Give more | Give sooner | Give better

EFFECTIVE PHILANTHROPY THROUGH GRANTMAKING

Good Practices and Insights from Conversations with Philanthropic Stakeholders

RESEARCH SUMMARY

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Acknowledgements

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1. **ACT**
2. **A.T.E. Chandra Foundation**
3. **Azim Premji Foundation**
4. **Bill & Melinda Gates Foundation**
5. **Chintu Gudiya Foundation**
6. **Deshpande Foundation**
7. **Dr Reddy's Foundation**
8. **Ford Foundation**
9. **HCL Foundation**
10. **India Climate Collaborative**
11. **Jaideep & Rachel Khanna Foundation**
12. **Ms. Karishma Shanghvi**
13. **Max Life Foundation**
14. **Michael & Susan Dell Foundation**
15. **Natco Trust**
16. **Omidyar Network India**
17. **Rainmatter Foundation**
18. **Rohini Nilekani Philanthropies**
19. **Shibulal Family Philanthropic Initiatives**
20. **The Convergence Foundation**
21. **Veddis Foundation**
22. **Mr. Vikram Lal**
23. **WISH Foundation**

Foreword

Philanthropy has long been embedded in the fabric of Indian society and contributed heavily to the creation of modern-day India. Pre-industrial Indian society saw business families giving away a proportion of their income to local charities. Even with India's history of giving and rapid wealth creation in the last few decades, challenges that have inhibited Indian philanthropy include a trust deficit between new philanthropists and the impact sector, the parochial nature of giving, and programmatic giving that doesn't lead to system-wide impact. Despite the challenges, I believe Indian philanthropy is now poised to take off, particularly with the recent uptick we've witnessed in domestic philanthropy.

While there are a myriad approaches to philanthropy, grantmaking is often a starting point for many individuals as they embark on their giving journey. In fact, grantmaking was an integral part of operations at Central Square Foundation in its early phase, with a focus on supporting young partner organizations developing innovative, systemic solutions in primary education.

For grantmaking to be effective and lead to sustainable impact, philanthropists must have a well-thought-out, cogent, decision-making framework and grantmaking must ultimately be strategic in nature with a broader objective. There are four strategic ways that philanthropists can drive grantmaking to create outsized impact: 1) give grants to build new institutions; 2) provide flexible grants that can fund innovative models and test new ideas to function as risky R&D for the government; 3) support governments to improve the system of delivery; and 4) channel capital to engines of economic growth, which philanthropy traditionally doesn't focus on. While there are many philanthropists in India who have been doing this effectively, with Azim & Yasmin Premji and Nandan & Rohini Nilekani leading the way, there is an opportunity to build more knowledge resources to support wealth creators to give more, sooner and better.

This report by the AIP team attempts to provide decision-making frameworks for effective grantmaking through the culling of insights and experiences across a cross-section of philanthropic actors. The underlying idea is to encourage many of us to think about grantmaking in a structured and strategic manner. We must keep in mind that strategic philanthropy and trust-based philanthropy are intertwined. At the heart of strategic philanthropy are the non-profit organizations, and their teams and leaders who make the impact possible. By enabling them to reach their true potential, philanthropists can come closer to their goal of creating sustainable economic growth.

I believe Indian philanthropy is now poised to take off with many modern-day philanthropists showing the power of strategic giving. I hope this study serves as a useful addition to the body of ecosystem resources that help channel effective grantmaking by many more philanthropists.

Ashish Dhawan,
Founder-CEO, The Convergence Foundation

Understanding the Grantmaking Life Cycle

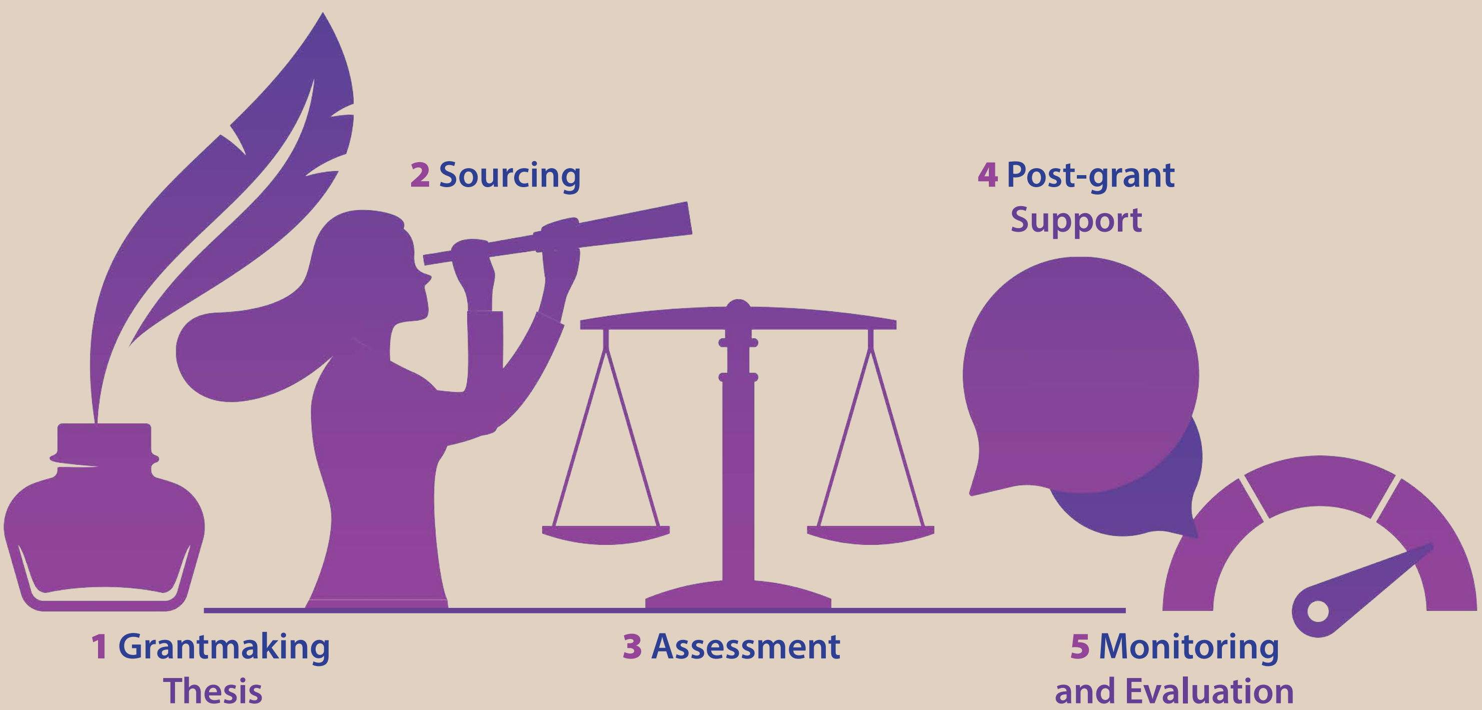
> *I reached a point in life when I was going to stop accumulating and begin the infinitely more serious and difficult task of wise distribution.* - Andrew Carnegie

As Carnegie stated, giving your wealth and giving it for the greatest good is challenging. For philanthropy to be both effective and fulfilling, a philanthropist or funder has a raft of decisions to make – which causes to support, which groups to give to, how much to give and for how long, how to monitor progress, how to assess impact.

Through our study, we attempt to answer many of these questions and offer a roadmap to potential funders. We started with two major objectives: first, to understand the grantmaking lifecycle, and second, to elicit good practices that are result-oriented and equitable.

We explored the beliefs, approaches and good practices related to grantmaking among more than 20 organizations and individuals through in-depth interviews. The respondents were: Large (with over 20 employees), Lean (with under 20 employees) or Individual (philanthropists who operate alone or through a family office) funders.

Through our conversations, we determined that a typical grantmaking lifecycle consists of five distinct stages that span across pre- and post-grant processes. While this might differ to some degree between organizations, grantmaking largely tends to follow these steps.



1 Grantmaking Thesis

A Grantmaking Thesis sets out a framework for decision-making on what, whom and how to support. It is an articulation of the funder's giving philosophy, answering questions like 'why do you want to give?', 'what cause(s) do you deeply care about?', 'what is your philanthropic risk tolerance?',' how does this align with your values?', and 'what change do you want to create?'

Through our conversations, we discovered that a robust Grantmaking Thesis tends to have three key components: Focus Area, Approach and Type of Funding. Each of these components involves further decisions. For instance, the Focus Area can be broad, viz. health, education or livelihoods. Or it can be narrow, viz. primary healthcare for women and children in rural Bihar.

Focus Area

Choice of focus area

A. Broad
viz. health, education or livelihoods

B. Narrow
viz. primary healthcare for women and children in rural Bihar

Decision-making factors

A. Functional
Focus on a theme/sector

B. Demographic
Focus on a beneficiary group

C. Locational
Focus on geographic reach

Approach

Five broad approaches

A. Build
Build innovative solutions or a new field

B. Scale
Scale existing solutions

C. Inform
Inform public policy

D. Strengthen
Strengthen/ reform systems

E. Support
Support community-driven development

Type of Funding

Based on stage of organization

A. Catalytic funding
Early stage funding

B. Growth funding
Funding to mature organizations

Based on type of support

A. Programmatic support
For a specific project or activity

B. General operating support
Unrestricted support

In our sample, all large funders have a defined grantmaking thesis, a majority (57%) of lean funders have an evolving thesis, while a majority (60%) of individual or family-led entities have a fluid thesis.

Typically, every funder is faced with a plethora of choices, which can become a stumbling block to effectiveness. A cogent thesis, infused with the funder's motivation, objectives and values, is the backbone to giving better. It sets out where to act, what needs to happen for goals to be reached, and how those actions fit together, thereby bringing in efficiency and clarity for both the funder and the partner organization.

Bill & Melinda Gates Foundation

"Our data-driven approach allows us to adjust our strategy and approach in line with changing priorities and needs of the populations we aim to serve. We continually collect and share data on progress, reflect on lessons learned, and make course corrections as needed."

The Bill & Melinda Gates Foundation has worked in India for nearly two decades, with a comprehensive and evolved set of strategies across its various divisions. Their work relies on close collaboration with the government, partners, philanthropists, and communities to ensure scale-up and sustainability. The Foundation works with a strong ecosystem of partners to help develop innovative solutions that improve the quality and coverage of services in states such as Bihar and Uttar Pradesh.

2 Sourcing

Funders explore the sectoral landscape in a systematic manner, to identify opportunities that align well with the grantmaking thesis. Issues, organizations, and geographies are identified and researched in the process of discovering implementing organizations that can be potential partners. This process of sourcing for opportunities has three broad approach types: Outbound, Restricted Inbound and Open Inbound.

Outbound

In this approach, the funders leverage their own research and personal networks for recommendations. They look outwards to identify the right partner organizations and do not accept any unsolicited applications.

Restricted Inbound

In this approach, the funder develops a Request For Proposal (RFP), detailing the project and its goal; a selected list of organizations discovered through referrals are invited to participate.

Open Inbound

In this approach, the funder extends a general invitation to organizations anywhere in the ecosystem to send in their project proposals.

Our research highlights that most funders prefer an Outbound or Hybrid approach to sourcing.

The Open Inbound approach is most suited to large foundations equipped with the resources required to sift through and assess large numbers of open applications. Given the vast and complex nature of the Indian ecosystem, inbound sourcing will likely inundate funders with a large volume of applications that can vary in quality. Consequently, we encourage funders to do their homework first, and simultaneously invest in the process of discovery to widen their reach beyond the usual circles.

Outbound: Veddis Foundation

"Our job is to find out who is doing what, how well they are doing it, and then assess the opportunity to fund them. The downside of this process is that we may not know a lot of organizations doing excellent work as they may not be in the radar of our network."

Veddis Foundation is the philanthropic arm of UK-based philanthropist Vikrant Bhargava. In October 2020, they launched the Social Impact Fund. Given the fund's age and stage of operations, they actively seek references from individuals and organizations they trust, incorporating a robust process to assess the recommendations.

3 Assessment

Funders consider a range of factors to assess how well an organization or project will fit with the funder's objectives and priorities. The factors range from being partner specific – leadership, governance, track record, impact and sustainability – to funder specific factors like how well the partner meshes in with the funder's own strategy and vision. Some respondents also evaluate how much political risk they are willing to expose themselves to, keeping the regulatory environment in mind.

Across all categories, a majority (62%) of respondents in our study consider either of two factors as the most critical while assessing potential partner organizations: (i) Leadership and Governance, (ii) Track Record and Impact.

Since due diligence processes can stretch the resources of potential partners, we encourage funders to contain their requests to essential information. Detailed requests can be used in a focused manner with a few high-potential applicants.

ACT

*"Our solutions don't just need to work, they need to work **for** and **with** our intended users. The proof of the pudding is in what the end beneficiary says. We believe it is critical to supplement research studies and independent evaluations that establish outcomes, with meaningful user feedback — the latter is a very important factor we check for in our assessment process."*

ACT is a non-profit venture philanthropy platform born in 2020 in response to the COVID crisis. For ACT, the founder and founding team of prospective partners are critical to grant decisions. The team undertakes extensive due diligence to understand and assess both mission and vision centricity as well as the overall potential of the founders' approach. Stakeholder centricity is also pivotal and end users are interviewed to understand pain points, alternative solutions, and to further validate the impact metrics shared by potential partners.

4 Post-grant Support

Once a grant is made, most funders remain actively engaged to varying degrees by providing qualitative support geared towards enhancing the partners' development impact, organizational resilience, and financial sustainability.

Most lean foundations (85%) and individuals (80%) provide some kind of non-financial support to partners to create the best conditions for success. Respondents to our study unanimously agree that giving better entails working closely with partners to understand not only their operational requirements but also their strategic needs, which cannot be met by financial aid alone. Examples of such qualitative support include: capacity building, story-telling and communications, advisory and strategy support, fund-raising, and partnerships.

"We leverage the power of collaboration to provide the right support to our partner organizations. For instance, we engaged a firm working on gamification to assist our partners in their organization building." – Rainmatter Foundation

Rohini Nilekani Philanthropies

"A single solution will not work, no matter how great it is. If our aim is to solve the problem at the root cause, and scale, we have to design to distribute the ability to solve. We need to trust people and their ability to be part of the solution implicitly." [1]

RNP is deeply respected across the non-profit ecosystem as a funder that truly cares. They are vocal about their desire to be a catalytic funder — one that helps grantees find their voice, amplify their impact and foster connections. They endeavour to play a convening role, leveraging the power of their network to create connections for learning and collaboration amongst their partners. This is further augmented with capacity building, story-telling, sense making through knowledge products and technology tools.

[1] *Samaaj,Sarkar, Bazaar: A Citizen-First Approach*, written by Rohini Nilekani (© Rohini Nilekani, 2022)

5 Monitoring and Evaluation

Monitoring and Evaluation (M&E) enable funders to assess progress at periodic intervals with a view to determining the extent of impact – how have the funds been used thus far, what has been accomplished, what have been the challenges and how are those being addressed, is any recalibration required, etc.

Our study throws up two M&E models:

Low-touch Model

Low-touch focuses only on essentials or North Star qualitative metrics without requiring partners to provide extensive quantitative information.

High-touch Model

High-touch demands both intensive and ongoing engagement, requiring the partner to periodically submit both quantitative and qualitative information.

There is a clear preference for a high-touch model among larger funders, while all individual philanthropists prefer the low-touch model. A few funders like the A.T.E. Chandra Foundation use a hybrid of both models.

While it is always a good idea to ensure that resources have been used effectively, funders must reflect on the larger purpose behind this. 'What is the need for information?', and 'what will be done with it?', are some key questions a funder should consider while making a choice about the kind of reporting they expect from partners.

"Our emphasis is on making the barrier to reporting low. Accordingly, we do not require reporting in a prescribed format and instead, encourage our partner organizations to periodically share reports sent to other funders."
– Chintu Gudiya Foundation

A.T.E. Chandra Foundation

ate CHANDRA FOUNDATION

The A.T.E. Chandra Foundation (ATECF), which focuses on Social Sector Capacity Building (SSCB) and Sustainable Rural Development (SRD), looks at data through a specific lens, viz. to build evidence of impact at scale and thus facilitate systemic change through advocacy. In order to establish proof of concept for their interventions, data-backed evidence becomes critical. As such, they often have rigorous reporting requirements and while this can be an exacting process for their partners, their partners understand the larger picture that ATECF is aiming at. They see themselves as partners in bringing about that change. As an acknowledgement of the time and effort required to comply with this, ATECF provides an additional 10% of the grant amount to their partners to help with the M&E requirements.

Illustrative Life Cycle
Rainmatter Foundation

1
Grantmaking Thesis

Focus on climate change

Rainmatter supports organizations and individuals working on climate change, with a focus on afforestation, ecological restoration, and livelihoods. It provides long-term grants of greater than three years to organizations, and fellowship funding to individuals working in these areas.

2
Sourcing

Inbound, organic sourcing

As a Foundation, Rainmatter places deep value in ensuring that any organization or individual working on climate change can reach out to them to collaborate and seek support. As such, they have a largely inbound approach to sourcing wherein partners organically reach out to them.

3
Assessment

Internal assessment process

After the sourcing process, organizations are assigned for assessment to thematic leads who carry out due diligence and assessment conversations. The team's assessment is predominantly focused on long-term impact, replicability, and stakeholder-centricity.

4
Post-grant Support

Supporting capacity building efforts and systems-thinking

Rainmatter provides organizational funding that is unrestricted in nature and allows the organization to invest in additional resources required to enhance operations and build capacity. In addition, the Foundation believes that convergence between different stakeholders is essential to solve for climate change issues and periodically hold town halls to facilitate these cross-learning opportunities for various actors.

5
Monitoring and Evaluation

Light-touch M&E

Grantees are required to fill an onboarding form, which is updated quarterly. The template is qualitative in nature and covers aspects like progress on goals, challenges faced, collaborations undertaken, outcomes for the next quarter, and areas of further support from Rainmatter.

natcotrust

Illustrative Life Cycle
Natco Trust

1 Grantmaking Thesis

Focus on education, health, and livelihood

The Natco Trust focuses on community-centric and grassroots programs in education, healthcare, and livelihood. They operate primarily in the states of Telangana and Andhra Pradesh.

2 Sourcing

Largely outbound approach

Natco Trust relies largely on word of mouth to source prospective partners. Their network includes other CSR foundations and bureaucrats. In the case of novel initiatives where they cannot source suitable organizations from their network, they float an RFP.

3 Assessment

Evidence-based assessment

Organizations are required to submit a project proposal based on which their suitability is assessed. The proposal outlines the geographical coverage of the project, frequency and nature of work, and associated timelines. The Natco teams give a large weightage to previous work done by the organization.

4 Post-grant Support

Ongoing support

The Natco Trust provides ongoing support in all their direct service delivery programs. For instance, the Trust set up a comprehensive cancer care centre at the Government General Hospital in Guntur via a PPP model. In addition to providing financial resources, Natco Trust continues to work closely with the hospital's doctors to identify the most critical gaps in infrastructure and equipment, sharing regular insights with government authorities.

5 Monitoring and Evaluation

High-touch monitoring and evaluation

As Natco Trust works with the government on policy reform, the objective of the M&E is to gather evidence to support the same. As a result, partners are required to comply with detailed reporting templates that are collected monthly and quarterly. In addition, Natco field staff monitors the project on an ongoing basis and provides real-time feedback.

Some good practices

It is important to develop a well-defined grantmaking thesis founded on the funder's beliefs, objectives and values.

It is advisable to invest time and effort in discovering potential partners through a combination of referrals from the network and their own due diligence.

Funders must build a collaborative, trust-based relationship with the implementing organizations, viz. treat them as partners, create appropriate feedback loops to hear from them, and facilitate ongoing learning, reflection and calibration.

Combining flexible, long-term financial support with need-based, non-financial support is an effective approach in returning robust outcomes.

Good M&E strategies are integrated at an early stage of the grantmaking process – through early discussions with partners about success metrics and progress indicators, aligning these with the partner's objectives and the funder's priorities, ongoing interactions and feedback, all of which feed into the grant renewal process.

Conclusion

Philanthropy must come from the heart, in resonance with the term's origins from the Greek 'philos' and 'anthropos' meaning 'love of humanity'. But for philanthropy to be both effective and fulfilling, it must be led with a combination of the head and heart. Our study shows that while there is no 'one size fits all' approach, there are some good practices that philanthropists must adopt to get desired outcomes from their grantmaking efforts.

We conclude with some pragmatic advice from Mr. Vikram Lal, who has a portfolio of 45 partner organizations that he has been supporting over the last 20-25 years:

> *"There are any number of reasons for not giving; we are always worried whom (what) should I give to, is it going to the right place, is it going to be used properly, have my resources made any real difference? But then I say that you must trust, and after a year or two or after three years, you take stock and take a call again. And if one can overcome this inherent resistance, the outcome can be extremely fulfilling and satisfying."*

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Accelerate Indian Philanthropy (AIP) is an organization set up by philanthropists for philanthropists with the vision of building an institution that fundamentally transforms the giving landscape in India.

Our mission is to inspire and support philanthropists in India and the diaspora to give more, give sooner and give better. To this end, we endeavour to curate and create knowledge resources, build platforms for open conversations around effective giving and support philanthropists in their giving journey.

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Comments or Questions

We welcome your feedback on this report. Please write to us with your comments or questions to info@indianphilanthropy.org

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