

# COVID Stress Test Toolkit

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A toolkit enabling Indian NGOs and Funders to model worse case scenarios and prioritize critical actions to boost institutional resilience and optimize impact

# Corona virus cases are increasing globally and India is witnessing an alarming increase as well



Global Cases:  
939,436

Global Deaths:  
47,287

Indian Cases:  
5,916

Indian Deaths:  
178

As of 9<sup>th</sup> April, [John Hopkins Coronavirus Resource Center](#)

- Containment and social distancing is likely to cause **major disruption economically and stress on public health system**
- The **disruptive effects from this pandemic are different than what nonprofits have faced in the past**. Natural disasters are bound by geography and a recession is contained, but **a pandemic cuts social and economic sectors , India and World**.
- In order to sustain impact creation, there is a critical need for **funders to support NGOs** by equipping them to undertake **stress tests** in order to survive and weather this crisis.
- According to McKinsey\*, the **hardest hit sectors may not recover till 2021** thereby high likelihood of funding disruption, as Dasra we foresee a **potential liquidity crisis** for many NGOs over the next 4-6 months.
- Further, funding loss is also tied to **NGOs having to manage increases in demand from communities**, concerns for the health and safety of staff and clients, and availability of workers who don't have the privilege of working remotely

# We are observing many economic and socio-political changes at a global and national level

## ECONOMIC CHANGES

GDP forecast predicts FY20 at **~3%** instead of earlier 5.5% - ET

**28%** Sensex crash in last 2 months likely to reduce the giving potential of HNIs - BSE

**~3 years** for most economies to return to their pre-pandemic levels of output - ET

Funds crunch post-Corona may force start-ups to shut shop – Business Today

**INR 2,000-3,000Cr** of unspent CSR funds for FY20, may be transferred to a COVID fund – The Hindu

## SOCIO-POLITICAL CHANGES

Between **8.8 and 35 Mn** additional people will be in poverty worldwide - ET

Nearly **25 Mn** jobs could be lost worldwide due to the coronavirus pandemic - ET

Increase in domestic violence with **290 cases** reported in 1 week - PTI

Lockdowns in most countries range from **4 to 11 weeks**

State government priorities to focus on COVID relief – pay cuts in salaries

# With potential 24 months bounce back period, organization leaders need to do some critical thinking...



# While funders and foundation, should deliberate on the support their portfolio organization could need...



To serve the communities and aspire for continuous impact, pro-active scenario modeling and “worse case” decision support is urgently called for

Funders and NGOs are recognizing this need and Dasra is keen to help

- **A wait and watch and see incremental approach is counter productive** during exponentially increasing crises as it will reduce the optionality over time pushing NGOs to the wall.
- Instead, this Toolkit enables NGO leaders and their Boards to work through scenarios, making assumptions and hence pro-actively planning decisions including aggressive ones to mitigate.
- There is also a key need for funders to realize the **gravity of the impending harm to NGOs and provide support to plan and execute on these stress management actions.**

# The Pro-active scenario modeling used 2 steps....

## STEP 1

### Identify Non-Negotiables, such as...

Keep communities safe and provide relief

Team and staff members are supported

Zero lay-offs during this fiscal year

Prioritize only urgent and critical expenses

## STEP 2a

### Macro Stress Indicators

- Economic Indicators: GDP forecast, stock market indices, government priorities, funders giving potential
- Disease Intensity: Disease spread in India, Disease spread in NGO regions
- Lockdown Period: Government instituted lockdown, Organization instituted lockdown

## STEP 2b

### Micro Organizational Stress Indicators

#### Institutional Resilience

Build capacity in the organization to sustain what's critical and recover strongly

#### Funding

Exploring funding scenario to sustain the organization from a short to long term

#### Costs

Costs that can be repurposed and renegotiated to induce efficiencies

#### Organization

The board, leadership and team's health, positive morale and support

#### Impact Optimization

Repurpose today's program portfolio enhance as relevant to enable social impact

#### Relief

Repurpose current programs to support communities with COVID relief

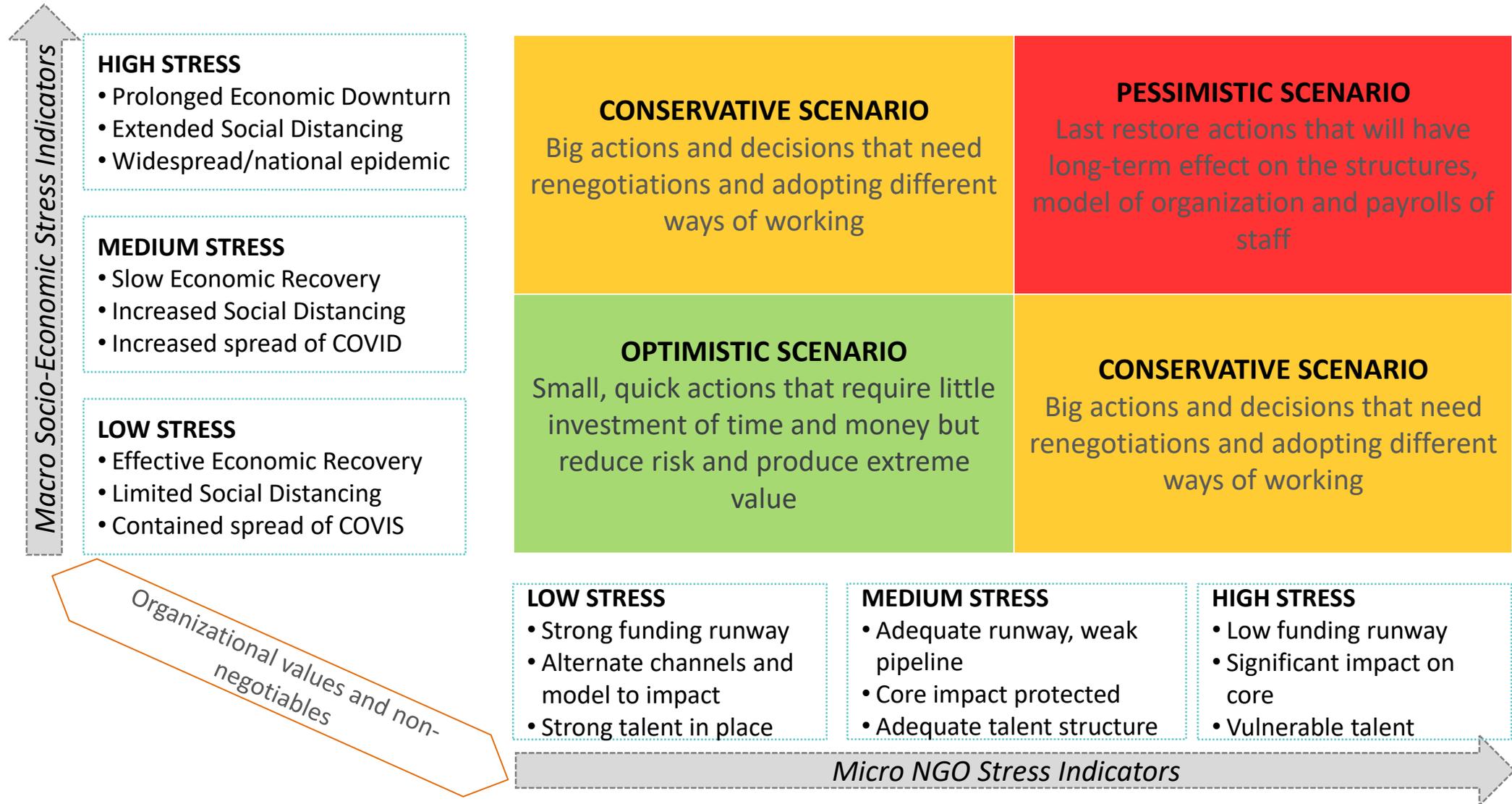
#### Restore

Maintain business as usual scenario to the best of the abilities to ensure continuous impact

#### Re-invent

Leverage best practices for cost efficiencies & create non-linear approach

# ....to create a scenario framework model



# Thereafter, take critical decision depending on the scenario placement of the organization -

## To be customized based on the Stress Test and 1-1 conversations

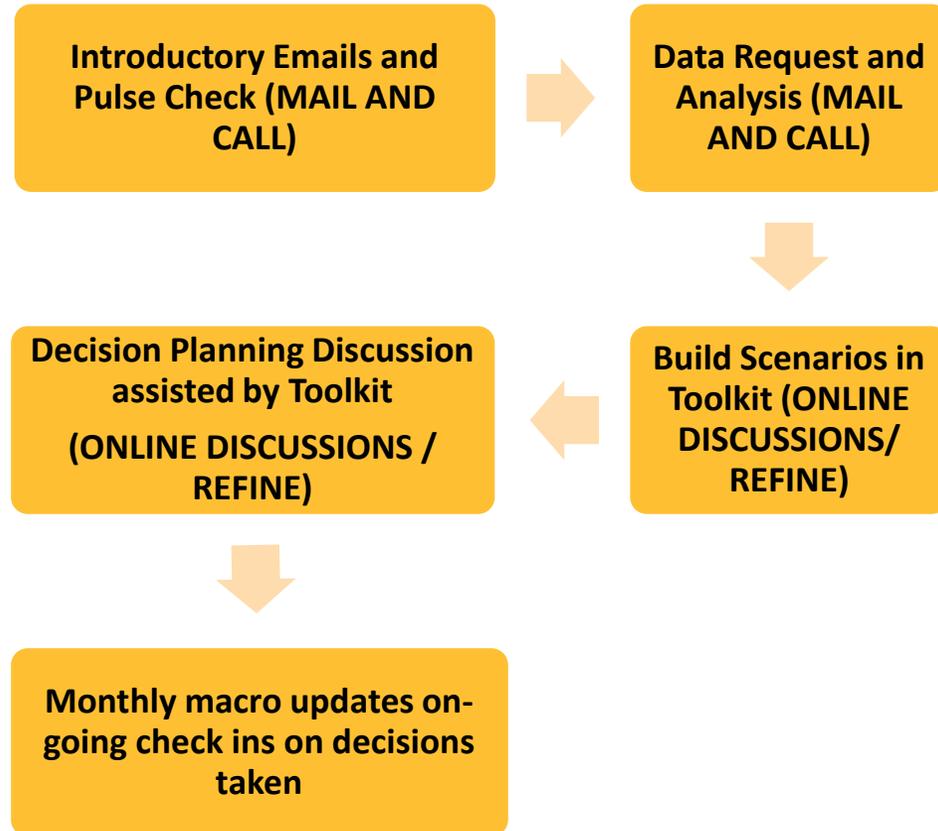
*Provide Options to aid the leader to plan pre-moment and align key supporters such as Board and Strategic Funders*

	OPTIMISTIC SCENARIO	CONSERVATIVE SCENARIO	PESSIMISTIC SCENARIO
Impact Optimization	Pause new and mission drift programs	Re-invent programs with potential to leverage digital/mobile channel	Scale back parts of the organization and programs
	Focus on COVID Relief program	Pause intense community serving programs with F2F interactions	Hibernate and Pause on all Programs
Institutional Resilience	Communicate with funders on realigning on focus and/or pause scenario	Contractual changes to minimize cost hits and repurpose to dire need costs	Payroll reduction for senior leaders
	Explore postponing all "Avoidable" Costs and hiring	Repurposing existing capital via funder negotiations	Pause on promotion, increments, incentives etc.
	Invest in strong digital processes for smooth work from home	Focused proposals for "bridge" funding	

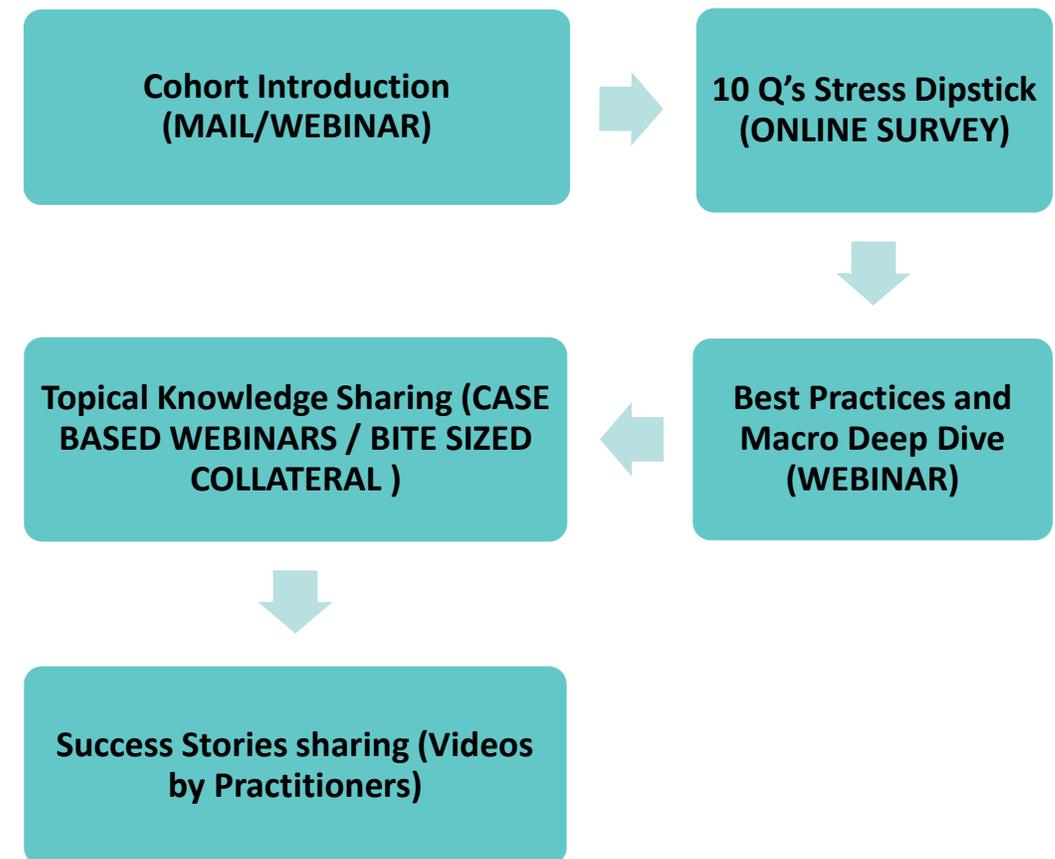
# Dasra is running two key streams in parallel, to ensure rapid and widespread support during this novel crisis



## **One on One** Hand Holding support to NGOs



## **Cohort Based** Cohort based support to NGOs



# Appendix

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# Institutional Resilience – Stress Test Questions for reflection : Based on 1-1's with NGO founders , leadership teams and key finance/program leadership (PAGE 1 of 2)

Lenses	Stress test questions (Impact Optimization)
<p><b>Funding</b></p> 	<p>Months/Amount of Funding which is locked and in bank from April versus Months + Amount of Funding confirmed to come in not in bank from April</p> <p>Amount of funding that in available for - Programmatic Payroll, Programmatic Non Payroll, Programmatic Sub-Contracted costs and Non Programmatic Costs (OVH and Leadership/Mgmt salaries)</p> <p>Months/Amount of funding and which funders are open to repurposing their programmatic grants towards non-programmatic uses ; Do we have the ability to re-tool and link directly to COVID relief funds <u>without</u> mission drift ?</p> <p>% of Funding from CSR Sources; % / amount of funding available in corpus; % amount of funding in reserves/investments</p>
<p><b>Costs</b></p> 	<p>% of costs which are unavoidable versus avoidable if need be vendor contracts</p> <p>% of unavoidable costs which can be re-negotiated via contract renegotiations including real estate &amp; IT vendor contracts</p> <p>% of HR cost inflation which can be postponed (eg , new hiring, increments planned, promotions planned)</p> <p>Costs to be incurred to support running BAU (license for zoom, laptop, other infrastructure support)</p>
<p><b>Organization</b></p> 	<p>What are the leadership roles for which there is low redundancy (eg Founder / CEO) in case they fall ill?</p> <p>How effective is the work from home scenario - what is the structure, people roles and processes put in place.</p> <p>Is there potential safety issues for either employees or extended stakeholders as an unintended consequence?</p> <p>How aware and aligned is the Board and Key Strategic Funders on the current risk levels and potential actions per unfolding scenarios ?</p>

# Impact Optimization – Stress Test Questions for reflection : Based on 1-1's with NGO founders , leadership teams and key finance/program leadership (PAGE 2 of 2)

## Lenses

## Stress test questions (Impact Optimization)

### Relief



How many programs are mission critical and how many can be realigned to support COVID

% of Programs (as of total effort) with high to very high reliance on frontline intensive F2F contact with communities

What is the strength of outreach/partnerships to enable COVID relief without major program disruption

### Restore



What is the different types of communities/outreach groups that need to be engaged with?

What is the non-negotiable minimum F2F interaction with communities to stay on mission ?

What is ability / potential of leveraging technology to continue programs

### Reinvent



1 year from now, can the programs continue to run leveraging digital technology & partnerships

Is there potential of revisiting the mission and operating model to increase productivity and efficiency