



# INSTITUTIONAL RESILIENCE AND IMPACT OPTIMIZATION TOOLKIT

*A toolkit enabling Funders to support their Non-Profits to model worst case scenarios and reinvent non linear models to keep a balanced focus post COVID-19, while weathering the storm during COVID - 19*

# Coronavirus cases are increasing globally and India is witnessing a spike as well

Global Cases:  
2,708,470

Global Deaths:  
190,788

Indian Cases:  
23,039

Indian Deaths:  
721

As of 24<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

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

Global Humanitarian Funding gap of **US\$ 14Bn** in 2019, likely to increase in 2020 - WEF

India's GDP like to grow **2%** in FY21- ICRA

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

**25%** retailers may be out of business after lockdown – Business Standard

**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

**290 cases** domestic violence reported in 1 week, a 1 month average - PTI

Unemployment rate in India rises to **23.4%** during lockdown – Live Mint

Indian state government take pay cuts in salaries between **25%-30%**

Indian government invested **0.8%** GDP in relief package - IMF

# And macro forces that have huge implications on the social sector ...



## SDG

### SDG goals will be set back , yet significant social sector re-inventions will occur

- Poorest of the poor and vulnerable will be hit first and find it hard to recover; migrants will be under great stress
- Sectoral defocus is likely and already happening, as the focus shifts towards COVID recovery



## Sector

### Re-invention of solutions will enable sector leaders to emerge and accelerate

- Digital enablement will accelerate and digital enabled models are likely to gain momentum
- Urban related themes: eg. city state resilience, core infrastructure buildout, healthcare systems strengthening
- Preventive technology informed healthcare
- Massive decentralization down to local communities and governments is missing in urban settings

### Livelihood enablement will be harder yet more crucial to build linkages across programs given its criticality

- Economically weaker states were high on unemployment pre-Covid, will see further economic weakness
- Education focus without livelihoods focus will be untenable as educated adolescents will demand jobs



## Government

### Reduction of global funding and centralization of funds for COVID relief leading to drastic funding reduction

- No new fund flows (esp UHNI and CSR) for 12-24 months likely outside of Covid umbrella
- Government funds will be directed to Covid relief and rehabilitation
- Increased energy from funders in seeking more information around how to shape their philanthropy around Covid

### Government will be even more critical yet its mindspace will be occupied by only some critical areas

- Healthcare security and income repair followed by livelihoods likely to be primary goals of the government
- Will be critical for NGOs to position their work as directly enabling the government and enable recovery/rehab



## Organization

### NGOs will likely become insolvent or go into hibernation over the next 12-18 months

- With disruption in funding and likelihood of limited cash liquidity NGOs will be hit the most
- Managing communities, internal staff members and continuing business as usual will be a challenge

# ... and the Funding Outlook is mixed, but likely to be difficult over the next 12-24 months

## CSR

Tied to the profits of the for corporate, CSR is likely to reduce on the whole. However, important to be sector savvy as sectors are going to show very different profit trajectories.

## UHNI

While their philanthropy will continue, the quantum is likely to reduce due to stock market value erosion, however - Covid redirect of funding is very likely in the short term.

## Indian Foundations

Typically large Indian Foundations are “own and operate”, and funds are likely to be channeled towards their own programs; likely to focus on current grantees

## Foreign Foundations

Funds which were disbursed globally may now be used within the country of origination to combat the crisis in their own geographies, which means a fall in foreign funding to India apart for some exceptions

## Retail funding esp. towards COVID Relief

The Government’s priority at this point is containment of Covid and mitigating the fallout. Retail donors and Smaller ticket UHNI donations as well as PSUs are therefore likely to increase their grant making towards Covid (and allied work)

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

Non Profits and Funders 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.**

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



# And with potential 24 months bounce back period, help their non profit leaders do some critical thinking...



# Funders and foundation leaders can respond by...

# 1

## **ESTABLISHING TRUST!**

Initiate conversations with their non-profit leaders, understand their struggles and concerns, help them prioritize, and lead with trust! And reiterate the belief strongly that evidence will follow as the sector bounces back, with even more impact and momentum.

# 2

## **TAKING A LONG-TERM VIEW!**

Avoid the classic knee-jerk reaction of doing more due diligence on the non-profits and taking stock of their portfolio at this point. Take a long-term view and recognize the role you can play in relieving the non-profit's stress by converting much of the current capital into "Non-Programmatic / Non-Deliverables linked" capital.

# 3

## **CALL TO ACTION!**

Join the Philanthropy's commitment during covid-19 with 355 other Organizations who have Signed the Pledge - [Click here](#)

## And recommend some immediate steps for their non-profit leaders to take

### 1/ Know your financial position

Know your monthly costs and income (money in the bank). Determine whether you have enough cash to sustain you for 1, 3, 6, 12 months. Plan for the worst. Assume funds not in the bank will likely be delayed, or not come through.

### 2/ Create a group of financial advisors

Adopt a CFO mindset, and identify 1-3 board members or strategic donors to be a part of your close group of advisors to help with financial modeling and planning.

### 3/ Conduct scenario planning and review

Determine 3 scenarios (best, conservative, and worst) based finances, and pandemic assessment. Create a plan of action for each scenario and review every 15 days. Think about reimagining the future but keep a laser sharp focus on the present.

### 4/ Communicate and align with stakeholders

Ensure open lines of communication and build alignment with key stakeholders, especially your government partners.

### 5/ Keep employees front and center

Ensure employee well-being, by helping them navigate their day to day, deal with the ambiguity, and coach and mentor them to stay positive and focused.

# Institutional Resilience and Impact Optimization Toolkit

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# The Pro-active scenario modeling uses 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

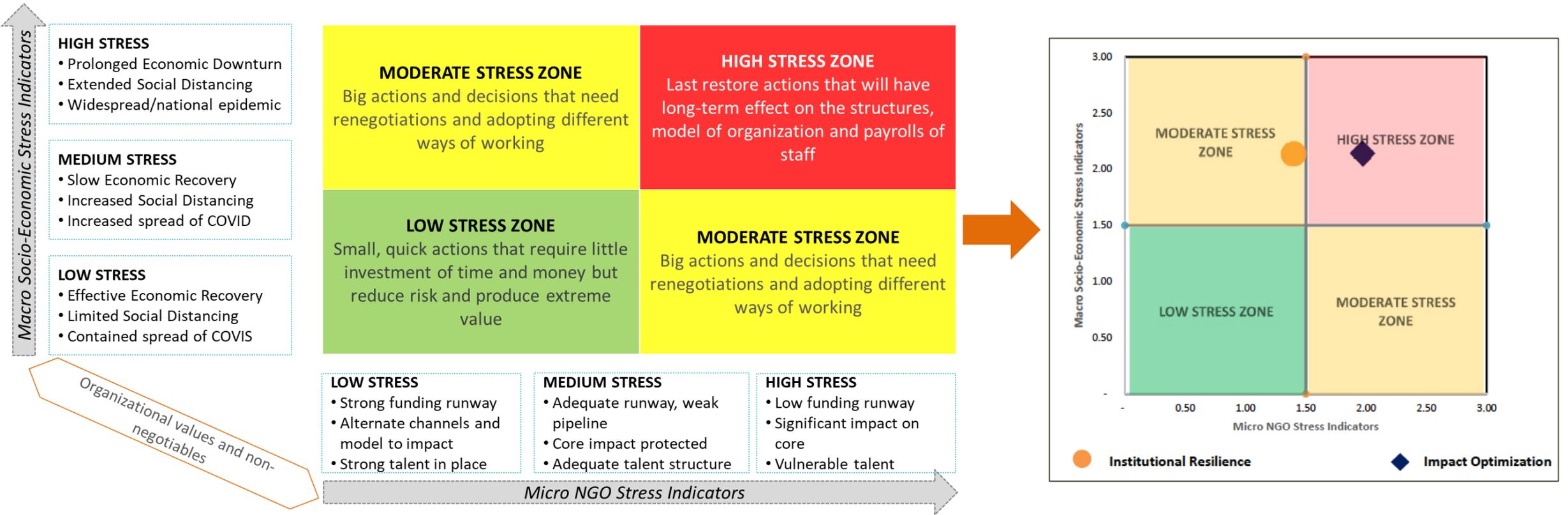
#### Restore

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 for today and tomorrow!



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

## Institutional Resilience: Financial and Funding Stability

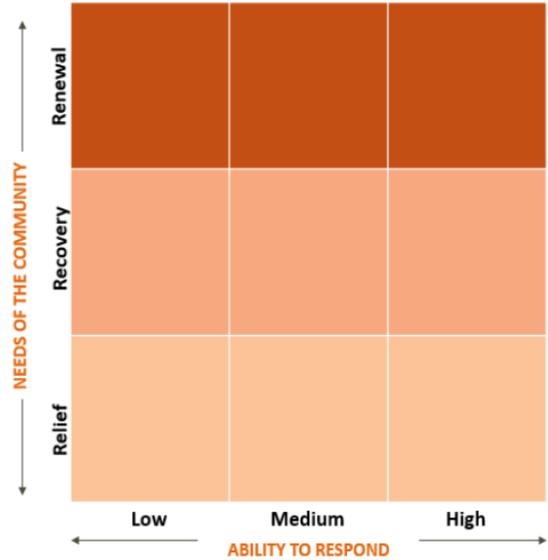
	No Regret	Risk Mitigation	Extraordinary Moves
<b>Cost Optimization</b>	<ul style="list-style-type: none"> <li>Postpone non-personnel costs/activities</li> <li>Delay promotion, increments and key hires</li> </ul>	<ul style="list-style-type: none"> <li>Cancel non-personnel cost/activities</li> <li>Freeze hiring by one year at least</li> <li>Reduce payroll of certain senior leadership</li> <li>Reduce or delay fixed costs expenses</li> </ul>	<ul style="list-style-type: none"> <li>Hibernate programs</li> <li>Cancel all avoidable costs</li> <li>Reduce pay-roll of all senior leadership</li> <li>Lay off staff members</li> <li>Push fixed cost payments by a year</li> </ul>
<b>Income Stabilization</b>	<ul style="list-style-type: none"> <li>Align with COVID-19 relief efforts and raise funds</li> <li>Realign funding proposals</li> </ul>	<ul style="list-style-type: none"> <li>Share a 'revised activity and personnel plan' with all donors to negotiate changes in programs</li> <li>Identify bridge funding proposals</li> <li>Repurpose funding proposal towards personnel costs</li> </ul>	<ul style="list-style-type: none"> <li>Realign focus to COVID-19 relief only</li> <li>Identify bridge funding proposals</li> <li>Repurpose funding proposal towards personnel costs</li> </ul>
<b>Funder Management</b>	<ul style="list-style-type: none"> <li>Share a 'revised activity and personnel plan' with trusted donors to negotiate changes in programs</li> <li>Invest in digital infrastructure; leverage donors for repurposing the funds towards this</li> </ul>	<ul style="list-style-type: none"> <li>Share a 'revised activity and personnel plan' with all donors to negotiate changes in programs</li> <li>Prioritize COVID-19 relief programs</li> <li>Build partnerships with the Government</li> </ul>	<ul style="list-style-type: none"> <li>Negotiate heavily with funders to revise and repurpose funding</li> </ul>

## Institutional Resilience: Organization Health

	No Regret	Risk Mitigation	Extraordinary Moves
<b>Leadership Focus</b>	<ul style="list-style-type: none"> <li>Leverage technology to stay connected with the community</li> <li>Identify morale boosting mechanisms for employees</li> </ul>	<ul style="list-style-type: none"> <li>Ensure digital infrastructure is provided to most of the staff</li> </ul>	<ul style="list-style-type: none"> <li>Ensure digital infrastructure is provided to 50% of the staff</li> </ul>
<b>Staff Welfare</b>	<ul style="list-style-type: none"> <li>Leverage board members' support in creating financial plans</li> <li>Invest in identifying a re-invention strategy</li> </ul>	<ul style="list-style-type: none"> <li>Identify evangelist board members to raise funds and provide support</li> <li>Identify a re-invention strategy</li> </ul>	<ul style="list-style-type: none"> <li>Identify a re-invention strategy for a 2.0 version of the organization</li> </ul>

# NGOs also need to evaluate the distress levels of the communities they serve in continuously from a current and future scenario

<b>Community Need</b>	Relief: Fulfilling basic humanitarian needs of communities
	Recovery: Bring the affected area back to some degree of normalcy
	Renewal: Introduce new mechanisms to reinvent to prevent future crises
<b>Ability to Respond</b>	Team: Core and field staff
	Capital: Financial capital available
	Support: Direct or indirect support from the government



## Impact Optimization

	No Regret	Risk Mitigation	Extraordinary Moves
Operation	<ul style="list-style-type: none"> <li>Continue as is, providing the amount of support in 1 areas of indirect impact of COVID</li> </ul>	<ul style="list-style-type: none"> <li>Realign the operating model slightly to support with few more indirect impact areas of COVID</li> </ul>	<ul style="list-style-type: none"> <li>Focus on reinvention thereby changing sector and intervention focus</li> </ul>
Intervention	<ul style="list-style-type: none"> <li>Current intervention of the organization, tailor to COVID relief. Eg, Health org to focus on increasing health awareness; education org to continue teaching through technology</li> </ul>	<ul style="list-style-type: none"> <li>Identify innovative/new activities within the current interventions to be able to support the communities; education org could provide food relief as it has close contact with the communities</li> </ul>	<ul style="list-style-type: none"> <li>Create new interventions to support the communities</li> </ul>
Capability	<ul style="list-style-type: none"> <li>Leveraging basic technology like WhatsApp, smart phones</li> </ul>	<ul style="list-style-type: none"> <li>Strong focus on partnership with CBOs, SHGs, other NGOs to deliver</li> <li>Higher technology support like laptops, tablets, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Complete reinvention and focus on technology to deliver new programs (non-linear)</li> </ul>
Funds	<ul style="list-style-type: none"> <li>Raise additional funds through CSR, Government and funders keen on supporting COVID relief.</li> </ul>	<ul style="list-style-type: none"> <li>Realign funding and activities to support program implementation and community support</li> </ul>	<ul style="list-style-type: none"> <li>Use parked / reserve funding to align to COVID relief</li> </ul>

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