

Fundraising for new NGOs – A quick guide

According to certain expert estimates, there are about 35,00,000 registered NGOs in India. This, of course, includes non-profit entities, political parties, temples and religious trusts and sundry. However, despite the variedness in cause and ideology, there is a big commonality among all these organizations, viz; need for funding in form of donations. Traditionally, in the United States for which the data is readily available, charitable giving accounts for 2% of the GDP. This figure in India is estimated to be just 0.37%. If one had to do some basic calculation on the back of an envelope, there is only a little more than INR 1.75 Lakh donated per NGO in India.

Now, this, of course, is an average figure and also, the 0.37% is an estimate. But even at this scale one can see how little is the size of the pie that the causes are vying for and therefore how difficult it may be to raise each Rupee. Given this, plus the added apprehensions of a majority of Indians about how the non-profits function and if the money given is being “used for the cause”, the life of a fundraiser in India is far from rosy.

For a new non-profit the avenues of fundraising are even lesser given the restrictive legislation and generally-accepted-donating-practices (GADP?) asking for 3-5 years of existence before they can receive funding. How does one exist for 3-5 years without mainstream funding sources like CSR, Government, Foreign Corporates or Domestic and International Institutions supporting them? Through this article, we try to explore the avenues for a new NGO to raise money through some non-conventional channels which do not tie them down in the 3-year existence clause. None of these channels are invented by us. They exist since ages but in the race of acquiring large funding, many NGOs tend to ignore these. Let's have a look at each channel one by one:

Non-CSR Corporates

While most large corporation who are required by the law to spend money in CSR abide by the 3-year GADP(!), there are 1000s if not more corporates who do not fall under the act and hence are not required by law to either donate under CSR or follow the market. These typically are corporates who fall under the SME band but also some international captive offices who are not covered under the CSR law. These companies, despite not being required to, are happy to support NGOs as part of their own community responsibility. Of course, their budgets may be smaller and therefore the funding too, but there is very less competition in the area as most NGOs are knocking on the doors of large private and PSU firms. Also, the smaller corporates are more likely to have a close relationship with the cause as they are likely to be more empathetic and less bureaucratic.

HNIs and Individuals

Each city or town has those 20-25 influencers who invariably are HNIs as well. The larger the town, more such potential supporters for a non-profit. These individuals in their own right chose to support causes that are close to their heart and may be able to not just give money but also lend the power of their influence for the cause. Any new NGO must look for such supporters as it will give them the funding and marketing edge.

Apart from the HNIs, there are also the normal Is. The people. Retail fundraising is a great way to build support for one's cause and many large NGOs even today rely on retail support as against institutional funding. A small and upcoming non-profit may employ many versions of retail fundraising in smaller units to garner funding support from people. Options include snail-mail (believe us it works even today), Tele-calling, Email, Online campaigns on social media and the one with the highest potential, Crowdfunding. These methods not only provide funding but also serve as marketing and communication platforms for your cause.

Crowdfunding is not a new thing in India. However, the term certainly may be. And of course, the technology is. One may recollect small community or school events organized by paisas and annas

collected from village folk across the country. Today, a cause may use an online platform to appeal to millions of people at once who may choose to give INR 100 upwards. There are many examples of successful crowdfunding campaigns which have raised millions of rupees. Platforms like Ketto and Milaap are being used by new non-profits and even individuals with a quick cause to support.

Events

Finally, events are another time tested, yet a rarely used method of fundraising. While you may see fundraising walks and runs every single weekend in your local newspaper, seldom do non-profits think beyond that. Events offer a great way of connecting with masses and popularising your cause. They also serve as a potential in and out channel for all other modes of fundraising that a cause may employ. Your current supporters may participate in your event and your event participants may go on to become your ardent supporters.

Events need a lot of creative thinking and hard work, nobody's patents. The key is variety though. Run-of-the-mill runs (pun not intended) and walks and dinners have been used and reused multiple times. As a new non-profit one must think out of the box and look for events that can capture the imagination of the people. Rest assured, you offer people something new to experience and support, people will join and donate.

Finally, fundraising for a new non-profit is a tough challenge and one must be ready to burn the midnight oil. However, it has been done by many and can be done. One just needs to believe and persevere.

All the best folks!