



# Funder Practices that Strengthen Nonprofits' Resilience: Lessons from India

By Pritha Venkatachalam, Shashank Rastogi, Aditi Sharma, Rachita Mehrotra, Lahari Shekar and Roger Thompson

## Table of Contents

Pay-What-It-Takes Terminology.....	3
Introduction.....	4
Pay-What-It-Takes Principles in Action.....	8
Develop Multiyear Funder-Nonprofit Partnerships.....	10
Pay a Fair Share of Core Costs.....	12
Invest in Organisational Development.....	15
Build Financial Resilience.....	17
Embed Diversity, Equity, and Inclusion (DEI) in Grantmaking.....	19
How a Diverse Group of Funders Have Put Pay-What-It-Takes Principles into Practice.....	21
Funder Profiles.....	22
Corporate Social Responsibility (CSR).....	24
Domestic Philanthropy.....	34
Appendix.....	41
Acknowledgments.....	41
Anchor Partners in the Pay-What-It-Takes Initiative.....	43
Research Methodology.....	44

## Pay-What-It-Takes Terminology

- **Programme costs:** Expenses directly attributable to a specific project. Also referred to as direct costs.
- **Core costs:** Shared administrative or support function expenses not tied to a specific programme (e.g. salaries of nonprogramme employees, rent and utilities for a central office, human resources, finance and accounting, fundraising, communications, technology, and measurement and evaluation). Also known as indirect costs and nonprogramme costs.
- **Organisational development (OD):** Investment in institutional growth and sustainability, such as in strategic planning, leadership and talent development, financial management, fundraising, measurement and evaluation, and technology. Organisational development can overlap with core costs. For instance, an initial OD investment in technology could become a recurring core cost in subsequent years.
- **Financial resilience:** A nonprofit's ability to sustain its operations over the long term and withstand external stresses and shocks. Nonprofits cultivate financial resilience by developing prudent financial plans, monitoring financial performance, diversifying their funder base, and building reserve funds.
- **True costs:** Includes core costs, organisational development costs, and reserve funding, along with programme costs.

## Introduction

Funders and their nonprofit partners share a commitment to making progress on some of society's most pressing problems. Yet, while many funders back programmes that are making a big difference for communities and the environment today, they have a huge opportunity to amplify that impact by also investing in their grantees' organisational strength and resilience.

That means covering core costs associated with shared administrative and support functions, supporting organisational development (OD) initiatives like strategic planning and technology upgrades, and backing efforts to advance financial resilience such as contributing to reserve funds. Today, chronic underfunding of nonprofits' true costs blunts the impact funders and nonprofits strive for.

The Bridgespan Group, along with five anchor partners, launched the Pay-What-It-Takes (PWIT) India Initiative in 2020 to understand the extent of this underfunding problem in India and seek solutions.<sup>1</sup> What we found makes a compelling case for change:<sup>2</sup>

**83%** of 388 nonprofits responding to a Bridgespan survey found it challenging to recover their core (or indirect) costs from funders. Amongst nonprofits reporting a shortfall, there was on average a 13-percentage point gap between actual expenditures and allocations from their major funders.

**72%** of nonprofits stated that lack of funding for organisational development left them unable to make key investments in capabilities required to deliver better programme outcomes and impact.

**54%** of nonprofits had less than three months of reserves in September 2020; this proportion was also large before COVID, with 38 percent of nonprofits being below that threshold.

**70%** of Dalit, Bahujan, and Adivasi-led nonprofits reported no reserve funds, a sign of particularly acute financial weakness for these historically marginalised groups.

- 1 The Pay-What-It-Takes India Initiative was seeded by five anchor partners: A.T.E. Chandra Foundation, Children's Investment Fund Foundation, EdelGive Foundation, Ford Foundation, and Omidyar Network India. Omidyar Network India co-sponsored the initiative only in 2020. In 2023, two other anchor partners joined the initiative: Forbes Marshall CSR and the Bill & Melinda Gates Foundation.
- 2 Pritha Venkatachalam, Donald Yeh, Shashank Rastogi, Anushka Siddiqui, Umang Manchanda, Kanika Gupta, and Roger Thompson, *Building Strong, Resilient NGOs in India: Time for New Funding Practices*, The Bridgespan Group, March 2021.

We spoke with several funders who have embraced practices that strengthen nonprofits in India. Their efforts guided us in developing a set of PWIT principles all funders can adopt to support strong, resilient nonprofit partners:



**Develop multiyear funder-nonprofit partnerships**



**Pay a fair share of core costs**



**Invest in organisational development**



**Build financial resilience**



**Embed diversity, equity, and inclusion (DEI) in grantmaking**

“Our grantmaking journey continues to evolve as we work more with organisations and with communities. Over this journey, Pay-What-It-Takes principles have played a catalytic role in helping us think about our funding practices in a structured fashion and enabled us to deliver better on our two major focus areas — social sector strengthening and community development.”

RATI FORBES, DIRECTOR, FORBES MARSHALL, AND HEAD, FORBES FOUNDATION

## Supporting the true cost needs of nonprofits can amplify their impact potential

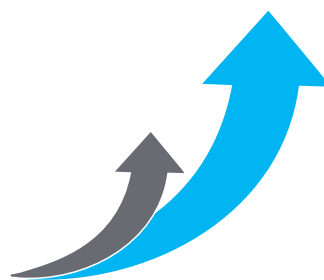
True costs = direct programme costs + core costs + organisational development investments + reserve funding

# 83%



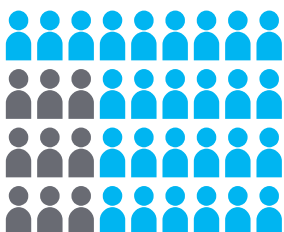
277 nonprofits who have received unrestricted multiyear grants said that it will **significantly strengthen their organisation's ability to achieve its mission**

# 2x



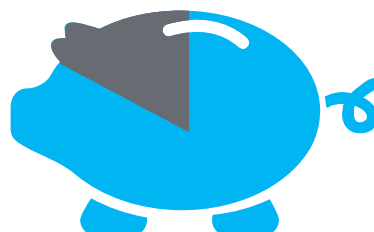
Nonprofits investing in OD **grew 2x faster** than those that did not invest

# 4x



Nonprofits investing in OD saw an average **4.05x increase in stakeholders served**

# 83%



of nonprofits were **more financially resilient by the end of the Ford Foundation's Building Institutions and Networks (BUILD) initiative** than at the beginning

**Note:** Ford Foundation's BUILD grant includes multiyear, unrestricted funding combined with dedicated funding for institutional strengthening.

**Source:** CEP Big Gifts study, Bridgespan Pay-What-It-Takes analysis, Atma evaluation report on the 85-plus nonprofits they have supported for OD needs.

Aligning funder operations and grantmaking practices with these principles won't be easy. Chronic underfunding is a complex issue, and all stakeholders need to work together to solve it. But funders hold the purse strings, which puts responsibility for leadership in their court.

But where to begin? There isn't one set way to "pay what it takes." Rather, funders have the flexibility to tailor their own approaches. While some funders start with unrestricted, flexible funding as their cornerstone, for many, the process begins with gradual steps that help build mutual trust with grantees, paving the way for more expansive forms of true-cost investment. In the next section, we offer a menu of ways funders are living into the principles.

---

“Funders should trust NGOs. They know what they are doing and are closer to the field to understand the right true costs needed to bring about change.”

MAHARSHI VAISHNAV, CEO, EDUCATE GIRLS

---



## Pay-What-It-Takes Principles in Action



### Develop multiyear funder- nonprofit partnerships

- Work with values-aligned partners
- Commit to multiyear partnerships with grants renewed annually
- Use pilot grants to explore long-term partnerships



### Pay a fair share of core costs

- Provide need-based coverage
- Set a core cost range with flexibility provided on a case-by-case basis
- Focus on the total cost to deliver a programme
- Provide unrestricted/flexible funding



### Invest in organisational development

- Make dedicated organisational development (OD) grants
- Provide nonprofit partners with access to OD expertise
- Fund initiatives that help nonprofits build their organisational capabilities



### Build financial resilience

- Provide grants for reserves
- Make introductions to new funders



### Embed diversity, equity, and inclusion (DEI) in grantmaking

- Bring an explicit DEI focus to grantmaking processes
- Adopt a DEI framework to guide internal operations



In this section, we describe each principle and highlight stories of funders that have shared their experiences with making grants more supportive of their nonprofit partners.<sup>3</sup> The funder list — which is in no way exhaustive — includes domestic philanthropy, corporate social responsibility (CSR) organisations, and global philanthropy. Our hope is that the experiences funders shared with us will help to guide others who seek to start or enhance similar efforts.

#### Attitudes and behaviors that help funders adopt PWIT principles

- **Shared values** — around how to work with one another as well as how to approach social change — form the bedrock of strong funder-nonprofit relationships.
- **Purpose-driven partnerships** between funders and nonprofits reflect a common vision for the change they'd like to see in the world and a strong, shared commitment to achieving it.
- **Learning mindsets** draw funders and nonprofit partners closer as they regularly seek feedback from one another and improve how they work together over time.
- **Transparent and open communication** goes beyond structured reporting to also include informal conversations, regular check-ins, and immersive field visits. Conversation spans both what's working well and where there are challenges.

<sup>3</sup> Note that the funders pursued these actions while staying compliant with applicable government regulations.



## Develop Multiyear Funder-Nonprofit Partnerships

Multiyear partnerships nurture trust as relationships deepen over time and mutual understanding of a nonprofits' needs and goals grows. Such partnerships allow nonprofits to plan and implement programmes and pursue new approaches that require sustained effort and long-term commitment. Predictable funding also allows nonprofits to focus on doing their best work instead of scrambling for money each year to sustain their efforts.

Funders also benefit. Multiyear commitments simplify grantmaking and reduce time spent on scouting new grantees and projects. Funders can then spend more time deepening their understanding of their target social issues, the nonprofit organisations and the communities they serve, and using that knowledge to help advance solutions. Funders also appreciate that the approach helps them increasingly focus on lasting change over immediate, superficial outputs.

Evidence from the Ford Foundation's BUILD initiative shows that multiyear partnerships can lead to better results. Eighty-three percent of nonprofits receiving a multiyear BUILD grant reported that certainty of funding helped significantly strengthen their organisation's ability to achieve its mission, a win for the grantees and the foundation alike.<sup>4</sup>

### Work with values-aligned partners

Funders who seek to build multiyear partnerships put a premium on choosing nonprofit partners whose work aligns closely with their core values and impact goals. Consider the **Ford Foundation's** aforementioned BUILD initiative. In 2016, Ford launched BUILD to provide five years of general operating and organisational strengthening support to a set of partners working for social justice. Ford recognised that with multiyear commitments their nonprofit partners could increasingly focus on their core mission and build long-term strategies to drive greater impact and advance systems change. Later, in 2021, it extended the BUILD support to nonprofit partners across all programme areas and regions.

Other funders pursuing this path include **Children's Investment Fund Foundation**, **IndusInd Bank CSR**, **Rainmatter Foundation**, and **Rohini Nilekani Philanthropies**.

### Commit to multiyear partnerships with grants renewed annually

Funders interested in developing multiyear commitments with their nonprofit partners may do so with the understanding that grants are renewed annually. This approach enables funders and nonprofits to align on and work towards a long-term impact objective. At the same time, the annual renewal provides room to evolve the specific approach to achieving that long-term objective based on how efforts are proceeding. Non-renewal decisions are rare.

<sup>4</sup> Raphaëlle Bisiaux, Ron Dwyer-Voss, Maggie Bangser, Susana Morales, Anthony Boateng, and Florian Poli, *BUILD Developmental Evaluation*, NIRAS, March 2022.

This pathway is common amongst CSR organisations. [ASK Foundation](#), [Axis Bank Foundation](#), [EdelGive Foundation](#), [Forbes Marshall CSR](#),<sup>5</sup> [IndusInd Bank CSR](#), and [Thermax Foundation](#) all have multiyear nonprofit partnerships that stipulate annual grant renewal.

### Use pilot grants to explore potential long-term partnerships

Funders use an initial pilot grant to get to know a nonprofit's work, with an eye toward committing to long-term support. The pilot grant allows the funder and nonprofit to try out the relationship and build trust. Sometimes pilot grants also serve to ready a nonprofit to deploy larger grants by supporting investment in organisational capabilities that are critical for growth. Funders like [LGT Venture Philanthropy](#), [Mariwala Health Initiative](#), and [Rohini Nilekani Philanthropies](#) which are often the first institutional funders for early-stage and grassroot nonprofits, use this approach.

---

“Developmental challenges exist within complex ecosystems. Solutions that can deliver impact in varying social, economic, and ecological contexts emerge from a series of experiments. Philanthropic capital has two distinct characteristics — risk and patience — making it an ideal fund for this kind of solutioning. Most of these solutions that can deliver sustainable impact take longer than a year to create, discover, implement, integrate, or influence. Consequently, relying on single-year grants would be short-sighted and inefficient.”

DHRUVI SHAH, EXECUTIVE TRUSTEE AND CEO, AXIS BANK FOUNDATION

---



---

5 For the purpose of this report, Forbes Marshall CSR represents the practices of Forbes Marshall's CSR and the Forbes Foundation.



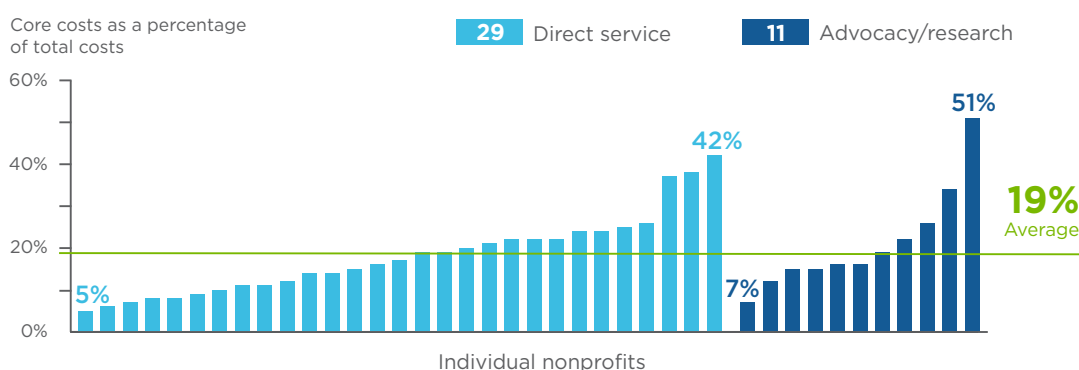
## Pay a Fair Share of Core Costs

Core costs<sup>6</sup> — often referred to as indirect costs — are a nonprofit's shared administrative or support function expenses. These include salaries of nonprogramme employees, rent and utilities for a central office, human resources, finance and accounting, fundraising, communications, technology, and measurement and evaluation. Such functions are essential for nonprofits to conduct day-to-day operations and deliver on their impact mandates. Adequate coverage of these costs allows nonprofits to make critical investments in operational effectiveness, governance, regulatory compliance, and financial management — goals funders share.

Financial analysis by the PWIT India initiative in 2021 revealed that core cost rates vary amongst nonprofits. The analysis, which was carried out for 40 leading and relatively well-funded nonprofits, revealed that actual core costs ranged from 5 percent to 51 percent of total costs and averaged 19 percent.<sup>7</sup> The average core cost coverage provided by key donors to these nonprofits was just 9 percent.

### Actual core costs as a percentage of total costs

**Bridgespan analysed expenditures of 40 nonprofits in India. Their actual core costs ranged from 5 percent to 51 percent.**



**Source:** Financial analysis of 40 nonprofits, conducted by a leading accounting firm for the Pay-What-It-Takes India Initiative, in 2020–21.

Government regulations affect both perception and reality when it comes to funding core costs. Amongst CSR organisations, there persists a misconception that regulations cap the amount nonprofits may receive for core costs at 5 percent. In fact, this cap only applies to the amount a business may spend on its internal CSR programme administration.<sup>8</sup> Regulations do not cap what a CSR programme may allocate to pay for a nonprofit's core costs. However, our research has found that many CSR programmes typically provide little or no support for core costs, and attribute it to regulatory compliance.

6 As part of the PWIT India Initiative, The Bridgespan Group is partnering with Aria CFO Services to create guidelines for computing and communicating the true costs of a nonprofit. These guidelines aim to provide guidance to nonprofit teams and Chartered Accountants supporting nonprofits in determining how to prepare budgets and account for different cost heads that a nonprofit may incur.

7 Venkatachalam et al, *Building Strong, Resilient NGOs in India: Time for New Funding Practices*, The Bridgespan Group, March 2021.

8 Government of India Ministry of Corporate Affairs, *Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR)*, 25 August 2021.

Regulations also impact foreign donors. The Foreign Contribution Regulation Act (FCRA) amendments passed in September 2020 cut by more than half (from 50 percent to 20 percent) the percentage of total funds that foreign donors can give to cover a nonprofit's core costs.<sup>9</sup> To be sure, that's still more than twice the average currently provided by key donors.

However, regardless of the funding source, 83 percent of nonprofits responding to our 2021 survey reported that they struggle to get adequate core cost coverage. At the same time, roughly 68 percent of funders reported that they have flexible core cost policies. This disconnect strongly suggests the need for better communication and more funder flexibility towards covering their fair (or proportionate) share of nonprofit partners' actual core costs. Otherwise, the chronic underfunding that nonprofits experience will continue to undermine the lasting social impact that funders and nonprofits strive for.

### Provide need-based coverage

Funders adopting this approach do not have a predetermined percentage or cap for core costs. They seek to understand a nonprofit partner's budget and cost structure, recognising that core costs vary depending on the type of organisation and the nature of its programmes. Funders adopting this approach include **Forbes Marshall CSR**, **IndusInd Bank CSR**, **Axis Bank Foundation**, and **LGT Venture Philanthropy**.

### Set a core-cost range with flexibility provided on a case-by-case basis

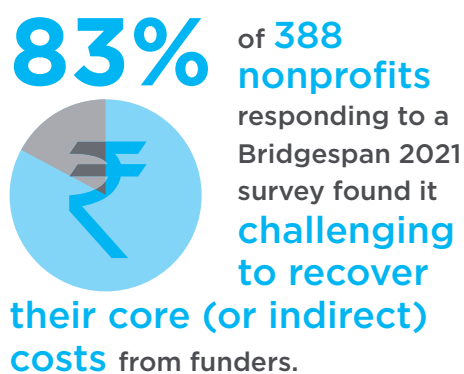
Funders that support similar kinds of organisations over many years may develop a preferred or predetermined core-cost range based on their experience and in consultation with nonprofit partners. **ASK Foundation** pursues this approach while also recognising the need for flexibility and making exceptions for nonprofits that offer a persuasive case for above-range coverage.

### Focus on the total cost to deliver a programme

Some funders focus on the total cost of delivering a programme, including core costs. They provide nonprofits with the flexibility to use funds across budget line items, as needed.

“To run good programmes you need good talent, who need to be well compensated. We cannot expect work to happen if we are not providing at least that basic cost to them [nonprofit partners].”

SIDDHARTHA IYER, SENIOR MANAGER AND HEAD OF CSR, ASK FOUNDATION



Source: The Bridgespan Group

9 Puja Saha and Rahul Rishi, “FCRA Provisions Further Tightened, Non-profits to Face Increased Government Scrutiny,” *The National Law Review*, 13, no. 258, 27 October 2020.

[Mahindra Group CSR](#) works with nonprofits to develop an understanding of total costs to achieve a desired outcome and track a cost per programme participant metric. This helps Mahindra Group understand the total cost — including and going beyond direct programme costs — to achieve impact on a unit level. [Mariwala Health Initiative](#) and [Thermax Foundation](#) adopt a similar approach.

## Provide unrestricted/flexible funding

Unrestricted/flexible funding is another way funders support nonprofit partners in covering their core costs. Given the flexible nature of such funding, nonprofits are free to deploy it on their core costs and wherever they see the highest needs. [Mariwala Health Initiative](#), [Rainmatter Foundation](#), and [Rohini Nilekani Philanthropies](#) pursue this approach, which is rooted in mutual trust and a collective vision of change. (See sidebar below.)

### Unrestricted/flexible grantmaking benefits funders and nonprofits

Of all the approaches to paying for core costs, unrestricted/flexible grants stand out as the optimal solution, giving nonprofits maximum flexibility to decide how to cover expenditures associated with shared administrative and support functions. But the benefits extend beyond core costs. Nonprofits can spend their unrestricted/flexible funds in ways that allow them to do their best work, including on programmes or organisational development.

For funders and nonprofits, unrestricted/flexible funds reduce time-consuming paperwork. Nonprofits are freed from mapping restricted funds to eligible cost categories. And funders spend less time on the logistics of grantmaking and reporting, and more time on impact-focused efforts.

When combined with multiyear commitments, unrestricted/flexible funding positions nonprofits to plan for the future, strengthen organisational capabilities, and achieve stronger outcomes. Nonprofits characterise unrestricted/flexible, multiyear grants as “a game changer” and “transformative.”

**Mariwala Health Initiative, Rainmatter Foundation, and Rohini Nilekani Philanthropies are amongst the Indian funders who practice unrestricted/flexible, multiyear grantmaking.** They trust their nonprofit partners to allocate funds across programme and operational needs. These grants allow recipients to experiment and innovate to identify better solutions. Deepa Pawar, the managing trustee and founder director of Anubhuti Charitable Trust, put it this way:

“The trust imposed in us by the funder has given us confidence to experiment and learn. We are secure in the knowledge that they are with us in this journey. For our organisation, which works on mental health issues in small rural communities, this is very important.”

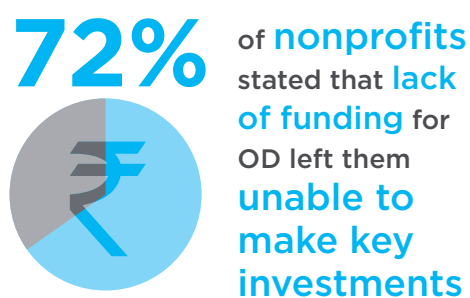


## Invest in Organisational Development

Organisational development (OD) investments build and strengthen a range of critical efficiency and growth-oriented capabilities that enable nonprofits to deliver greater impact. These include strategic planning, leadership development, finance and accounting, and human resources. (See “[How to Build an Organisational Development Plan Resources](#)” on The Bridgespan Group’s website.)

Research shows significant benefits to OD investment. Nonprofits that invested in OD grew their annual budgets twice as fast over a five-year period compared to nonprofits not making those investments.<sup>10</sup> They also doubled their programme output over a three- to five-year period<sup>11</sup> and became more financially secure.<sup>12</sup>

Funders increasingly recognise the catalytic role OD plays in unlocking a nonprofit’s impact potential. Investing in OD strengthens their nonprofit partners, thereby increasing the likelihood that funders and nonprofits will achieve their goals.<sup>13</sup> It helps when nonprofits identify and prioritise their OD needs and clearly communicate those needs to their funders. To help make this happen, funders can connect nonprofits with resources and advisors to help shape their OD priorities.



in capabilities required to deliver better programme outcomes and impact.

Source: The Bridgespan Group

### Make dedicated OD grants

Some funders provide OD-specific grants or dedicate a portion of broader grants for nonprofit partners to build and strengthen organisational capabilities. The **Children’s Investment Fund Foundation** and **A.T.E. Chandra Foundation** have dedicated OD functions that provide multiyear grants for this purpose. **Forbes Marshall CSR** and **IndusInd Bank CSR** earmark a percentage of their grant support towards OD and help their nonprofit partners identify OD needs that are most critical for their stage of growth.

### Provide nonprofit partners with access to OD expertise

Funders can connect nonprofit partners with functional OD experts that provide either one-on-one advisory support or cohort-based services. Some funders tap in-house

10 Venkatachalam et al, [Building Strong, Resilient NGOs in India: Time for New Funding Practices](#).

11 Analysis done by A.T.E. Chandra Foundation and The Bridgespan Group for the NGO capacity building grant portfolio in 2020.

12 Bisiaux et al, [BUILD Developmental Evaluation](#).

13 [Funding Organisational Development: A Smart Investment to Multiply Impact. Views from Five Foundations](#). Laudes Foundation, MAVA Fondation pour la Nature, Mercator Foundation Switzerland, Oak Foundation, PeaceNexus Foundation, and RoCK, 10 September 2020.



talent for this purpose, while others engage external experts or intermediary organisations. The focus of the support can range from developing an overall OD plan to addressing specific needs (e.g. establishing a measurement, evaluation, and learning framework; strengthening financial planning capabilities).

For instance, **Axis Bank Foundation**, **Children's Investment Fund Foundation** and **Forbes Marshall CSR** have engaged intermediary organisations to provide OD support to their nonprofit partners. **LGT Venture Philanthropy** has a fellowship programme that selects experienced business professionals and places them with partner nonprofits for one year to support building or strengthening organisational capabilities. Other funders pursuing this pathway are [IndusInd Bank CSR](#), [Mahindra Group CSR](#), [Mariwala Health Initiative](#), and **Rohini Nilekani Philanthropies**.

## Fund initiatives that help nonprofits build their organisational capabilities

In the aftermath of COVID-19, there has been a growing recognition of the importance of organisational strength and resilience for nonprofits to deliver and sustain impact. In 2021, the [Grassroots Resilience Ownership and Wellness \(GROW\) Fund](#) and [Rebuild India Fund](#) were launched to support grassroots nonprofits to build their organisational capacity and capabilities.

The [EdelGive Foundation](#) launched, with several other funders, the GROW Fund. The GROW Fund's objective is to dispense Rs 100 crore (US \$12 million) to build the capabilities and financial strength of 100 growth-ready grassroots organisations across India over a two-year period.<sup>14</sup> Similarly, **Dasra, along with Tarsadia Foundation**, launched the Rebuild India Fund to provide multiyear flexible funding and OD support to 100-plus grassroots nonprofits every year, for a period of five years.<sup>15</sup> Other funders who support similar initiatives are **A.T.E Chandra Foundation**, **Ford Foundation**, and **Rohini Nilekani Philanthropies**.

“Due to OD funding support, we hired fundraising personnel within our team that helped streamline internal processes and meet the high compliance requirements of donors and funders. Investing in OD capabilities such as fundraising and donor engagement has helped build long-term partnerships, grow fundraising efforts by 3x, increased our ability to support over 388 athletes from earlier 180, and reduce leadership bandwidth on day-to-day operations to focus on strategy.”

NEHA AGGARWAL, HEAD OF PARTNERSHIPS AND COMMUNICATIONS, OLYMPIC GOLD QUEST

<sup>14</sup> Pritha Venkatachalam, Donald Yeh, Shashank Rastogi, Anushka Siddiqui, Kanika Gupta, Lahari Shekar, and Roger Thompson, [Bridging the Gap on Funding the True Costs of NGOs in India](#), June 2022.

<sup>15</sup> [Rebuild India Fund](#) website, n.d.





## Build Financial Resilience

Financial resilience refers to a nonprofit's ability to sustain its operations over the long term and withstand external stresses and shocks (e.g. the COVID-19 pandemic, the end of a key funder's support). Nonprofits boost their long-term stability by developing prudent financial plans, monitoring financial performance, growing reserve funds, and diversifying their funder base.

Note that the previously described OD investment approaches apply here, allowing funders to support their nonprofit partners in strengthening their financial management capabilities. In addition, funders can more directly boost financial resilience by contributing to reserves and making introductions to new funders.

Our 2021–2022 research indicates that just 9 percent of funders provided direct support for building nonprofits' reserves (corpus). That level is low in part given legal barriers, as by law CSR programmes cannot contribute to a nonprofit's reserves. However, domestic foundations and high-net-worth individuals face no such barriers.

**Azim Premji Foundation** believes that financial resilience allows nonprofits to strengthen long-term planning and build capacity. It also enables the leadership to effectively focus on delivering impact rather than disproportionately investing time on fundraising. It supports nonprofit partners to build financial resilience by providing corpus grants, which help create a steady income for nonprofits to tide over unforeseen risks.<sup>16</sup>

Funders more commonly support their nonprofit partners in accumulating an operating surplus that the nonprofit can then transfer to its reserves. The Income Tax Act allows up to 15 percent of an organisation's income to be transferred to a nonprofit's reserve fund.<sup>17</sup>

“We believe that along with core cost support, organisations need to also build financial resilience. We support this through capital and connections to other funders, peers and the larger ecosystem that we have access to.”

GAUTAM JOHN, CEO, ROHINI NILEKANI  
PHILANTHROPIES

**54%** of nonprofits had less than three months of reserves in September 2020; this proportion was also large before COVID, with **38 percent** of nonprofits being below that threshold.

Source: The Bridgespan Group

<sup>16</sup> [Azim Premji Foundation](#) website, n.d.

<sup>17</sup> “[Accumulations under section 11\(1\) & 11\(2\)](#),” Financial Management Service Foundation.

## Provide grants for reserves

**Rohini Nilekani Philanthropies** provides grants to select nonprofits to build their reserves. Grant size depends upon the size and scale of the nonprofit's operations. The foundation also allows nonprofits to use a certain percentage of unrestricted grants for building reserves.

## Make introductions to new funders

**[Mariwala Health Initiative](#)** often is the first institutional funder for its grantees. As it plans to exit a nonprofit partnership, it identifies and connects the nonprofit to mission-aligned funders who can step in with grant support. Other funders that connect their nonprofit partners with new funders are **A.T.E Chandra Foundation**, **[EdelGive Foundation](#)**, **LGT Venture Philanthropy**, and **Rohini Nilekani Philanthropies**.



## Embed Diversity, Equity, and Inclusion in Grantmaking


As funders live into the first four principles for building strong, resilient nonprofits, paying careful attention to DEI considerations can help funders identify and address inequity — with associated gains accruing to funders, nonprofits, and communities alike.

India has a long history of systemic inequities based on factors such as caste, gender, tribal origin, and religion. Nonprofits benefit from having leaders and staff with lived experience of the individuals and communities they serve. It puts them in strong position to take into account the distinctive strengths and needs of diverse, historically marginalised communities, helping them design more effective programmes that consider the root causes of social problems.

Yet our research has shown that problems of underfunding, lack of reserves, and inability to create operating surplus are more frequently encountered by nonprofit organisations with Dalit, Bahujan, or Adivasi (DBA) leaders, and those not located in major cities. For instance, 70 percent of nonprofits led by members of DBA communities did not report any operating surplus in the three years prior to our 2020 survey, compared to 45 percent for non-DBA-led nonprofits. Two-thirds of the non-metro and rural nonprofits reported no surpluses in the same period, compared to 39 percent of metro-based nonprofits.<sup>18</sup> Similarly a higher percentage of DBA-led nonprofits demonstrated financial vulnerability against the comparison set.

An intentional focus on DEI can help to address the disproportionate financial gap these critical agents of social change face and thus accelerate progress on India's steepest challenges. It's important for funders to understand the unique context of nonprofit partners who may have faced systemic marginalisation, and to walk the extra mile to support their organisational development and financial resilience. A number of funders spoke about the importance of DEI and indicated that they are early in their journeys towards integrating DEI principles in their grantmaking.

**70%** of DBA-led nonprofits reported **no reserve funds**, a sign of particularly **acute financial weakness** for these historically marginalised groups.



**Source:** The Bridgespan Group

### Bring an explicit DEI focus to grantmaking processes

Some funders have changed how they select grantees by bringing equity considerations into the process. The **Ford Foundation**, **Rohini Nilekani Philanthropies**, and the **GROW Fund** anchored by **EdelGive Foundation** are amongst the funders that have integrated DEI principles into sourcing and due diligence processes. This approach involves, for example, soliciting grant applications in multiple languages, creating a support infrastructure, such as a helpline in multiple languages, to assist applicants, and ensuring geographic representation.

<sup>18</sup> Venkatachalam et al, *Building Strong, Resilient NGOs in India: Time for New Funding Practices*.

[IndusInd Bank CSR](#) focuses on gender and inclusion throughout its grantmaking process. For example, it collects DEI-related data as part of grant management, so it can support nonprofit partners in identifying and serving community needs with existing and potential programmes.

Funders can also track DEI-related indicators amongst their grantees (e.g. nonprofit leadership and team composition, the composition of communities served). Setting targets for a more representative portfolio can help maintain focus on DEI during the sourcing and due diligence process. For example, the **GROW Fund** pays particular attention to gender diversity among leadership teams and boards when selecting organisations for the GROW cohort.

### Adopt a DEI framework to guide internal operations

The **Bill & Melinda Gates Foundation** made a [public statement](#) about how DEI will be a core tenet of its grantmaking. This commitment creates accountability within the organisation to integrate DEI into its leadership, talent, culture, and partnerships with public [progress reports](#).

Similarly, in addition to keeping the focus on supporting nonprofits working with and led by historically marginalised communities, [Mariwala Health Initiative](#) has embedded DEI principles in its hiring and human resources policies to build more diverse, inclusive, and resilient teams and programmes. It places particular emphasis on ensuring that its team and advisory board have representation from the communities it serves.

Funders have a significant distance to travel to incorporate DEI principles into their internal and external operations. Sharing more with peers about what they have learned can help accelerate learning about what works and what doesn't.



## How a Diverse Group of Funders Have Put Pay-What-It-Takes Principles into Practice

The profiles that follow show the range of approaches 14 funders have taken to pursue one or more of the Pay-What-It-Takes (PWIT) principles. This is a starting point and we aspire to add the approaches of additional funders who are pursuing these principles in their grantmaking.

For funders open to exploring change, we have found a three-step process to be helpful:

- **Reflect** on your current grantmaking policies and how they may limit the effectiveness of your nonprofit partners. For example, consider whether your practices (current or proposed) impede equity in addressing the needs of historically marginalised groups. Engage your staff in conversations about how changes in funding practices can advance your organisation's mission.
- **Reach out** to nonprofit partners to identify priorities for true-cost funding and organisational development (OD) through ongoing conversation. Engage with peers who already are funding true costs to learn from their experiences.
- **Refine** your grantmaking policies and practices as needed by continuously engaging with nonprofit partners along the five PWIT principles outlined above, as relevant. Draw on the experiences of funders who have already taken steps to help their grantees build stronger, more financially resilient organisations.

For their part, nonprofits can support their funders in this journey of change by being clear about their own true costs and needs for OD and resilience. Transparency helps to create the mutual trust needed for nonprofits and funders to work together more effectively.

Pursuing this path to change will require patience and perseverance to overcome deeply ingrained attitudes and practices cultivated over many years. The funders highlighted in this section show a variety of ways to adapt grantmaking practices to invest not only in programmes but also in strengthening the organisations that deliver them. Working together as long-term partners, funders and nonprofits can build a stronger, more effective social sector that delivers a much higher trajectory of social development for India.






## Funder Profiles

This section includes detailed funder profiles that capture the journeys and approaches of 14 funders — across corporate social responsibility, domestic philanthropy, and global philanthropy — whose grantmaking practices are aligned to one or more of the PWIT principles.

We developed these profiles based on secondary research and multiple interviews with the funders' leaders and programme managers. To help substantiate the insights and learn more about the impact of the grantmaking practices, we also spoke with 14 nonprofit partners who have received funding from these funders. While not a rigorous impact study, the conversations with nonprofit partners helped to mitigate bias. The funders reviewed and approved their profiles to ensure the depictions captured the essence of their grantmaking practices. For a full description of our research methodology, please see the [Appendix](#).




Please note that the profiles reflect the funders' approaches at the time of our study and may very well evolve further given the dynamic nature of funders' grantmaking practices. We aspire to add more funders to the set of profiles, including additional segments such as ultra-high-net-worth individuals and philanthropic collaboratives.

We hope this compendium can serve as input for funders who are seeking to improve their grantmaking practices to better support their nonprofit partners.

Funder	 Develop Multiyear Funder- Nonprofit Partnerships	 Pay a Fair Share of Core Costs	 Invest in Organisational Development	 Build Financial Resilience	 Embed Diversity, Equity, and Inclusion in Grantmaking
<b>Corporate Social Responsibility*</b>					
<a href="#">ASK Foundation</a>	✓	✓			
Axis Bank Foundation	✓	✓	✓		
Forbes Marshall CSR	✓	✓	✓		✓
<a href="#">IndusInd Bank CSR</a>	✓	✓	✓		✓
<a href="#">Mahindra Group CSR</a>	✓	✓	✓		
<a href="#">Thermax Foundation</a>	✓	✓			
<b>Domestic Philanthropy*</b>					
A.T.E. Chandra Foundation	✓		✓	✓	
<a href="#">EdelGive Foundation</a>	✓	✓	✓	✓	✓
<a href="#">Mariwala Health Initiative</a>	✓	✓	✓	✓	✓
Rainmatter Foundation	✓	✓	✓		✓
Rohini Nilekani Philanthropies	✓	✓	✓	✓	✓
<b>Global Philanthropy*</b>					
Children's Investment Fund Foundation	✓	✓	✓		
Ford Foundation	✓	✓	✓	✓	✓
LGT Venture Philanthropy	✓	✓	✓	✓	

\* More funder profiles coming soon.

## Corporate Social Responsibility (CSR)

ASK Foundation	
 <b>Annual budget:</b> <Rs 10 crore <b>Year established:</b> 2008 <b>Team size:</b> < 10	<b>Mission:</b> To empower rural communities in India to be prosperous and self-reliant by enabling better livelihoods and increasing their infrastructure capacities.
Investment Philosophy	
<p>ASK Foundation works with nonprofits that have the capabilities, track record, and mission alignment to achieve the objectives and goals defined in the foundation's board-approved strategy.</p> <p>The foundation believes communities should play a central role in their own change and thus seeks nonprofit partners with interventions and implementation plans that centre community needs. ASK tailors its grant process to the intensity, length, and scale of a given project.</p>	
Pay-What-It-Takes Principles in Action	
 <b>Develop multiyear funder-nonprofit partnerships</b>	<ul style="list-style-type: none"> <li>ASK enters into multiyear partnerships with nonprofits. It evaluates and renews these partnerships annually depending on their execution and results. The annual renewal helps reflect on and learn from implementation. If required, it also helps the partners and foundation to pivot in their approach or even bring in other nonprofit partners to supplement efforts.</li> <li>The foundation strives to build mutual trust with nonprofit partners by prioritising communication and feedback loops. This helps all partners understand what is working and where there is room for improvement.</li> <li>The foundation also shares what it has learnt across its portfolio with its nonprofit partners to help them improve their programmes.</li> </ul>
 <b>Pay a fair share of core costs</b>	<ul style="list-style-type: none"> <li>ASK believes providing core-cost support helps its nonprofit partners execute their work effectively. Based on conversations with nonprofit partners and the foundation team's own expertise, the foundation has arrived at a preferred percentage of a grant's budget that can go to cover core costs.</li> <li>The foundation allows for flexibility in core costs when a nonprofit demonstrates the need for more than the preferred percentage.</li> </ul>



## Pay-What-It-Takes Journey So Far

ASK Foundation has embarked on a journey to change its funding practices. Prior to 2018, the foundation provided annual grants to multiple organisations. Realising that sustainable impact requires a longer-term outlook, it conducted a strategy refresh to identify ways to make its grantmaking more effective. Based on this exercise, it decided to enter into funding partnerships spanning a minimum of five years and to increase allocations to core costs.

ASK says that success for its new approach starts with ensuring that staff and senior leadership understand and support the foundation's vision for impact and approach to grantmaking. To garner support, the foundation shared examples from peer funders that demonstrated the role core-cost support can play in a nonprofit partner's ability to achieve its desired results. ASK also arranged an immersive experience for senior leadership, taking them to see nonprofit partners in action so they could observe firsthand how critical this sort of support is.

Initially, ASK faced regulatory ambiguity around whether the 5 percent cap on administrative costs for internal management of its CSR operation also applied to its nonprofit partners' core costs. Amendments to the CSR law clarified that the 5 percent cap only applies to administration of a CSR programme. The foundation firmly believes that its core-cost support has made it possible for partner nonprofits to work more effectively and achieve greater impact.

Another challenge was that several of its nonprofit partners had difficulty articulating their core costs. Investing in communication and building greater trust with its partners have led to some improvement, but the foundation acknowledges that more is needed here.

The success of the foundation's practice changes has also created a virtuous cycle. Internal interest in the foundation's CSR work has increased as a result of featuring its efforts in employee town hall meetings and new employee inductions, which now have a CSR module. The marketing team has also been able to increase its dissemination of the foundation's success stories.

As the next step in this journey, ASK intends to further strengthen its community-centric approach. It aspires to integrate the voice of communities at the beginning of programme design and plans to adapt its grantmaking policies accordingly.

## IndusInd Bank CSR

### IndusInd Bank

**Annual budget:**

Rs 101–150 crore

**Year established:** 1994

**Team size:** < 10

**Mission:** IndusInd Bank CSR (IBL CSR) is based on the principle of “good ecology is good economics” and a strong CSR brand of “Sattvam — Our Country. Our Commitment.” It aims to design sustainable programmes to “empower the marginalised and weaker sections of society, and high-risk and high-stressed communities.” IBL CSR’s focus areas include sustainable environment, inclusive sports, education, rural development with climate resilience and adaptation, gender diversity, and inclusion.

### Investment Philosophy

IndusInd Bank CSR recognises the community as a core stakeholder in its business and hence puts emphasis on responsible business growth. Community centricity to enable grassroots-level change is a core tenet of its CSR programmes.




IBL CSR collaborates with implementation partners, the government, and other corporates to accelerate change at scale. It selects its implementation partners after careful screening that goes beyond compliance checks and focuses on values alignment, programme impact, equity, and potential for systems change and convergence with the government.

### Pay-What-It-Takes Principles in Action



#### Develop multiyear funder-nonprofit partnerships

- IBL CSR has adopted a multiyear funding approach across its programmes to maximise its social impact and drive sustainable change for the communities it serves. It categorises its programmes into two portfolios:
  - **Flagship programmes:** The Holistic Rural Development Program is designed to improve the income levels and standard of living of marginalised communities included in the government’s [NITI Aayog Aspirational Districts Program](#) over a five to 10-year period. IBL CSR partners with values-aligned nonprofits and the government, and plays a key role in designing and implementing these programmes.
  - **Strategic projects:** These projects span three to four years in areas such as education, inclusive sports, and environmental sustainability. IBL CSR runs them in partnership with nonprofits that have strong community connections in urban and peri-urban areas across the country.

 <p><b>Pay a fair share of core costs</b></p>	<ul style="list-style-type: none"> <li>• IBL CSR does not have a fixed limit for core cost coverage. For both the strategic initiatives and flagship programmes, it endeavours to understand and cover the costs required to deliver programmes. When it co-funds projects, IBL CSR encourages partner nonprofits to ask the other funders to cover their proportionate share of core costs.</li> </ul>
 <p><b>Invest in organisational development</b></p>	<ul style="list-style-type: none"> <li>• IBL CSR provides both financial and non-financial OD support to its partners.             <ul style="list-style-type: none"> <li>- Financially, it allows nonprofit partners to use a certain percentage of grants towards OD initiatives. It encourages nonprofits to have a cost apportionment policy in place so they can seek proportionate support from other funders and thereby reduce the risk that they become over-dependent on IBL CSR.</li> <li>- Non-financially, IBL CSR organises workshops, trainings, and webinars for all nonprofit partners to build their capabilities in thematic areas like systems thinking, financial modelling, and monitoring and evaluation.</li> </ul> </li> </ul>
 <p><b>Embed diversity, equity, and inclusion in grantmaking</b></p>	<ul style="list-style-type: none"> <li>• IBL CSR has a strong commitment to gender equity and incorporates inclusivity in all of its programmes and grantmaking practices. It encourages nonprofit partners to identify the specific needs of women within existing programmes and potential intervention areas. It makes a core commitment to support women and girls, people with disabilities, and marginalised and vulnerable communities across its programmes.</li> <li>• To track progress on DEI, it regularly seeks DEI-related data from partner nonprofits.</li> </ul>
<p><b>Pay-What-It-Takes Journey So Far</b></p>	
<p>Since its inception, IBL CSR has pursued a long-term approach to creating sustainable change for marginalised, vulnerable communities and the environment. It adjusts its grantmaking to the changing needs of the communities served, helping nonprofits refine programme designs, test their approaches, expand their reach, and transfer ownership to communities.</p> <p>IBL CSR strongly believes in making CSR expenditures catalytic in nature to attract additional funders or secure government and community support for a programme. It also facilitates introductions to other stakeholders (funders, nonprofits, and government officials) that enable nonprofit partners to explore collaborations to achieve better outcomes and impact.</p> <p style="text-align: right;"><i>(continued over)</i></p>	

IBL CSR has pursued bold aspirations with encouragement from the bank's leadership and board members. With their support, IBL CSR also has identified ways to strengthen internal processes and systems including governance and impact assessment to better support its nonprofit partners.

To affect these practice improvements, IBL CSR has built a strong CSR team with a mix of corporate- and development-sector experience. It believes that maintaining an empathetic approach toward nonprofits and the communities they serve is a critical success factor. To ensure compliance with CSR regulations, the IBL CSR team actively engages with nonprofit partners and helps them course correct if required.

IndusInd Bank CSR is also exploring innovative funding mechanisms to make CSR funds more catalytic. It has in the past successfully floated instruments like [development impact bonds](#) and [blended finance](#) for large-scale impact. Overall, IndusInd Bank CSR believes that its approach has helped it achieve greater social returns on its CSR investments.

## Mahindra Group CSR



**Annual budget:** NA

**Year established:** 2005

**Team size:** NA

**Mission:** Mahindra Group CSR is a diversified conglomerate that has brought its many CSR activities under a single umbrella — Rise for Good. Mahindra is committed to advancing positive change in the lives of individuals and the communities it serves. “Only when we enable others to rise will we rise.”

### Investment Philosophy

Mahindra Group CSR aspires to improve the lives of girls and women by funding innovative programmes in education (including skill building and livelihood development) and the environment. It seeks to achieve outcomes at scale by partnering with like-minded funders and values-aligned nonprofits.

Mahindra Group believes that nonprofits are the best equipped to design programmes to meet the specific needs of the communities they serve. Hence, it takes a flexible approach to funding nonprofit partners while supporting them in becoming more effective.

### Pay-What-It-Takes Principles in Action



#### Develop multiyear funder- nonprofit partnerships

- Respecting the expertise of its nonprofit partners and recognising the complex nature of the social issues it aspires to solve, Mahindra Group CSR takes a multiyear approach to funding.
- Mahindra Group CSR funds pilot projects to assess nonprofits' ability to implement and scale programmes, and to build trust with them. Pilots serve as a learning, testing, and, potentially, a failure space for both Mahindra Group CSR and the nonprofits. Mahindra Group CSR often builds long-term partnerships based on these efforts.
- Mahindra Group CSR often enters three- to five-year partnerships (in the form of a memorandum of understanding) with nonprofits, subject to annual grant renewal in compliance with CSR law. These long-term partnerships (which span multiple funding agreements) have resulted in high-impact programmes like Nanhi Kali, which supports the education of girls from low-income families. Though Mahindra Group CSR was established in 2005, Mahindra Group CSR has been involved with philanthropy since the founding of the K.C. Mahindra Education Trust in 1953. The support of Nanhi Kali started in 1996, and the partnership continues to this day through Mahindra Group CSR.



### Pay a fair share of core costs

- Mahindra Group CSR believes that funding core costs enables nonprofits to deliver programmes more effectively and efficiently. It understands the challenges nonprofits face in covering core costs and the negative consequences insufficient core cost coverage can have on achieving the desired impact.
- Mahindra Group CSR focuses on understanding the true cost of achieving the desired impact and considers the total cost of programme delivery (e.g. total cost per person trained) as an essential metric. Nonprofits can, as needed, reallocate grant funds to meet specific organisational or programmatic needs.



### Invest in organisational development

- Mahindra Group CSR provides non-financial support for its nonprofit partners' OD needs. Its CSR team organises workshops, provides advice, and shares knowledge of policies and processes in areas such as human resources and governance.
- Mahindra Group CSR encourages employees to give back to communities through its Employee Social Options Programme. This programme provides nonprofits with an opportunity to take advantage of employee expertise for OD. For example, Mahindra Group teams helped develop a digital monitoring system for Nanhi Kali, helping to streamline policies and improve programme activities.

## Pay-What-It-Takes Journey So Far

Mahindra Group CSR has been synonymous with philanthropy since the establishment of the K.C. Mahindra Education Trust in 1953. Its Group companies have pursued social activities in their own capacities ever since. As part of the 60th year anniversary celebration in 2005, it announced its commitment of 1 percent of profit after tax towards CSR activities.

Mahindra Group CSR has found that multiyear partnerships and a flexible approach to funding lead to more effective nonprofit programmes. Its experience indicates that leaders at its nonprofit partners benefit from multiyear funding as it frees them to spend more time on operations and programme delivery and less on fundraising. Mahindra Group CSR has also seen that long-term engagements build mutual trust while helping nonprofits establish credibility with other funders.

The partnership-focused approach has also allowed Mahindra Group CSR to monitor its nonprofit partners' evolving needs and tailor its support accordingly. For instance, when Mahindra Group CSR learned that a nonprofit partner was incurring higher costs than originally proposed, it changed its funding structure for the project. It revised costs upwards to ensure that the grant provided the true cost (on a per-participant basis) of programme delivery.

*(continued over)*

Mahindra Group CSR has seen many gains come from its approaches to covering costs and providing OD support. For example, supporting core costs, including nonprogramme staff salaries, has made it easier for nonprofit partners to attract and retain quality talent, which is critical to achieving Mahindra Group CSR's as well as its nonprofit partners' impact ambitions. Its employee volunteering and mentoring programme not only has allowed Mahindra Group CSR to support its nonprofit partners' OD needs but also has boosted employee morale and benefitted the company's public image. The CSR team also consults internal and external legal experts in case of any regulatory changes and facilitates workshops on regulatory changes and compliance for nonprofit partners.

## Thermax Foundation



**Annual budget:** <Rs 10 crore

**Year established:** 2007

**Team size:** < 10

**Mission:** Thermax Foundation — the CSR arm of Thermax Ltd — believes that quality education is the most important factor to empower and transform lives. It focuses on providing access to quality education to children from economically underprivileged backgrounds.

### Investment Philosophy

Thermax Foundation (TF) was set up with the belief that corporates must think beyond profits and look at the well-being of society at large. TF provides patient funding to nonprofit partners to support innovative projects and programmes. It strives to create an environment of trust and mutual respect with its nonprofit partners, to create sustainable impact for the community.

In addition to advancing quality education, TF funds skill building in communities where its factories are located. As a member of the [Social Compact initiative](#), TF promotes greater dignity and well-being for industrial workers. The initiative draws attention to wages, health, skilling, access to entitlements, safety, and gender issues in the workplace.

### Pay-What-It-Takes Principles in Action



#### Develop multiyear funder-nonprofit partnerships

- TF strongly believes that social impact requires a long-term commitment and hence enters into multiyear partnerships spanning from three years to over a decade.
- TF invests in strengthening these relationships and building mutual respect. It demonstrates an openness to innovate and experiment and a willingness to share learnings across partner organisations. The foundation engages frequently in discussions with its nonprofit partners to foster a trust-based relationship.



#### Pay a fair share of core costs

- TF views core costs as intrinsic to the nonprofit partners' budget and does not have any stipulated upper limit for core cost coverage.
- It believes that core costs may vary based on the nature of the initiative and the organisation. It engages in conversations with nonprofit partners at the proposal stage to understand their cost structure.
- When the core costs of an existing programme increase significantly, TF engages with the nonprofit partner to understand the rationale and provide guidance on how to manage the costs.
- TF conducts an internal analysis of nonprofit partners' cost per beneficiary, which has enabled the foundation to better understand partners' budgets and provide support to optimise costs, where possible.



### Pay-What-It-Takes Journey So Far

TF has been providing support to improve educational quality for underserved communities for almost two decades, which has resulted in establishing strong, trust-based partnerships with nonprofits. Given its focus on sustainable impact, TF over the years has pivoted towards a co-creation and learning approach with its nonprofit partners to advance innovation and experimentation, for continuously enhancing programmatic impact.

TF is cognisant of not making nonprofits overly dependent on its own funding. Hence it encourages nonprofits to diversify their funder base for proven programmes and to use TF's support for new or untested programmes. To reduce the dependence on one funder, it has also started entering into partnerships with other funders to increase the nonprofit's funder base.

The family philanthropy of Thermax Ltd founders from time to time joins with TF to cover costs outside the scope of the foundation's CSR funding (e.g. support for setting up or expanding a fundraising team). That way, the family philanthropy and the CSR programme work in tandem to meet the holistic funding support needs of selected nonprofits.

To help strengthen the organisational capacity of nonprofit partners, TF is exploring a peer learning programme to enlist Thermax Ltd employees to volunteer time to help nonprofits on their OD priorities. In addition to providing needed support for nonprofit partners, this programme would be instrumental to promote firm building.

## Domestic Philanthropy

### EdelGive Foundation



**Annual budget:**  
<Rs 51-100 crore

**Year established:** 2008

**Team size:** 30+

**Mission:** EdelGive Foundation, the philanthropic arm of the Edelweiss Group, works to enable the growth of grassroots organisations working with vulnerable communities across India.

#### Investment Philosophy

EdelGive takes a distinctive approach to its philanthropy, through a dual role of grantmaking and grant advising. It provides nonprofit partners with initial grants and also acts as a philanthropic asset manager and advisory partner to funders ranging from high-net-worth individuals to global foundations. It looks at grants as investments in nonprofit organisations to unlock greater impact, with a key focus on capacity building.

EdelGive often acts as the anchor partner for creating issue-focused collaboratives. For example, the Grassroots, Resilience, Ownership, and Wellness Fund ([GROW Fund](#)) is a collaborative anchored by EdelGive to support organisational development and key organisational functions for 100 nonprofit partners.

EdelGive prioritises mission-aligned nonprofits based on their impact potential, needs of the community served, evidence of desired change and acceptance by the community, and feasibility and sustainability of the model. It provides financial and non-financial support for building nonprofits' operating and growth capabilities.

#### Pay-What-It-Takes Principles in Action






##### Develop multiyear funder- nonprofit partnerships

- EdelGive enters into multiyear partnerships spanning three years. It is open to extending the support beyond the three-year mark based on the need and context.
- The GROW Fund is a two-year commitment towards core costs and the development of key organisational functions with a focus on building future readiness.



##### Pay a fair share of core costs

- EdelGive engages with its nonprofit partners to understand how best to support their core costs. In cases of exigencies (e.g. where a shortfall in core cost coverage in a programme funded by multiple funders may adversely affect the nonprofit's ability to deliver impact), it does support organisations beyond the programmatic grant, with an understanding that over time this support will be tapered to avoid over-dependence.
- The GROW Fund is entirely focused on core-cost needs and organisational development and provides its nonprofit partners complete flexibility to use its funding to cover their core costs.

 <p><b>Invest in organisational development</b></p>	<ul style="list-style-type: none"> <li>• EdelGive provides financial and non-financial OD support, based on a nonprofit's needs:             <ul style="list-style-type: none"> <li>- <b>Financial support:</b> <ul style="list-style-type: none"> <li>• Even when funding a specific programme, the foundation earmarks a percentage of a grant for the nonprofit to invest in OD needs.</li> <li>• The GROW Fund conducts a prioritisation exercise with its nonprofit partners to help assess their OD capabilities across 12 dimensions and provides non-binding recommendations for the three highest priority areas for investments. Nonprofits are given the flexibility to focus on the recommended capabilities or identify any other OD priorities (up to three capabilities).</li> </ul> </li> <li>- <b>Non-financial support:</b> <ul style="list-style-type: none"> <li>• EdelGive partners with experts to support nonprofit partners in their OD efforts.</li> <li>• The GROW fund focuses on strengthening management capacities and operational efficiencies of partner nonprofits by conducting cohort-based workshops and trainings, as well as by providing customised guidance and frameworks through experts they partner with.</li> </ul> </li> </ul> </li> </ul>
 <p><b>Build financial resilience</b></p>	<ul style="list-style-type: none"> <li>• EdelGive helps nonprofit partners diversify their funding base. On the nonprofit side, it provides connections to other funders. On the funder side, it helps inform funders' giving and recommends nonprofit partners.</li> <li>• In providing nonprofits with both funding as well as guidance for fundraising, it helps enable parallel fundraising for both programmatic and non-programmatic needs, which is often larger than the size of the grant from The GROW Fund.</li> </ul>
 <p><b>Embed diversity, equity, and inclusion in grantmaking</b></p>	<ul style="list-style-type: none"> <li>• The foundation brings a deep commitment to inclusiveness as a fundamental operating principle and places communities at the centre of all efforts. This is reflected in the way EdelGive conceptualises and develops initiatives, such as its women's empowerment campaign. The commitment also comes through in its selection of nonprofit partners. For example, EdelGive has supported grassroots nonprofits working on gender-related issues such as freedom from violence and discrimination; leadership of women and girls; access to justice, rights, and entitlements; and economic empowerment.</li> </ul> <p style="text-align: right;"><i>(continued over)</i></p>

- Within the GROW Fund, EdelGive considers DEI in its proposal solicitation and selection processes to ensure that nonprofits are not passed over because of factors such as language and geography. This includes:
  - Making proposal materials available in seven languages and enhancing outreach through 84 publications;
  - Accounting for bias and barriers in the shortlisting of applications;
  - Ensuring geographic representation within the cohort of applicants; and
  - Taking an intentional step to select organisations who have gender diversity on their leadership teams and boards.

### Pay-What-It-Takes Journey So Far

Eight years ago, EdelGive changed its approach to grantmaking after analysis of its portfolio showed that its one-year grants pushed nonprofits to focus on short-term outputs instead of prioritising long-term outcomes. Ever since, EdelGive has engaged primarily in multiyear partnerships focused on delivering sustained impact.

While EdelGive believed in the importance of OD from the outset because of its founders' entrepreneurial experience, the foundation learned over time how lack of funding leaves nonprofits unable to invest adequately in OD. To bridge this gap, it placed an increased focus on providing both financial and non-financial support for OD. For instance, EdelGive has supported 75 nonprofits to take advantage of training opportunities and workshops.

EdelGive believes that any organisation — for-profit or nonprofit — needs strong structures and systems to operate. It sees funding that caps critical organisational development investments, such as leadership training and accessing better systems and technologies, as counterintuitive to what is needed to build an effective nonprofit organisation. In EdelGive's experience, a nonprofit with well-supported administrative functions can better serve individuals and communities in need.

EdelGive believes these efforts have been rewarded by clear evidence of the merits of capacity building among its nonprofit partners and participants in the GROW Fund. Moreover, as nonprofits have built organisational strength and begun to think more strategically about their long-term goals, they have learned to articulate their total funding needs more clearly. This, in turn, has helped them attract new funders.

## Mariwala Health Initiative



mariwala  
health  
initiative

**Annual budget:**  
<Rs 10 crore

**Year established:** 2016

**Team size:** 10-19

**Mission:** Mariwala Health Initiative (MHI) works to make mental health accessible to historically marginalised individuals and communities. It also seeks to visibilise their voices and to create narratives that highlight the structural determinants of mental health.

### Investment Philosophy

MHI provides support for innovative organisations and collectives that aspire to make mental health accessible to historically marginalised communities. It seeks to create an environment of accessible, affirmative, rights-based, and user-centric mental health care. It prefers to fund organisations led by people from historically marginalised communities or coming from low-resource geographical regions.

MHI is typically a nonprofit's first institutional funder, and it also provides nonfinancial, strategic support. It believes in trust-based funding and provides its nonprofit partners with considerable decision-making flexibility. Its selection process focuses on understanding the ways in which the nonprofit's work is community centred, its aspirations and approaches for impact, and its alignment with MHI's values. There is no financial or other documentation due diligence at the time of onboarding.

### Pay-What-It-Takes Principles in Action



**Develop  
multiyear  
funder-  
nonprofit  
partnerships**

- MHI considers multiyear partnerships essential for delivering impact in the field. Partnerships typically last for three to eight years, and MHI exits after it has introduced its nonprofit partners to new funders who can match an amount equivalent to MHI's funding.
- With the grassroots organisations it supports, MHI often begins by providing a short-term grant, based on the readiness of the partner nonprofit. It then works with the organisation to build a longer-term relationship.



**Pay a fair  
share of  
core costs**

- MHI supports the overall costs of a programme or project and does not differentiate between programme and core costs. This flexible approach stems from its belief that ensuring core-cost coverage will help nonprofits deliver greater impact in the long run.
- For nonprofits where MHI is one of several funders, it tries to provide funding for specific core costs that may not be supported by other funders. It also encourages nonprofits to leverage MHI's support to seek proportionate core-cost coverage from the other funders.

 <b>Invest in organisational development</b>	<ul style="list-style-type: none"> <li>• MHI aims to understand its nonprofit partners' OD needs, with a focus on investments required to support plans for growth. It also encourages nonprofit leaders to begin engaging in conversations about their OD needs during the initial grant stage.</li> <li>• MHI provides both financial and nonfinancial OD support, including: <ul style="list-style-type: none"> <li>- It makes dedicated OD grants and funds intermediaries to help nonprofits develop and implement OD plans.</li> <li>- It provides nonprofits with access to MHI staff and external experts. MHI employees have provided nonprofits with advice on communications, programme design, human resource policies, and technology.</li> </ul> </li> </ul>
 <b>Build financial resilience</b>	<ul style="list-style-type: none"> <li>• MHI generally does not provide grants for corpus building.</li> <li>• When planning to exit a nonprofit partnership, it identifies and makes connections to mission-aligned funders.</li> <li>• MHI also provides nonprofit partners with opportunities to present their work in various funders' forums.</li> </ul>
 <b>Embed diversity, equity, and inclusion in grantmaking</b>	<ul style="list-style-type: none"> <li>• MHI focuses its grantmaking on the interconnected nature of gender, sexuality, caste, religion, geographical location, and occupation. To identify often overlooked nonprofits, MHI seeks advice from other funders and references from partner nonprofits. It has also taken measures to make its online grant application process more inclusive by incorporating design elements that make it accessible to people with disabilities.</li> <li>• MHI ensures that its team and advisory board have representation from the communities it serves. It has instituted processes (e.g., internship programmes for people from historically marginalised groups, a buddy programme for new team members, and orientation sessions for the team) to achieve this goal.</li> </ul>
<b>Pay-What-It-Takes Journey So Far</b>	
<p>Founded with a DEI-focused mission, MHI has adopted DEI practices since inception. Its commitment to DEI stems from the foundation's mission to enable community-driven organisations to lead innovative mental health initiatives. This approach has helped MHI to support grassroots organisations in their efforts to elevate conversations that address marginalisation in mental health care.</p> <p style="text-align: right;"><i>(continued over)</i></p>	

MHI sees itself as a support organisation for nonprofits. From the beginning of its philanthropic journey, it has taken a multiyear, flexible funding approach given how critical such support is for grassroots organisations to grow and deepen impact. Its funding practices have also evolved over the years based on what it has learned from partnering with grassroots organisations—with MHI advancing its own goals of inclusion and equity across every pillar of its work, including grantmaking.

To ensure internal diversity, MHI removed inequitable eligibility criteria from job descriptions when it struggled to get sufficient applications from historically marginalised groups. Having a diverse staff has helped MHI identify and support nonprofits with a DEI mission.

MHI regularly conducts employee trainings on organisational values and culture, including DEI. MHI also encourages field visits by all levels of employees, to deepen understanding of the need to centre communities and of challenges in programme implementation. This helps MHI provide appropriate support to nonprofits partners.

MHI continues to evolve its grantmaking process in a participatory model by involving people from the community in grant evaluation.

More funder profiles coming soon.





## Appendix

### Acknowledgments

We are deeply grateful to all the funder organisations that participated in this research project. We also thank the nonprofit leaders who helped us gain a deeper understanding of the funder organisations grantmaking practices.

This body of research would not be possible without the support and guidance of the six anchor partners in the Pay-What-It-Takes India initiative. We are grateful for their time and effort toward this important topic.

We are also grateful to Mr. Noshir Dadrawala of Centre for Advancement of Philanthropy as well as Ravi Bagaria and Ritu Jain of Aria CFO Services, for sharing their expertise on regulatory aspects.

A heartfelt thank you is due to our colleagues Sandra Fallon, Pinky Thakkar, and Carole Dlima for their operational and logistical support. We are also indebted to our colleagues Larry Yu, Carole Matthews, Alison Rayner, and Emily Staab for their support in editing and designing this report, and Liz London, Ryan Wenzel, and Shikha Kumar for their help with dissemination. We appreciate the strategic guidance provided by our colleagues Gail Perreault, Michael Etzel, and Jeri Eckhart-Queenan throughout the project.

We would like to thank the many representatives of the 30 organisations we interviewed for their contributions to this report. Without their input, this research would not have been possible.

Funders	
A.T.E Chandra Foundation	IndusInd Bank CSR
ASK Foundation	LGT Venture Philanthropy
Axis Bank Foundation	Mahindra Group CSR
Children's Investment Fund Foundation	Mariwala Health Initiative
EdelGive Foundation	Rainmatter Foundation
Forbes Marshall CSR	Rohini Nilekani Philanthropies
Ford Foundation	Thermax Foundation

Intermediaries	
Aria CFO Services	Noshir Dadrawala (Centre for Advancement of Philanthropy) <sup>19</sup>
Nonprofits	
Akanksha Foundation	India Development Review
Anubhuti Charitable Trust	iTeach Schools
Antara Foundation	Naandi Foundation
BAIF Development Research Foundation	Olympic Gold Quest
Educate Girls	Professional Assistance for Development Action
Foundation for Ecological Security	Vidhi Centre for Legal Policy
GuideStar India	Watershed Organisation Trust

<sup>19</sup> We engaged Noshir Dadrawala from the Centre for Advancement of Philanthropy to get an expert view on the parameters of CSR regulations and understand the regulatory aspects of reserves and endowments.

## Anchor Partners in the Pay-What-It-Takes Initiative

[A.T.E. Chandra Foundation](#)



[EdelGive Foundation](#)



[Bill & Melinda Gates Foundation](#)



[Forbes Marshall Foundation](#)



[Children's Investment Fund Foundation](#)



[Ford Foundation](#)



## Research Methodology

This report showcases the journeys and approaches of 14 funders (including five anchor partners of the [Pay-What-It-Takes India Initiative](#)) whose grantmaking practices are aligned to one or more of the Pay-What-It-Takes principles. To ensure this resource is useful for the larger philanthropic ecosystem, we included funders across three funding segments: CSR, domestic philanthropy, and global foundations.

We started with a list of more than 25 funders. We filtered the list down to the 14 featured in this report using a variety of screening criteria. For example, we focused on funders that had been applying PWIT principles for long enough to reasonably see results. We also prioritised funders that had adopted unique approaches, so that we could showcase a wide range of ways funders can embrace PWIT principles. Additionally, some funders fell off the list because we were unable to develop a detailed enough picture of their grantmaking practices or because they were hesitant about sharing their practices publicly.

For each of the 14 funders we profiled in depth, we conducted multiple interviews with their leaders and programme managers to gain a deeper understanding of their grantmaking practices across the five PWIT principles, their organisation's journey of evolving these practices, and the benefits associated with such grantmaking practices. To help substantiate the insights emerging from the funder interviews and to learn more about the impact of the grantmaking practices on their nonprofit partners, we conducted interviews with 14 nonprofit partners who have received funding from these funders. While not a rigorous impact study, the conversations with nonprofit partners helped to mitigate bias. Based on the interviews and secondary research, we drafted the funder profiles. The funders reviewed and approved the profiles to ensure the depictions captured the essence of their grantmaking practices.



## THE BRIDGESPAN GROUP

**BOSTON** 2 Copley Place, 7th Floor, Suite 3700B, Boston, MA 02116 USA. Tel: +1 617 572 2833

**JOHANNESBURG** Bridgespan Africa, The MARC, Tower 1, 3rd Floor, Corner Maude and Rivonia Road, Sandown Johannesburg, South Africa. Tel: +27 11 012 9280

**MUMBAI** Bridgespan India Private Limited (registered address), 11th Floor, Platina, G Block, Plot C 59, Bandra Kurla Complex, Mumbai, 400051, India. Tel: +91 022 6628 9624

**NEW YORK** 333 Seventh Avenue, 11th Floor, New York, NY 10001 USA. Tel: +1 646 562 8900

**SAN FRANCISCO** 88 Kearny St., Ste. 200, San Francisco, CA 94108 USA. Tel: +1 415 627 4500

**SINGAPORE** The Bridgespan Group, Sponsored by Bain Singapore, 38 Beach Road, 15th Floor, South Beach Tower, Singapore 189767



[www.bridgespan.org](http://www.bridgespan.org)

[contact@bridgespan.org](mailto:contact@bridgespan.org)  
[contactindia@bridgespan.org](mailto:contactindia@bridgespan.org)

This work is licensed under the Creative Commons BY-NC-ND License.  
To view a copy of this license, visit <http://www.bridgespan.org/about-us/terms-and-conditions>