVA are therefore testing hypotheses and building evidence to better understand the variables at work on programs. This will include...
not making assumptions but the gathering and analysing of evidence based on multiple programs, and across a number of elements (as outlined in the diagram below, Figure 1).

Figure 1. Elements of evidenced based programming (adapted from Phil Davies, 2009)

Once the evidence gathered is more comprehensive, WVA will be in a better position to understand which variables are important in driving specific results and so should be monitored in future programs. Until WVA have more confidence in key program performance drivers, they will report outcomes from the national evaluations and provide case study examples of the work undertaken.

Finance is closely involved in both WVA’s operational sustainability activities, and well as in the response to humanitarian emergencies and the running of programs. When an emergency is notified, Finance has a significant role in determining the source of funds required to cover the likely cost of the program.

All funds allocated or committed to WVA’s domestic and international projects must be approved by its Field Allocations Committee. Finance personnel play a key role on this committee. Finance also ensures that monies are available for drawdown by authorised program teams when required. Funding commitments can be 12 to 18 months in advance, which makes this a complex cash flow exercise.

In addition, Finance has to manage the Donor Promise and ensure that monies raised for specific communities are allocated to and spent in that community. This exercise is quite manual and takes a
significant amount of time. It requires detailed analysis of timesheets and costs to match against funds raised by location.

Finance also gathers the GHG information and builds the GHG inventory for disclosure in the Annual Report.

Moving forward, the CFO will support development of the strategy and Management Commitments, with focus on: the budget process, resource allocation and determination of measures and targets. As Finance sits across the whole organisation, it is in a good position to support performance management, data capture and ongoing reporting of financial and non-financial metrics and KPIs.

As noted earlier, WVA’s 2009 Annual Report is already an integrated report as it provides financial, environmental, social and governance performance information. In WVA’s opinion the integration of these elements in its reporting may be a little further ahead of the integration which occurs in its current operational systems and processes. WVA is alert to this issue and is using its reporting as a lever to help bring clarity to its operational arrangements and highlight gaps for improvement and increased cohesion.

WVA has been working to improve its current reporting, and especially its ‘accountability’ framework. WVA’s accountability framework includes three guiding principles which aim to make WVA more accountable to its stakeholders, namely:

- Authentic Participation in Partnerships
- Reflection and Learning – to continually improve how WVA makes a difference
- Transparency.

These principles will be embedded in the refreshed strategy, with required actions and outcomes being built into the 3 year Management Commitments and manager and staff performance goals. As noted above, evaluation of programs will still be qualitative as the evidence gathering process is developed and refined.

Lessons learned
The WVA team embedded sustainable business practices throughout the organisation from the beginning; however, there have been many lessons learned some of which are noted below.

**Governance & strategy**
- Sustainability cannot be a ‘department over there’; it must be embedded into all operational processes and practices
- Organisations must ‘get their own house in order’, especially if they intend to advocate for change
- Understand sustainability in the context of your organisation and your strategy
- Identify areas of potential fraud and corruption in distribution processes, and take action to protect (in control) or circumvent (outside control) these risk areas
- Tailor key KPIs and qualitative outcomes to ensure they are relevant and material to measure/demonstrate performance against overall strategy and vision (i.e. especially social performance measures).
Leadership & employee engagement
- Drive accountability throughout the organisation to all employees by providing adequate training
- Recruit new skills to address new challenges, such as sustainability management
- Sustainability, or accountability, strategies must be reviewed and refreshed regularly to take account of major current as well as longer term global trends
- In order to get organisational traction, it is important to realise and communicate quick wins that are very visible to all stakeholders
- Build capability to meet changing strategic requirements; recruit new skills to address new challenges.

Resources & alliances
- Build local capacity and capability in your overseas locations, and allow communities to participate
- Get a better understanding of the organisation’s impact on its communities through better engagement, and build local relationships.

CFO’s department& integrated reporting
- Adopt a framework for integrated reporting, but tailor it to fit your strategy and required outcomes, not the other way round
- Review various reporting frameworks, and sector supplements, and adapt one to suit
- Systemise sustainability performance reporting wherever possible; use Finance to drive consistency in data management and reporting
- Manage the stewardship trade-offs; central expenditures are required from time to time for the longer-term efficiency and effectiveness of operations and program management
- Systemise sustainability performance reporting wherever possible; utilise Finance to drive consistency in data management and reporting across the organisation
- Undertake independent evaluations of achievement against planned sustainable outcomes and report on performance
- Avoid high cost ‘tick-a-box’ compliance driven reporting which is low value; focus on understanding key value drivers, building evidence and reporting on the right variables
- Prioritise resourcing for evaluation exercises around those aspects of programs that are most critical.