

Exploring new paradigms of social funding

Covid-19 has made funders relax rigid conditions. They are open to need-based funding, going beyond a project-based view

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The last couple of years have seen a deep questioning of what philanthropy means and does. Is it really changing the world and people's lives? Or, is it simply an opportunity for the wealthy and super-rich to strengthen their stranglehold on not just economic activity, but also on development, social progress and stability?

Today, in the wake of the current global pandemic, this questioning of philanthropy and its role in social change, has become even more significant.

The global financial crisis of 2008 eroded trust and confidence in capitalism. There is widespread belief that corporations pursue profit and market capitalisation to the exclusion of broader citizenship. Personal profit, wealth and renown seem to take precedence over equitable distribution of wealth.

Since the global crisis, we have seen the growing attention on sustainability issues, forced largely by the impact of corporations on climate change and environment, social equity and unfair trade prac-

tices. Though the CSR Act of 2014 was met with initial resistance, it is now being followed by companies.

Thanks to CSR, terms such as purpose, inclusion, and sustainability entered the corporate lexicon. There is increasing discussion on strengthening the role of civil society. Funding for social causes has steadily grown. More philanthropists are setting up operating foundations. Indeed, there are some complex unresolved issues: almost no unrestricted funding especially for organisation costs, unrealistic measurement expectations, a short-term orientation, and a band-aid approach to solutions. All of which that we need to tackle.

Change in the air

How is philanthropy changing today and how will it be able to effect change?

There is a growing dialogue between funders and grantees, particularly on strategy. These dialogues are moving beyond programme delivery to discussing strategy and organisation growth. This is a welcome change and one which funders in particular need to take seriously. This conversation on



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strategic direction is helping NGOs, (particularly smaller ones) plan for the future.

We cannot ignore the pandemic's impact on grassroots organisations working with and for marginalised communities. This dialogue has done a lot to enable funders understand what organisations need and fund them accordingly.

Also, both funders and NGOs are becoming increasingly flexible. This flexibility from a funder point of view includes ease in reporting systems, allowing for more unrestricted grants, and importantly, a willingness to consider need-based

funding. The pandemic has been an eye opener for funders in realising that immediate needs can be very different from existing programmes, and this flexibility is key.

On the other hand, grassroots organisations have raised their efforts to serve immediate needs of communities. Organisations working on education, have adopted innovations through radio learning, digital learning and classes being taken through a loudspeaker for children. Many volunteers and frontline workers have often gone above and beyond their existing relationships to ensure that the community is healthy and safe. They have adapted their engagement to ensure safe and contactless support to those who need it.

Thirdly, flexibility has also enabled greater collaboration in an evolved way. There is a growing instance of funders, NGOs, governments and Corporates coming together and find collective solutions. Collaborative philanthropy is paving the way for long-term and focused impact in the social sector.

Lastly, the pandemic has also opened an area of reform that is making way for more innovative

giving patterns that are transparent and targeted. An example of this is the development of the Social Stock Exchange that enables the listing of non-profit or non-government organisations on a social stock exchange, providing them with alternative fund-raising opportunities.

Funds may be raised through several instruments such as zero-coupon-zero-principal bonds, social venture funds and mutual funds. Under SEBI regulations, the SSE will aim at unlocking large pools of social capital, and encourage blended finance structures, so that conventional capital can partner with social capital to combat the pandemic.

While philanthropy is in a constant state of evolution and has had to ask itself some very uncomfortable questions, the pandemic has allowed us a lot more clarity to what we are trying to achieve. Finally, it is about enabling change at the grassroots level. As we recognise that as our true goal as funders, we will find the right path to take.

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