Pay-What-It-Takes to Maximize Impact

Funding practices affect NGOs’ ability to serve communities

NGOs can’t effectively scale impact without true cost support*

<table>
<thead>
<tr>
<th>THE PROBLEM</th>
<th>HOW IT AFFECTS THEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>84% of NGOs face challenge in recovering core costs</td>
<td>Challenges in fundraising</td>
</tr>
<tr>
<td>82% of NGOs do not invest enough in organisational development</td>
<td>Low financial resilience</td>
</tr>
<tr>
<td></td>
<td>Lack of innovation and improvement</td>
</tr>
</tbody>
</table>

*Based on findings from Pay-What-It-Takes (PWIT) India Initiative reports launched in 2021 and 2022.

Nonprofits led by Dalit, Bahujan, or Adivasi (DBA) leaders, and those in non-metro areas, need more attention. Seventy percent of DBA-led NGOs and 66 percent of non-metro/rural NGOs had no operating surplus in the past three years.

Pay-What-It-Takes India Initiative

Adopt five principles of grantmaking to unlock NGOs’ impact potential

1. Develop multyear funder-NGO partnerships
2. Pay a fair share of core costs
3. Invest in organisational development
4. Build financial resilience
5. Embed relevant diversity, equity, and inclusion lens

Partner for the long term and build mutual trust with NGOs
Cover NGOs’ expenses for day-to-day operations
Support NGOs’ growth in key areas
Contribute to reserves, or corpus, that provide a safety net for NGOs
Recognise and address the needs of underserved individuals and communities

*True costs = Core costs/indirect costs + organisational development investments + reserve funding

Core Costs: Shared administrative or support function expenses not tied to a specific program (e.g., salaries of non-programme employees, rent and electricity for a central office, etc. also known as non-programme costs, administrative costs, or indirect costs)

Organisational Development: Investment in institutional growth and sustainability, such as in strategic planning, leadership and talent development, financial management, fundraising, measurement etc.

To learn more, scan the QR code to visit our website