

A Sector On The Brink :

Lessons from COVID for the NGO Sector in India

Over Apr-Oct'20, **Dasra worked with over 250 NGOs** with a stress test and on resilience planning to enable them to work through the crisis. While COVID-19 magnified the stress, all the stress drivers were already in place, which have been exacerbated due to the crisis. While the sector has been on a growth trajectory of budgets and scale, core resilience might have taken a toll and undone the gains of the past decade. There are critical lessons that we can apply to the sector and our organizations from the experience of the past year.

Root Causes of Stress

Over 40% of non-profits tested at the peak of the pandemic were at low resilience, and at risk of financial and impact shutdown especially over 12 months after the lockdown, with another ~31% risking stress if they did not take urgent bold actions.

1



Financial

- **Restricted funding base- 1 in 2 NGOs had a very restricted funding base** of which more than **60% was restricted funding**, limiting repurposing ability.
- **Limited ability to repurpose funds-** 2 in 3 NGOs managed to repurpose less than 30% of their funding base, which hindered their ability to reinvent their programs and adapt to changing circumstances.

2



Organizational

- **Leadership contingency plans- 1 in 3 NGOs did not have leadership / succession planning** indicating that they would face moderate to severe disruption in continuing operations in case of emergencies.
- **Board involvement- Only 1 in 2 NGOs felt that they received active and strategic support from their boards**

3



Impact

- NGOs took active steps to reimagine their impact in the face of reduced mobility and rising infections-
- **83% of NGOs recognized the need for greater non-linearity in their impact models for sustainability and scale**
 - 40% of NGOs had funding to implement programs for more than 12 months, suggesting immediate prudence but financial uncertainty in the long term

Resilience solutions that matter

1

Planning for Non-Linear Impact and setting bold goals

a



Communities at the centre

- Evaluating community's needs, NGO's core capabilities and mission, and proceeding in a manner that serves the former with the best of the latter
- Thinking through adopting a systems approach versus a siloed issue approach
- Putting long term impact at the core versus reactive immediate impact

b



Enabling digital transformations

- Digitizing internal ways of working and communicating
- Reinventing programs with digital elements to enable access eg. Whatsapp for education interventions, virtual hubs for national and international mentoring, call centre services for parents, pregnant women and children, etc.
- Using technology to spread information/awareness

c



Agile Collaboration

- Co-creating an organization's journey with the donors and community for maximum alignment
- Expanding outreach to involve stakeholders who believe in the mission and contribute time and resources
- Increasing engagement with community structures to enable smooth implementation

2

Focusing on Building Institutions

a



Strengthening organization, governance and leadership

- Having a Board that is heavily involved in organizational decisions, especially giving time during high stress periods
- Upskilling of staff to be able
- to re-invent and capitalize on opportunities
- Putting in place HR policies
- and programs in place to boost employee morale

b



Stronger financial acumen

- Strong understanding of the must-to-cover costs over a 12 month horizon
- 6-12 month assessment of probability of achievement of program targets
- Open and honest conversations with funders to work towards repurposing funds where required

c



Proactive funder management

- Understanding & ownership of organization's non-negotiables and values
- Giving dedicated time towards financial planning and future strategy
- Playing the role of communicator with the external and internal stakeholders

Insights and Learnings

“

“Doing the COVID Stress Test Toolkit was a very useful exercise to assess SNEHA’s sustainability. It forced us to re-look at our numbers, converse with donors, analyse our funding pipelines which was extremely helpful. The results were a wake up call on how we operate in order to still be impactful and relevant”

Vanessa Dsouza, SNEHA

“

“The SRIJAN team, equipped with tools and techniques shared by Dasra and with our own wisdom, experience and learning, applied them under a broad frame work (The Resilens Stress Test) and saw its utility in guiding key organization-level decisions during these times of turbulence”

Prasanna Khemariya, SRIJAN

“

“It is clear that the non-profit sector is playing an absolutely critical role during this pandemic. Yet, the sector is also facing its own set of severe challenges. At HSBC India, we work with a very large number of non-profits and therefore felt it was imperative to engage deeply with them to understand their concerns around financials, people, and risks and provide them the tools to navigate this crisis.”

Aloka Majumdar, HSBC India

“

“Our 2020 research with over 200 Non Profits , indicates that Non-Linear Scale as well as Sustainability are the potentially two most important elements a Non Profit Founder/CEO can focus on – as this will set up the NGO for long term impact and success. However most NGO leaders are unfortunately caught up too much in daily fire-fighting, and could do with support from Board and Funders on these strategic areas. “

Anant Bhagwati, Dasra

The Resilens Stress test has been deployed across 250+ non-profits and portfolios of leading foundations in India, and has been adapted for use in African countries as well. The toolkit and additional details can be found at- <https://www.dasra.org/covid-19-institutional-resilience-and-impact-optimization-toolkit-for-non-profits-and-funders>

If you'd like to further discuss resilience for your organization or your grantees, please reach out to anant@dasra.org and anantvijay@dasra.org.