

ROADMAP SERIES: FUNDING MATTERS: HOW DO WE GO ABOUT IT?

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Girish started by pointing out two problem statements that were discussed in the session:

1. Funding Cycle: Few criterias to look out for with regard to funding
2. How do things need to evolve, especially in this situation of COVID19? How can the NGOs go back to funders and talk to them about the shift in programs?

With the current situation of COVID19, pandemic and lockdown, society as we know it is undergoing a transformation. It is evident that everything we do and decide now would have a lasting impact. It is necessary to engage in activities that are a priority right now rather than sticking to what had been originally planned. However it is also important to understand the different methods to be taken based on the type and vision of the NGOs. The second part is, how do we come to the funding part of it? Since all the funders are now focused on COVID related funding, how can we approach them with our program and take the conversation forward?

Managing Funding

There are primarily three parts to managing funding:

1. Lead Generation:

There are most commonly four types of donors--Individuals, High Network Individuals, CSR and International Foundations. An NGO first needs to identify its donors based on the funding strategy of the organisation. Given that the economy is currently in a down-wards trend, there is a possibility that CSR funds would shrink, therefore this is an opportune moment to reach out to individual donors and in-kind donations for funding. An important factor to bear in mind while identifying potential funders is that all the funding methods are difficult, therefore it is important to understand the area of work before approaching the funders.

2. Funding Conversion:

The second part of managing funding is can be broken down into three sub-questions:

- What do you take to a funder?
- What is the funder looking for?
- How do you have the funding conversation?

Girish emphasised on the need for NGOs to identify the narrative of their work before approaching funders. It is imperative to have clarity on what their “product” is. In addition to helping present a cohesive and crisp pitch to potential funders, this clarity also helps to refine the organisation’s programs and approach. The second part of the conversation is how to take the pitch forward. It is important to understand what the funders are looking for rather than simply focusing on what the NGO needs. It is critical to spend adequate amount of time on research into the funder before pitching in order to understand their vision statement, mode of operations and their previous donations. Girish also mentioned an important factor to keep in mind while pitching, that there is no such thing as a “no”, it is always to be considered as a “not now”. This means that even though the funder’s vision may not be in line with the NGO’s objective right now, there should always be a scope for a diversion which would allow for pushing the conversation forward.

3. Donor Management

It is important to keep the communications active in this period of lockdown. However, it is also important to keep the communication with potential funders short and crisp. Collaterals (website, pamphlet, brochure, etc.) used for the pitching should have adequate information as well as clarity of thought. There should be consistent branding that portrays the core vision of the organisation. The second part of the donor management is reporting. It is important to update existing donors regarding the program their funds are being used for and promptly update them if there are any diversions in the same.

Question Answers session:

1. How do you manage funding sources?

The focus is on two parts: How do you receive additional funding? How do you use the funds you have in the best possible way? There are cases where we get funding and there are cases where we get in kind support where you will get people to cover certain line items. With regard to receiving funding from Government, it is understandable that it takes a lot of time and there is often a requirement to go through a tender process. This may affect the timing and impact of the project in the community.

2. CSRs prefer providing funding to specific project. How can an organisation build contingency funds or a corpus to handle situations like this where planned projects are no longer running but more immediate concerns need to be addressed?

Once the fund budget is allocated, it is important for the organisation to split the fund for the different line items in the program. Although most corporate donors prefer providing restricted funds, a percentage needs to be allocated for overhead costs to properly run the program. It is important to communicate to the funders why that percent of the fund is being allocated to administrative expenses. In most cases, funders are cooperative and understand the need for this allocation. In the case of individual donors, they are usually not averse to providing unrestricted funds, which can be

utilised to build a contingency or reserve fund to deal with situations of uncertainty like the one we face now.

3. How can organisations come together and collaborate to scale impact of the project?

There is a lot of positivity in working together however the question is whether there exists the bandwidth required to build the collaboration and work together. The first step is to identify the network and the possible collaboration partners. Second step is to understand what are the right things to be created and resources that can be pooled in a common way. The third is to identify each partner's strength and split the work accordingly.

4. What can NGOs do to prepare themselves once they emerge out of the quarantine? How can they avoid competing among themselves for the limited funding available?

Once the lockdown is over, the first thing to do is survive. The first instinct for non profits is to go out and help others. However it is important for organisations to step back and make sure they are stable, their staff and employees are alright, and to take care of their primary beneficiaries. Once these basics have been covered, the focus can shift to expansion and transformation activities. It is also important to reduce even the minor cash burns, as these small measures can support the organisation in significant ways. Largely however, once the current pandemic situation ends, competing for funding will be quite similar to how it was before. The only difference would be that there is now a smaller pie of funding available so NGOs need to be strategic in how to use their existing funds, avoid fund leakages and build new donor relations.