



Azim Premji  
University

# **Covid-19 crisis: Survey on internal challenges faced by social sector organisations**

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## **Acknowledgements**

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The photographs used in this report are from the COVID-19 Integrated Healthcare Response in Bengaluru.

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## About Azim Premji University

The Azim Premji University was established in Bengaluru, Karnataka, as a not-for-profit university by the Azim Premji University Act 2010. The University has its genesis in the learning and experiences in elementary education by the Azim Premji Foundation. The University was founded as one of the key responses to the constraints and challenges that the Foundation encountered both within and in the environment, and as part of a larger strategy to contribute to the education and development sectors in the country.

The social purpose of the University is explicit and all its programmes, research, publications and events are oriented towards this purpose. The University works in close collaboration with governments, government schools, social sector organisations, teachers and practitioners in the field. Every year, students in the various programmes spend time with social sector organisations and learn from the fieldwork and the mentors. The University regularly invites practitioners to campus and draws insights from their work and experience. It also contributes to the sector through multiple useful and important platforms, such as, *Stories of Change*, which is a documentation of successful field experiences in development, or University Practice Connect, a collaborative platform where academics and development practitioners come together to create a mutually beneficial space for learning and experience. The University also publishes magazines and resource materials, and designs and conducts workshops and knowledge sharing sessions for the sector.

## Foreword

The advent of the Covid-19 pandemic and the ensuing lockdown led to a dual humanitarian and health crisis across India. Informal sector workers, including migrants with little savings, suddenly found themselves struggling for food. Uncertainty regarding the nature of the Covid-19 disease also led to fear, further exacerbating an already precarious situation.

Recognising the dire situation, social sector organisations (SSOs) sprung into action. Within a few days, they reoriented their work and funds to provide life-saving humanitarian aid. They negotiated with funders and redirected their funds from existing programmes for this purpose, and reoriented teams and processes to respond to the national emergency. Organisations with no previous work experience on food security, social security programmes such as MGNREGA or healthcare initiatives learnt rapidly from their peers to be able to provide the much-needed support. They forged new cross-organisational collaborations to make this possible.

While several studies have attempted to understand the impact of the pandemic and the lockdown on disadvantaged groups, there have been few attempts to gauge the same for the SSOs. This study of 107 NGOs fills this gap by examining the immediate and medium-term impact of these events on the funding and work of SSOs.

The study highlights the impact of the past year and half on NGO funds, teams and programmes. For example, over two-third of the NGOs reported that they had difficulty raising funds for their existing programmes, and 20% had to cut staff salaries in 2020.

Experiences from the pandemic have also made NGOs change plans and expectations for the coming years. Many of them intend to build capacity of their teams in the use of technology while a substantial number are thinking of work in healthcare beyond Covid. Many are also contemplating long-term changes in terms of increasing local recruitment and focusing on specific skill sets and training.

The pandemic has already had an indelible impact on our lives. And it is not surprising that it has also affected the programmes, recruitment, fundraising realities and strategies of NGOs. This study is an important step towards understanding these changes and their long-term impact on the sector as a whole.

**Dr. Richa Govil**

Director

School of Development



# Highlights of the study

## Background

Since March 2020, the Covid-19 pandemic and the ensuing lockdown measures have had a devastating impact on communities, economies and all segments of the society. India witnessed an unprecedented crisis in terms of loss of livelihood and income, which affected large numbers of families in both urban and rural areas. This was further amplified by the lack of awareness and basic information about the virus, including safety protocols and the benefits of vaccination. Further, it was also difficult to follow measures such as physical distancing and other hygiene protocols in densely populated and disadvantaged communities. The overburdened healthcare system was unprepared and ill-equipped to handle a health crisis of this magnitude. In such a challenging scenario, social sector organisations (SSOs)<sup>1</sup> were able to support communities during the pandemic, with provision of immediate humanitarian relief, healthcare support and creating awareness about the disease and related aspects. These organisations had the advantage of extensive reach in remotest parts of the country and were already embedded in these communities.

## Purpose of the study

The SSOs, which are part of the ecosystem, were equally affected by the sudden disruptions triggered by the pandemic. There was a significant reduction in funding available to SSOs, and the lockdown and social distancing protocols affected their own staff and programmes, forcing them to adopt newer ways of functioning.

Given these realities around us, we wanted to understand how the SSOs are adapting their operations and resources to the challenges posed by the pandemic and the kind of changes they anticipate in the social sector in the next few years as they adjust to a post-Covid world. The study specifically focuses on the internal organisational changes of SSOs both in the short-term and medium-term.

## Data collection and analysis

The situation assessment study was carried out over a five-month period during January-May 2021. The study was carried in two parts: (a) A survey of SSOs followed by (b) qualitative in-depth interviews with senior management of select organisations.

Of the 107 organisations that responded to the survey, we identified 28 respondents for the qualitative interviews, covering small, medium and large organisations, operating in different states and domains such as livelihoods, health, education, human rights and gender.

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<sup>1</sup> In this report, we are using the term 'social sector organisations' (SSOs) to refer to non-governmental organisations, not-for-profit organisations, community based-organisations and social enterprises.

## Summary of key findings

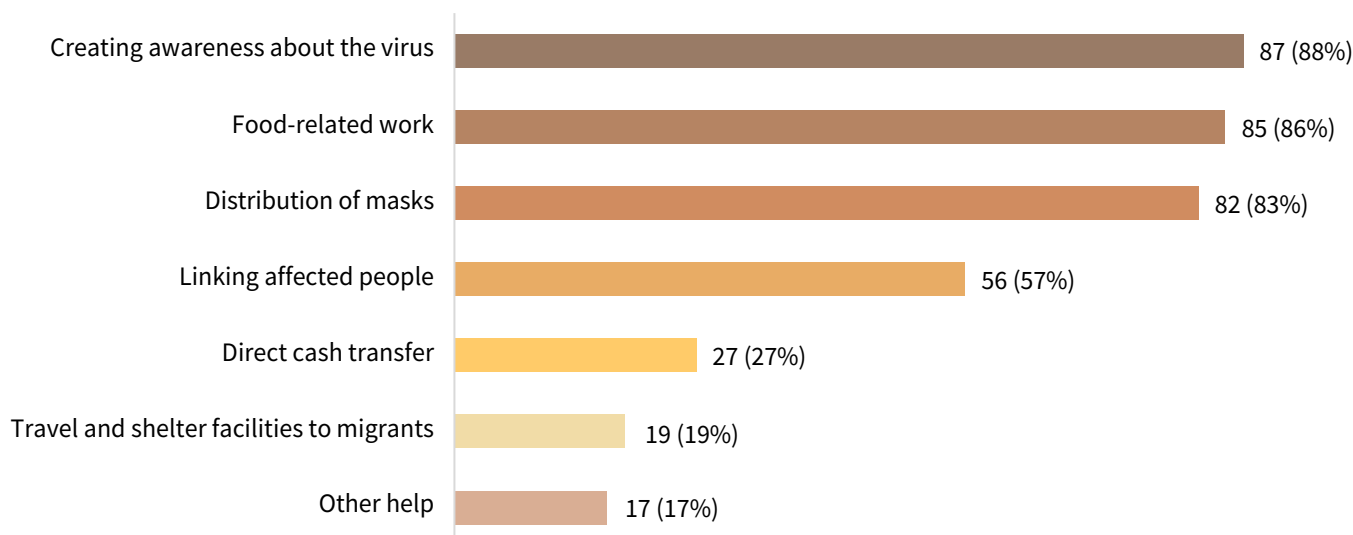
The findings are organised into the following categories:

- Humanitarian work carried out by SSOs
- Impact of the pandemic on the existing programmes of SSOs
- Impact of the pandemic on the workforce of SSOs
- Impact on funding to SSOs

### a. Humanitarian work carried out by SSOs

- 92% of the SSOs surveyed were involved in various emergency and relief measures to vulnerable and marginalised communities during the height of the Covid-19 pandemic.
- Relief work included provision of cooked food, dry ration, distribution of hygiene kits, direct cash transfers, and helping migrants with travel facilities and shelter.
- Creating awareness about the virus and distribution of food and masks were the key activities that SSOs were involved in.

#### Nature of humanitarian work by SSOs



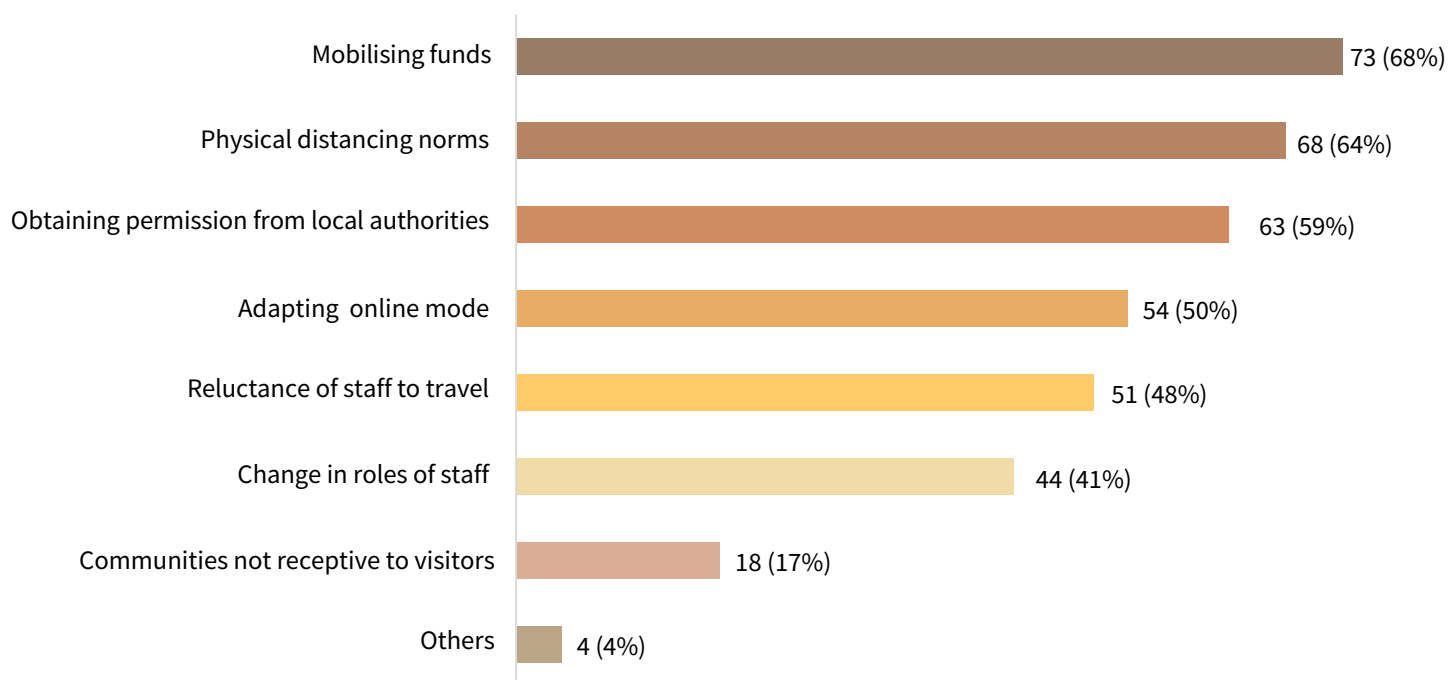
\*Note: Each organisation was involved in multiple humanitarian activities. Hence the total percentage adds up to more than 100.

### b. Impact of the pandemic crisis on the existing programmes of SSOs

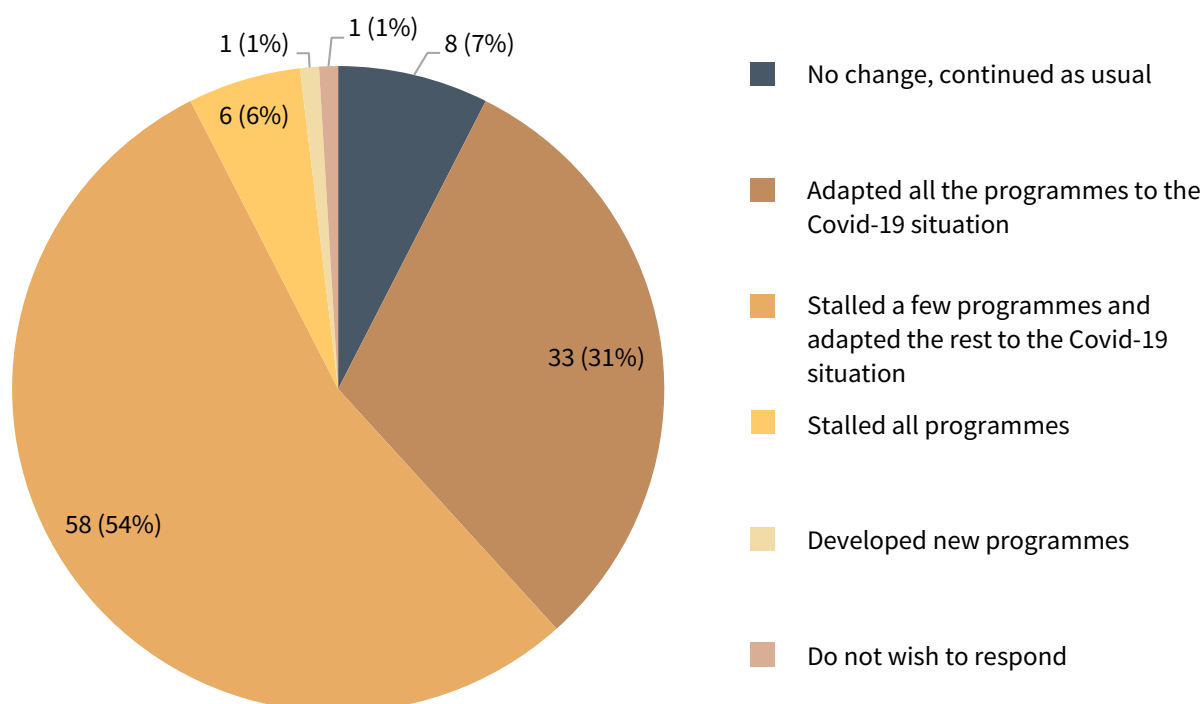
- Several organisations (68%) reported that mobilising funds for continuing their existing programmes posed a significant challenge, followed by the restrictions imposed by physical distancing norms (64%).

- Nearly 60% of the organisations reported that in the initial days of lockdown, it was difficult to obtain permission from local authorities to start field operations.

### Challenges in implementation of existing programmes



### Impact of lockdown on existing programmes



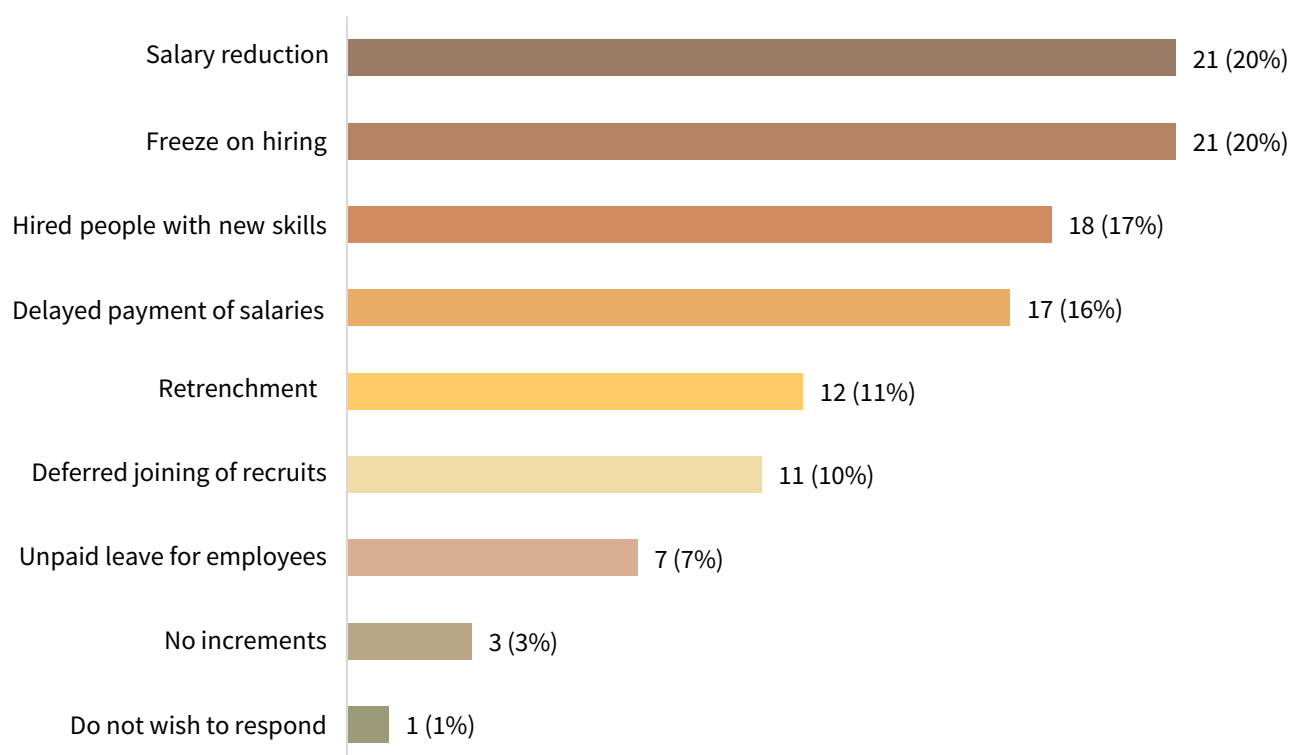
SSOs had to stall their programmes or adapt them to work around the limitations imposed by the lockdown.

- 6 SSOs (6%) mentioned that they had to completely stop all their programmes during the lockdown period.
- 33 SSOs (31% of respondents) indicated that they adapted/ modified all their programmes to the Covid situation.
- 54% of organisations indicated that they had to stall some of their programmes and adapt the others to the crisis.
- 60% of the respondents started new programmes in the area of education, health and livelihoods in response to the unfolding situation on the ground.

### c. Impact of the pandemic on workforce of SSOs

- 72% of the respondents indicated that their staff started working online.
- 52% of the SSOs reskilled their staff to work in an online mode.
- 20% of respondents reduced staff salaries in 2020.
- 3% could not give any hike in salaries for the year.

**Staff-related changes during April-December 2020**



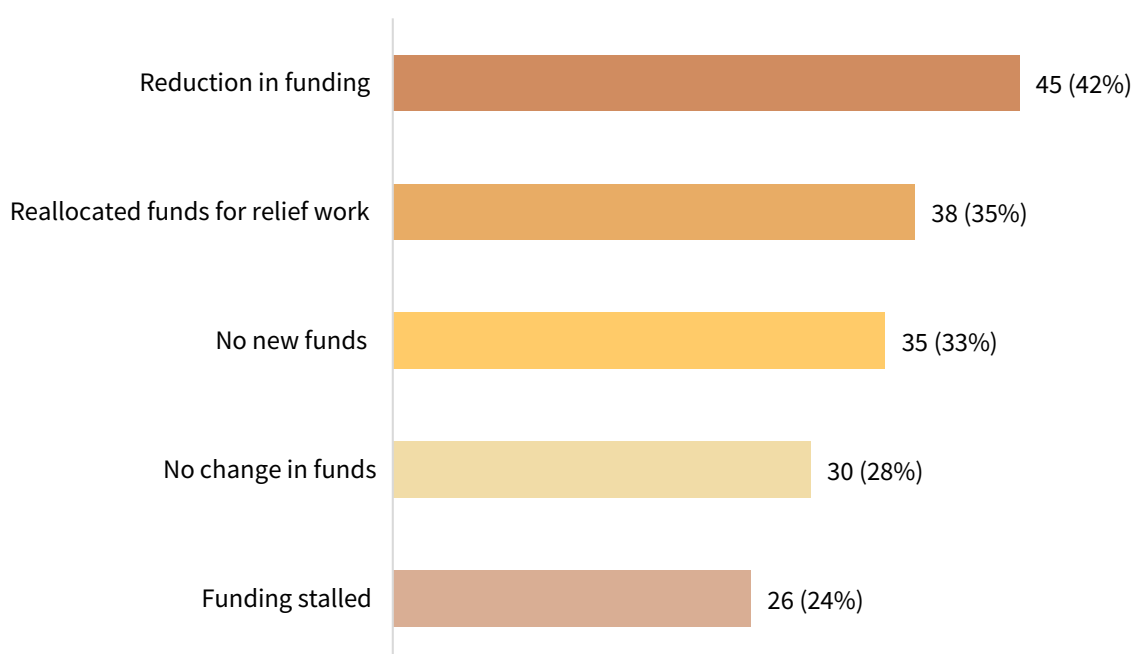
\*Note: Each organisation made multiple staff related changes. Hence the total percentage will not add up to 100.

- 16% reported delays in payment of salaries by a few months.
- 11% of respondents had to retrench their staff due to insufficient funds.
- However, working in an online mode also necessitated hiring of staff; 18% of the SSOs reported hiring people with new skills especially in the digital space.

#### d. Impact on funding to SSOs

While funding for relief work was available from multiple sources, funding for existing and new programmes of SSOs was scarce as a large part of the funding was diverted for relief work.

##### Impact on funding for existing programmes (April-December 2020)



\*Note: Each organisation had multiple impacts. Hence the total percentage will not add up to 100.

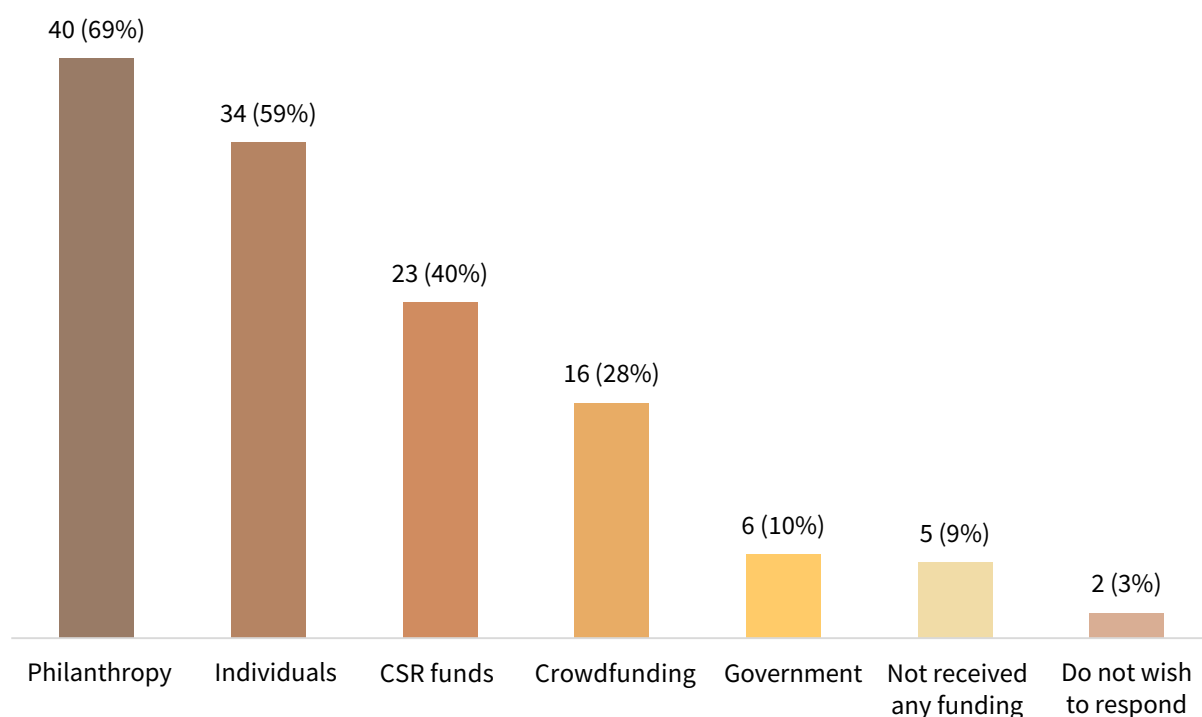
- 45 organisations (42%) reported **reduction in funding** for existing programmes.
- Another 38 organisations (35%) **reallocated money** from existing programmes to carry out humanitarian aid.
- 26 (24%) reported that **funding was completely stopped** for current programmes.

However, SSOs managed to mobilise fresh funding from new sources for relief work, existing programmes and new programmes. Only 58 (54%) out of 107 organisations responded that they received fresh funding during the April-December 2020 period; the funding was either to provide humanitarian support to communities, to continue existing programmes or to start new ones.

***i. Fresh funding for relief work***

- Fresh funding for relief work was provided by philanthropies and individual donors.
- 51 organisations received fresh funding for relief work. Out of these, 40 (69%) received fresh funding for relief work from philanthropic organisations followed by 34 (59%) from individual donors and 23 (40%) from CSR organisations.

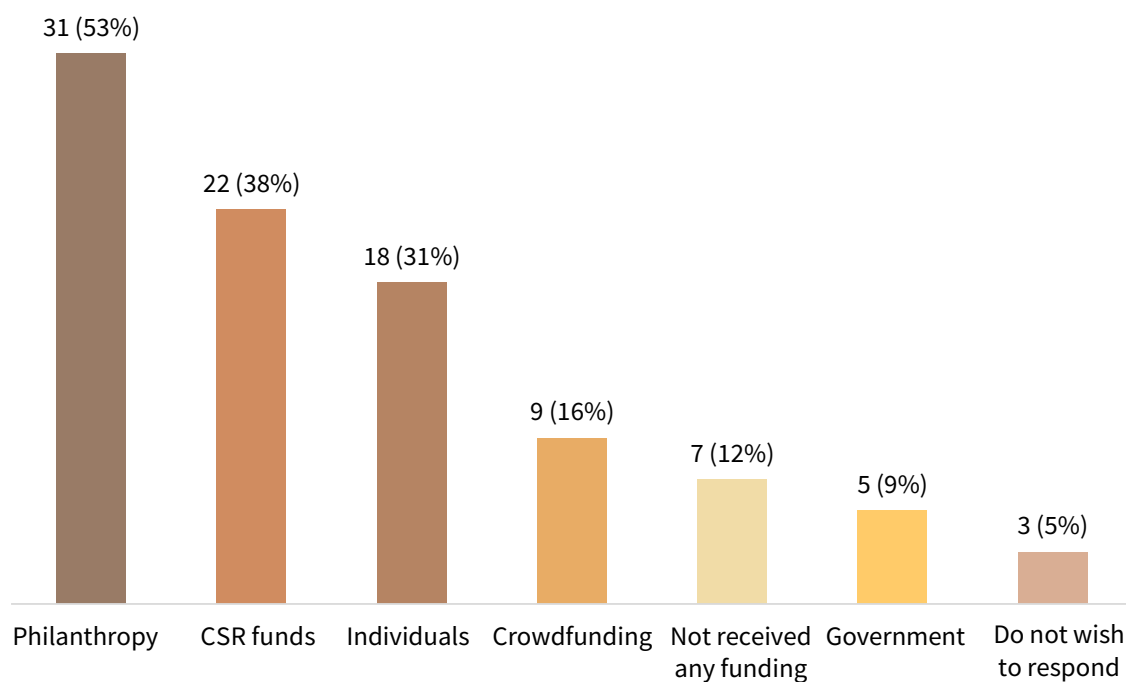
**Fresh funding for relief work**



\*Note: Each of these organisations has received funds from multiple sources. Hence the total percentage adds up to more than 100.

***ii. Fresh funding for existing programmes***

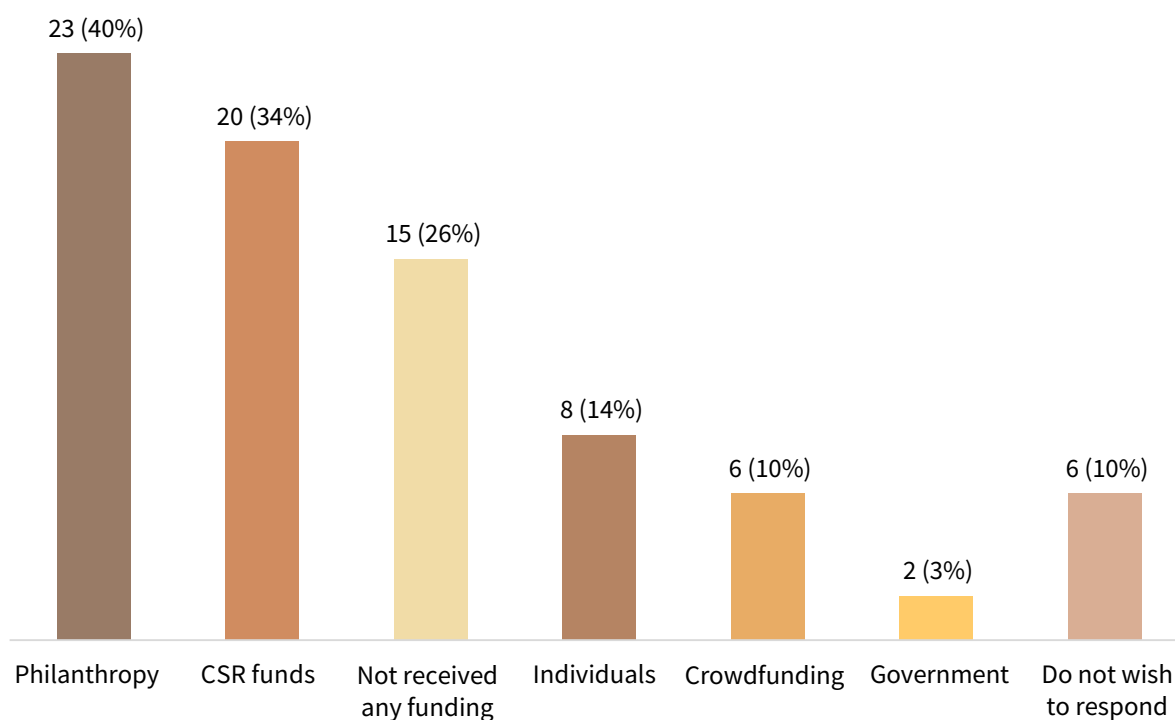
Existing programmes received fresh funds from philanthropies (53%), CSR organisations (38%) and individuals (31%).

**Fresh funding for existing programmes**

\*Note: Each of these organisations has received funds from multiple sources. Hence the total percentage adds up to more than 100.

**iii. Fresh funding for initiating new programmes**

Philanthropies and CSR funds were the key providers of fresh funding to SSOs for initiating new programmes.

**Fresh funding for initiating new programmes**

\*Note: Each of these organisations has received funds from multiple sources. Hence the total percentage adds up to more than 100.

## **Anticipation of future: Changing role of social sector**

In the next 1-3 years, SSOs anticipate several changes in the sector related to funding, programmes, domains of work, human resources and collaboration within the sector. They foresee the sector itself and the priorities of the stakeholders change significantly, both due to the pandemic as well as the regulatory changes. More importantly, the SSOs anticipate a shrinking space for not-for-profit organisations and a shift to for-profit, fee-based models.

### **Technology**

- Increased reliance on technology for routine tasks, meetings and maintenance of records.
- Need for greater budget allocation for technology adoption.
- Reskilling existing staff and hiring people with such skills.

### **Changes in programmes and nature of working**

- Consolidating existing programmes across domains and geographies to focus on fewer priority areas.
- Need to start new programmes and expand into new locations in the next few years.
- 55% of the respondents expect an increased focus on and more funding for the health sector followed by the livelihood sector (46%) in the next 1-3 years.
- Possibility of remote delivery of some programmes made possible through technology adoption.

### **Change in human resources in next 2-3 years**

- Hiring people with new skills, including experience in use of digital technology.
- Recruiting locally to reduce overhead costs and establish better connections with the communities.
- Possibility of reduction in funding that will impact recruitment, salaries and staff size.

### **Changes anticipated in funding**

- Reduction in funding to SSOs in the next 2-3 years.
- Emergence of new categories of funders such as individual donors and crowdfunding.



## Conclusions and way forward

The Covid-19 pandemic has disrupted the functioning of SSOs. It is evident that some of the pandemic-induced changes are here to stay, necessitating SSOs to invest in and adapt to digital technologies, hire staff with new skill sets and re-evaluate organisational priorities and strategies. In the next few years, SSOs have to respond to the needs of the people severely impacted by the pandemic and initiate specific programmes to help them. In such a scenario, there is a requirement for technology and skill upgradation support for SSOs. There is also a need for fund mobilisation from a diverse set of sources. While technology will certainly have a larger role in the working of SSOs, it should be seen as a tool to help communities and organisations and not as an end in itself.

Our study also shows that larger SSOs have the organisational capacity to meet the regulatory, reporting and compliance requirements while smaller grassroots organisations are struggling to fulfil the needs, throwing up grave concerns for their survival. Though the SSOs played an important role during the pandemic, their future appears uncertain and raises a number of questions.

# 1. Introduction

Globally, Covid-19 was declared a public health emergency at the end of January 2020. In India, by the third week of March 2020, the number of positive Covid-19 cases were 500. On the evening of March 24, 2020, the Government of India ordered a nationwide lockdown as a preventive measure to contain further spread of the virus, limiting movements and daily activities of the entire 1.3 billion population. This lockdown was operational in four phases till May 31, 2020. After May 31, there were phases of reopening, with complete restrictions in containment zones and gradual resumption of regular activities in other areas till November 30, 2020. However, a brief period of hope that India is finally containing the virus ended with an increasing daily count of cases from March 2021. Various states of India were placed under restrictions, in a more localised lockdown approach in this ‘second wave’ of the pandemic. Even before the second wave was controlled, there was talk of an impending third wave of Covid infections in the country.

Worldwide, the Covid virus has taken millions of lives. But the pandemic is not just a health crisis; the containment measures have led to serious social and economic crises, too. The varying and devastating effects impact all sectors ranging from agriculture, manufacturing, trade, transport, food services and so on, resulting in an unprecedented loss of livelihood. Millions of people in India, too, found themselves unemployed and without any source of income or access to basic necessities such as food and healthcare. The situation was amplified for the vast migrant population working in the informal sector as well as the elderly and the disabled without any social security or safety nets to fall back on. The devastating impact was visible in many urban and rural pockets of India, where, for the last several years, social sector organisations (SSOs)<sup>2</sup> have been actively working to help reduce poverty, improve quality of and access to education or healthcare facilities, deliver social entitlements to the needy and vulnerable, and address inequalities based on factors such as gender or caste, etc. Given the grassroots presence of multiple SSOs and their outreach to the remote areas and disadvantaged communities, the organisations were in a position to respond and support communities during the pandemic. These organisations had the advantage of extensive reach in the remotest parts of the country and a large human resource base – both their own staff as well as volunteers, already embedded on ground.

Several media stories and reports show that many SSOs, voluntary associations and individuals have worked and continue to work on the frontline to ensure that emergency relief and essential services reach the vulnerable and hard-hit communities. They have also been involved in setting up community kitchens, conducting awareness campaigns, arranging for oxygen cylinders and concentrators, and enabling direct cash transfers (CSIP 2020, PRIA 2021). Given their wide reach

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<sup>2</sup> In this report, we are using the term ‘social sector organisations’ to refer to non-governmental organisations, not-for-profit organisations, community based-organisations and social enterprises.

and local presence, the government had reached out to more than 90,000 SSOs<sup>3,4</sup> during the first wave and subsequent surges to help with identifying Covid hotspots and providing appropriate care to the vulnerable in these areas. SSOs have also collaborated and worked as part of larger networks to channel resources to much-needed areas and communities. In doing so, some SSOs kept their own programmes on hold for a while and are slowly getting back to their core area of work (CSIP, 2020).



There is no doubt, however, that the disruption brought about changes in the way the organisations functioned in terms of their access to funding, programme implementation, HR practices, etc. There was a significant reduction in funding to SSOs (through international and national donors, government funding, CSR organisations, philanthropies, high net worth individuals [HNIs] and other individual donors), which had an adverse impact on SSO operations in several instances. A study conducted by the consulting firm FSG in April 2020, highlights that CSR funding could be reallocated to the PM Cares fund or channelled for local relief measures. The study also estimated that the funding for traditional CSR activities could be reduced by as much as 30-60%<sup>5</sup>.

3 <https://indianexpress.com/article/opinion/columns/ngos-private-sector-international-organisations-fight-against-covid-amitabh-kant-6425547/>

4 <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1714157>

5 <https://www.fsg.org/blog/impact-covid-19-csr-funding-indian-ngos>

Another survey conducted by Ashoka University's Centre for Social Impact and Philanthropy (CSIP) during April-May 2020 highlighted that half the NGOs it had surveyed had just enough resources to cover fixed costs for a year, while 30% had resources to cover only for six months or less (CSIP 2020). This had an adverse impact on their programme implementation as well as retention of staff. Furthermore, travel restrictions coupled with quarantine and physical distancing requirements have also severely impacted the functioning of the NGOs.

## **1.1 Motivation for the study**

This study is conducted by a team of faculty members of the university who closely interact with multiple social sector organisations across India. In our informal conversations with employees of SSOs and former students of the University, reports of layoffs, withdrawal of offers or postponement of joining dates for new recruits, reallocation of personnel and downscaling of existing programmes by SSOs started coming in. It was also clear that organisations, while being deeply committed to providing relief to communities affected by the pandemic, were facing multiple challenges. Many smaller organisations did not have the capability to operate in a virtual mode due to limited availability of resources such as investments in technology and trained manpower to use the technology. The short-term responses of organisations also varied from changes related to organisational planning and restructuring in the coming 2-3 years.

As mentioned earlier, multiple studies have been done in the last one-and-a-half years to document the hurdles faced by communities, SSOs and governments in dealing with the pandemic (CSIP 2020, CSIP 2021, PRIA 2021, FSG 2020).

Given the hurdles that the pandemic posed for the working of the SSOs, we wanted to understand how they are adapting their operations and resources, and the changes they anticipate in a post-Covid world. We aimed to capture the challenges experienced by the organisations during the crisis, and their responses and changes to adapt to the crisis with a specific focus on both short-term and medium-term internal organisational changes.

## **1.2 Objectives of the study**

The study explored the challenges faced by SSOs due to the pandemic-induced crisis in their programmes, fund mobilisation and human resources planning. The study documents how different organisations responded to these challenges, what internal organisational changes were necessitated as a response and specifically, and the impact of the pandemic on the existing programmes of SSOs. Finally, it captures the apprehensions and anticipations of SSOs about the sector in the post-Covid world.

## 2. Methodology

The situation assessment study was carried out over a five-month period during January-May 2021. The study was carried out in two parts: (a) A survey of SSOs followed by (b) qualitative in-depth interviews with senior management of select organisations from different geographic areas, domains of work and size. The focus of the study was understanding the challenges faced by the organisations and internal organisational changes in the short term (from the beginning of the pandemic-imposed lockdown till March 2021) and medium term (for the next 2-3 years).

### 2.1 Description of the survey

The survey questionnaire included questions about the profile of the organisation (number of employees, years in operation, area[s] of operation and domain of work), questions related to humanitarian and relief work done, challenges faced by the staff and the organisation during the lockdown and subsequent months, impact on funding received by the organisation, impact on the existing programmes, relevance of networks of SSOs during such crises and the outlook for SSOs in the next 2-3 years.

The survey was sent out to 964 SSOs covering different regions of the country. A total of 107 organisations responded to the questions.

### 2.2 In-depth interviews

Of the 107 organisations that responded to the survey, 28 organisations, based on their number of employees, states in which they operate, domain of work and number of years of operation, were identified for the qualitative interviews. The purposive selection of these 28 was done to have a diverse sample covering large, small and medium organisations, operating in different states and working in different domains such as livelihoods, health, education, human rights, gender and others. The interviews explored questions from the survey in greater detail and focused on how the organisations transitioned to providing humanitarian services, dealt with the challenges in implementing its existing programmes, how the staff adapted to working with restrictions on mobility, use of technology and the challenges faced in mobilising funds. The interviews also captured the experiences of SSOs in initiating and implementing new programmes during this period, working collaboratively as part of networks with other organisations either to leverage and learn from the other organisations and to work closely with the government system.

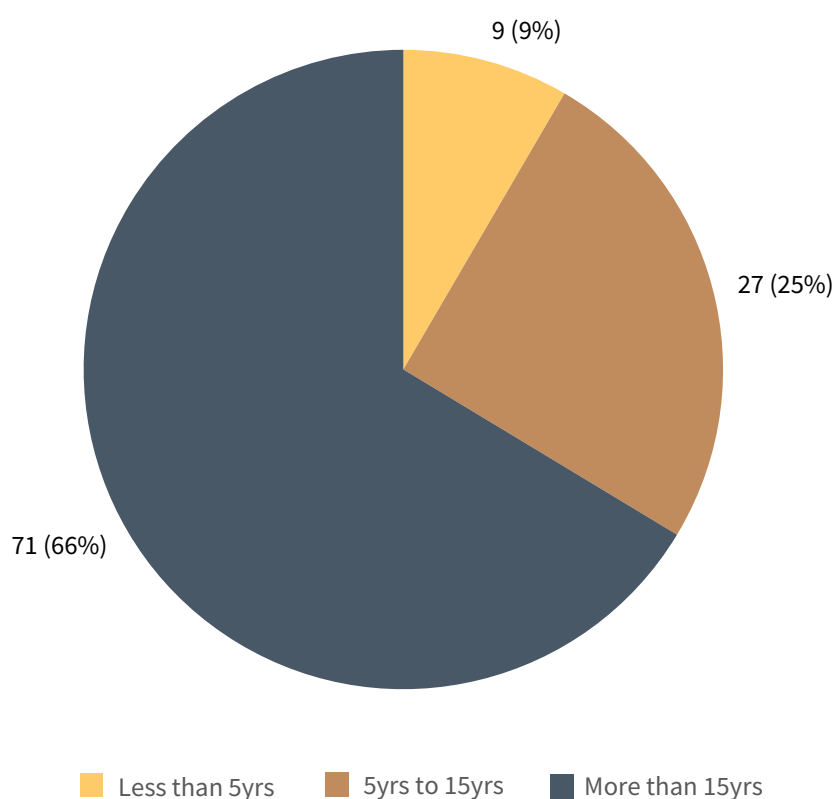
## 3. Profile of respondents

The interviewees from the responding organisations were founders, directors, CEOs and senior-level programme coordinators and managers. A brief description of the organisations is given below:

### 3.1 Years in operation

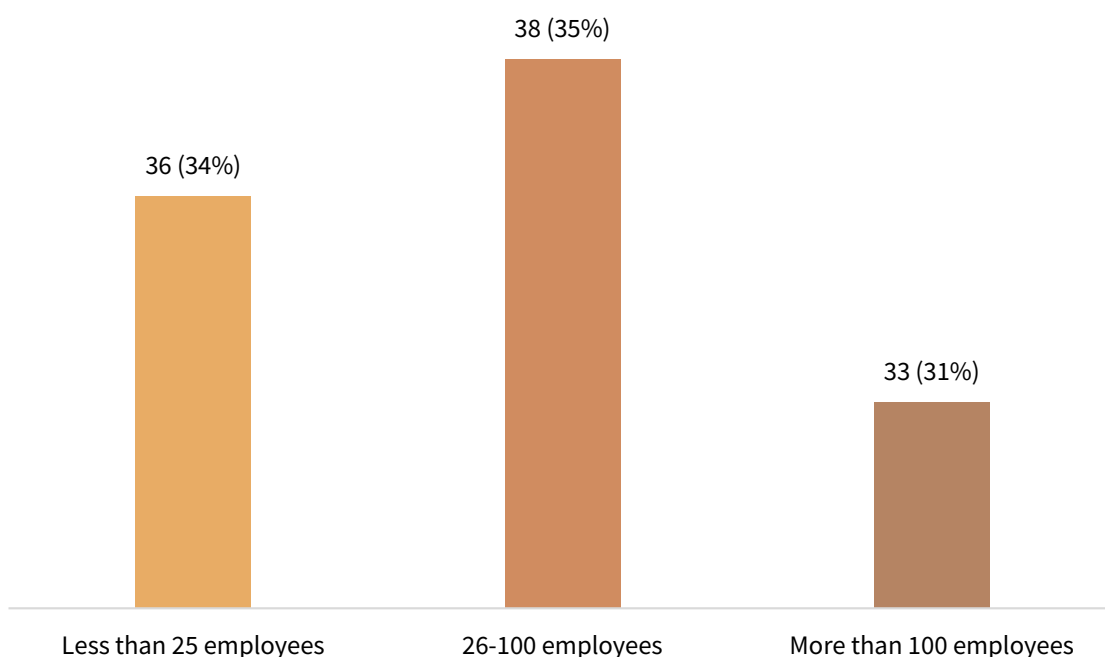
Nearly two-thirds (66%) of the responding SSOs have been in operation for more than 15 years, while 25% for 5-15 years and 9% of SSOs have been in operation for less than five years.

**Figure 3.1: Number of years in operation of respondents**



### 3.2 Size of the responding SSOs

We used the number of employees as a proxy for the size of the organisation. We grouped them into 3 broad categories (small, medium and large). Small organisations have less than 25 employees, medium organisations have between 26-100 employees and large organisations have more than 100. Out of 107 respondents, 33 (31%) are large organisations, 38 (35%) are mid-sized organisations with 26-100 employees and 36 (34%) of the organisations have less than 25 employees.

**Figure 3.2: Size of the responding SSO**

### 3.3 Geographical distribution of SSOs

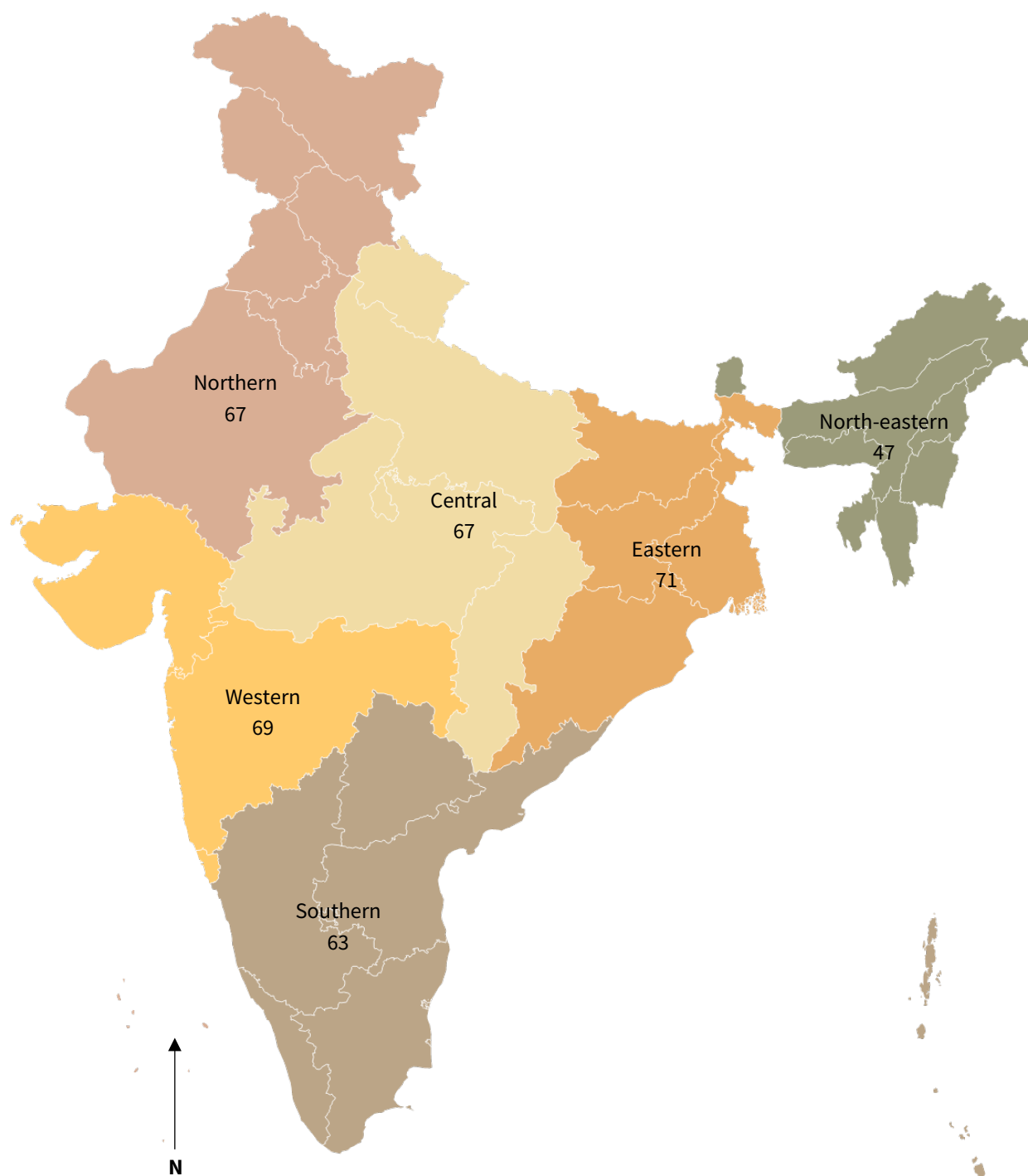
The respondent SSOs work in rural, urban and semi-urban areas. Most of them operate in more than one of these areas. Ninety-four (88%) of them operate in rural areas, 54 (50%) work in urban areas and 44 (41%) in semi-urban areas. Only 7 organisations work exclusively in urban areas while 32 work exclusively in rural areas.

The SSOs also have a presence in multiple zones and there is a nearly equal distribution across the zones, with the exception of Northeast, which had fewer respondents. Figure 3.3 gives a zone-wise distribution of the respondents.

The 107 responding organisations worked in one or more of all 28 states and 8 Union Territories. Many organisations worked in multiple states. 25% of the respondents work in Maharashtra, followed by Bihar (21%), Jharkhand (21%), Uttarakhand (21%) and West Bengal (21%).



**Figure 3.3: Representation of respondent SSOs by zone**

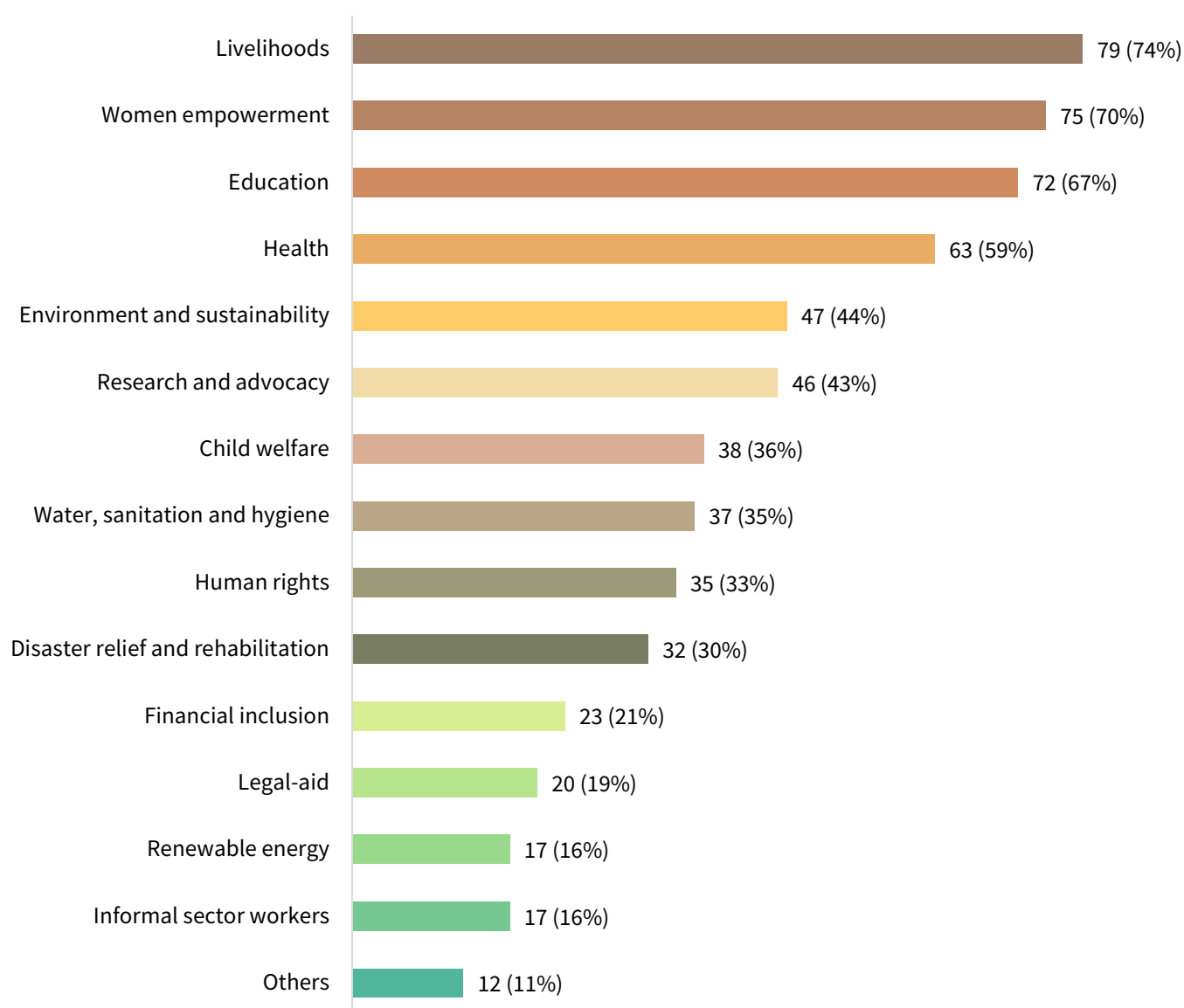




### 3.4 Domain of work

The respondents are engaged in multiple domains. Livelihoods, women empowerment, education and health are the domains where most of them are engaged in. More than three-fourths are in livelihoods (74%), followed by women empowerment (70%), education (67%) and health (59%). Other domains where the SSOs are engaged in are environment and sustainability (44%) as well as research and advocacy (44%). The SSOs are also working in child welfare (36%), water, sanitation and hygiene (35%), human rights (33%), disaster relief and rehabilitation (30%), financial inclusion (21%), legal-aid (19%), informal sector workers (16%), renewable energy (16%) and others (11%).

**Figure 3.4: Domain of work**



## 4. Findings

The SSOs have always played a vital role in rebuilding communities, especially after any crisis resulting from natural disasters. However, the Covid crisis was different from other natural disasters in terms of the scale, duration, geographic impact and the complexity in addressing the adversity. As the Covid crisis unfolded and lockdown was announced, it affected all sectors of the economy and geographies.

The massive social and economic disruptions also impacted SSOs. Many of them faced multiple challenges related to implementing their programmes, carrying out relief work, raising and mobilising funds, training and retaining staff during the lockdown and shortly after. The main objective of this study was to understand the challenges faced by the SSOs and how the pandemic changed the nature of their work. It highlights three interlinked aspects: (1) The effect on their programmes, (2) the effect on their staff, and (3) the effect on funding.

Our findings are grouped into 4 parts:

- Humanitarian work carried out by the SSOs
- Impact on the existing programmes of the SSOs
- Impact on the workforce of SSOs and
- Impact on funding to SSOs

### 4.1 Humanitarian work carried out by the SSOs

Though the government announced relief measures to counter the suffering of the poor, mainly through free ration, which cushioned the vulnerable population from starvation, the scale and scope of suffering was too high. By April 2020, the effect of the lockdown was felt by the working poor, especially the migrants, who found themselves in cities without jobs and income. The migrant population was left out of many of the relief measures in the urban areas as they were not considered rightful inhabitants of the cities. In a way, the migrant crisis made the invisible visible, when thousands of migrants started heading back home from urban areas that no longer supported them. When they marched back to the villages, they were left out of many schemes. For instance, the MGNREGA did not cover the migrants who were not considered part of the villages.

In the rural areas, the supply chain for agricultural produce was also completely disrupted, despite a bumper crop. This meant a livelihood crisis for communities if the harvest were not moved to markets fast enough. Further, the migrants returning from urban centres posed another set of challenges; (a) Possible spread of virus among the local population, (b) providing employment/ livelihood opportunities to the migrants who were supporting their families through remittances.

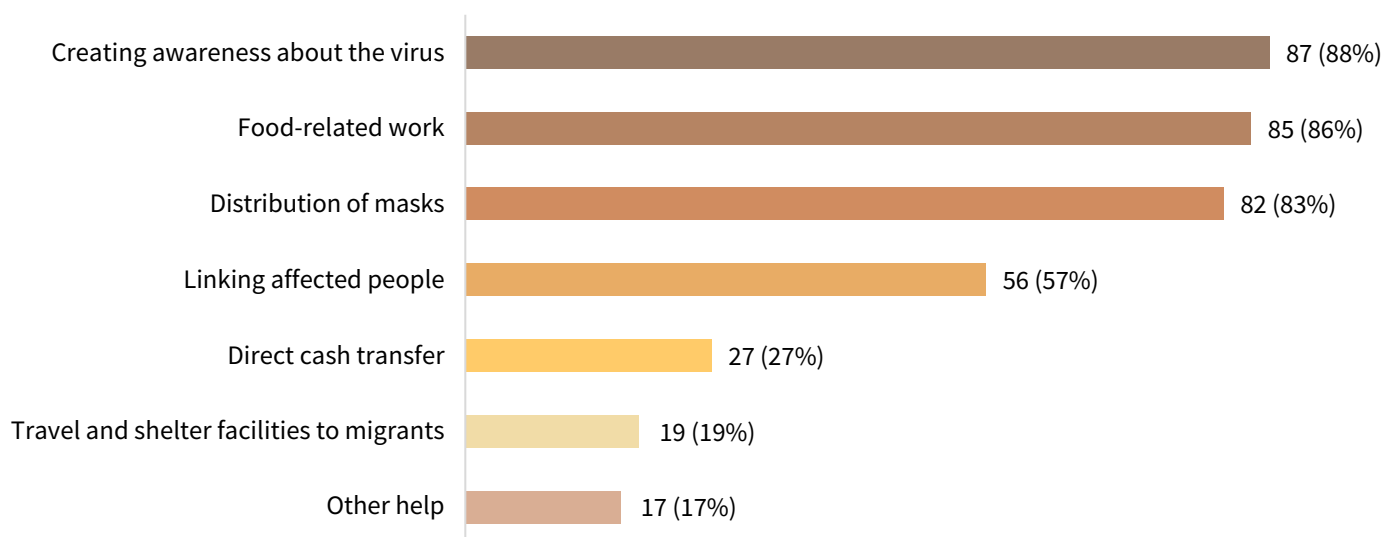
To make things worse, misinformation regarding the virus further deepened the existing fault lines of religion, caste and class.

In the initial weeks of the lockdown, the SSOs were unprepared for working through such a unique crisis. This was partly because many of them anticipated this to be a short-term crisis that would end with the first three-week phase of the lockdown. As the lockdown progressed, SSOs realised that not only were the communities affected, but they were also facing severe constraints. The challenges faced by them were multifold: the lockdown made movement impossible, obtaining permission from district administration to deliver ration and other relief kits to the needy as well as the movement of agricultural produce to markets was difficult. Even when they wanted to get involved, government regulations did not allow them to move. Where they were able to procure passes, the fear of infection made communities bar them from entering villages. There were instances of communities shielding themselves from the outsiders, often barricading roads with bamboo sticks and other materials. Another problem during the initial days was the reluctance of the SSO staff for travel. Other challenges such as lack of transport facilities proved to be a hindrance for front-line staff. The staff also worried about the spread of the virus and their own safety. One of our respondents pointed out that their initial reaction to the pandemic was “*zinda rahenge to fir milenge* [if we’re still alive, we’ll meet again]”.

By April 2020, the administration realised the importance of working with grassroots organisations and involved them in the relief work by giving them passes to travel. The SSOs, too, were aware of the severe challenges faced by the communities they work with and were committed to helping and supporting them through the crisis. One of the respondents said, “This relief work was not just fighting against coronavirus; it was also helping the people who were trying to reach out to the loved ones in their villages.” Our study shows that almost all respondents started engaging in humanitarian relief work and collaborating with the administration.

Almost all the SSOs we surveyed (92%), were involved in various emergency and relief measures during the height of Covid-19 pandemic. The survey also captured the type of relief work that the organisations were involved in (see figure 4.1).

**Figure 4.1: Nature of humanitarian work by SSOs**



\*Note: Each organisation was involved in multiple humanitarian activities. Hence the total percentage adds up to more than 100.

Many SSOs mainly worked on the following aspects: (1) Building awareness among communities about the hygiene practices and distributing masks, (2) providing food to the vulnerable population, especially the migrants who were left out of the PDS system; this was done through distribution of dry rations, starting community kitchens and distributing cooked meals for the stranded migrants, (3) linking affected people to government departments to enable them claim welfare entitlements, (4) providing cash directly into bank accounts as it became increasingly difficult to reach people in the areas classified as red zones; in some cases money was directly transferred to shopkeepers to enable the affected people to buy groceries and (5) other assistance such as helping with travel, shelter, etc.

The migrant crisis was unprecedented in its magnitude and geographic spread. As one SSO representative explains *“For the first time, the organisation worked with migrants. As the migrants passed through the highway, the organisation supplied them with drinking water, glucose, blankets, cooked food, fruits and footwear for those who were walking barefoot. In addition, in collaboration with other organisations, we made travel arrangements for the migrants by purchasing train tickets to Bihar, Jharkhand, and Odisha. Trucks were arranged for the migrants to travel to their villages. The organisation also raised funds locally to do this relief work.”*

The SSOs also involved the communities in relief work. The self-help groups (SHGs) they formed also contributed to the efforts by collecting foodgrains and other essential items, and distributing them to the most vulnerable families in the villages and the returned migrants. Seeing their work, many local people came forward and contributed food and relief materials.



The SSOs also supported the government-established migrant centres, many of which were lacking in basic facilities such as drinking water, hygienic materials, educational materials. They also distributed rations and held many awareness camps on Covid-19. The SSOs played a complementary role for the government in making relief and other support accessible to the vulnerable population.

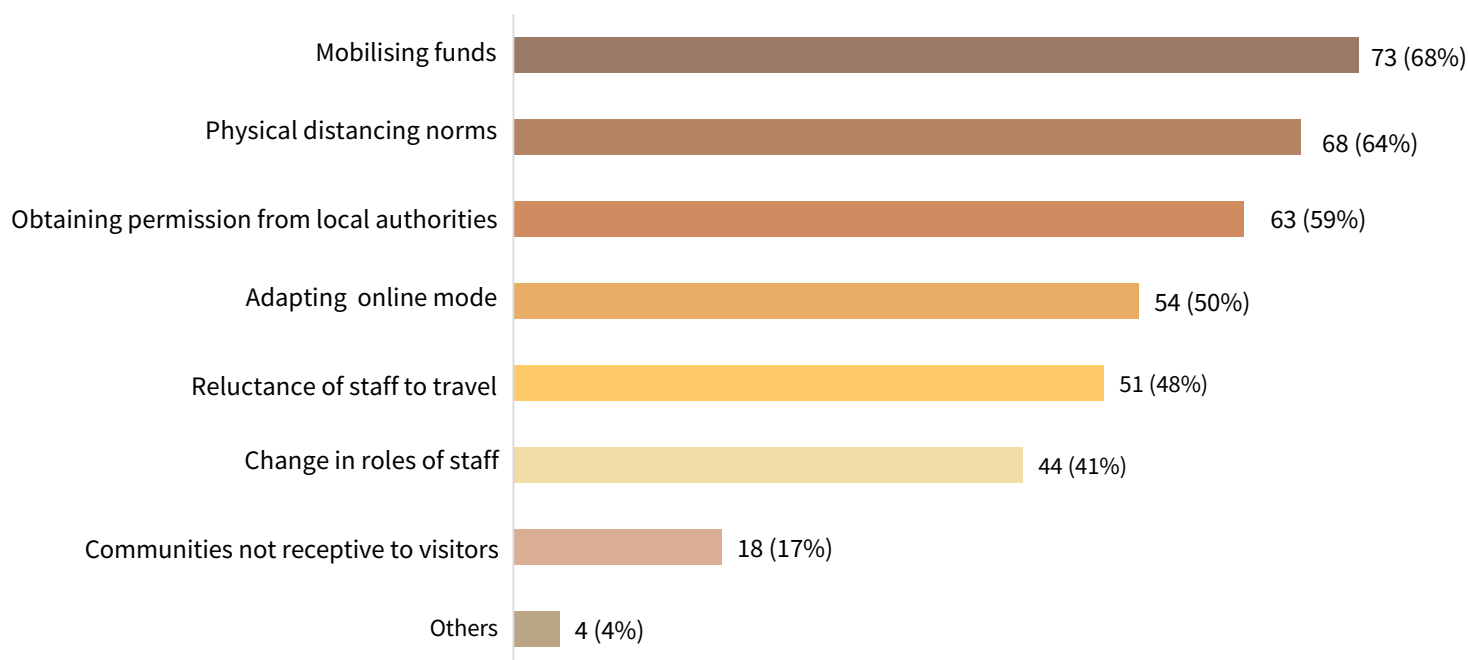
However, engaging in relief work was not easy. Many studies (CSIP 2020, PRIA 2020) carried out during April-June 2020 also pointed out the difficulties the SSOs faced: working with administration in the initial days of the lockdown when the guidelines were ambiguous, unavailability of PPE materials and protective gear for front-line staff and volunteers, and lack of funds for engaging in relief work.

The challenges faced by our respondents were context specific and varied: resistance from villages especially in tribal areas in allowing local staff, identifying those who are genuinely in need of relief materials and ensuring that there is no duplication of beneficiaries to optimise the scarce resources. The SSOs overcame some of these challenges by involving community leaders, SHG members and village-level committees for identifying needy people and delivering relief materials including cooked food, provision of seeds and promoting kitchen gardens for ensuring nutritional security.

## 4.2 Impact on the existing programmes of the SSOs

The SSOs could not implement their existing programmes due various constraints ranging from physical distancing norms, fund mobilisation and adapting to an online mode of working. (See figure 4.2[a])

**Figure 4.2 (a): Challenges in implementation of existing programmes**



\*Note: Each organisation faced multiple challenges. Hence the total percentage adds up to more than 100.

Firstly, the lockdown imposed severe restrictions on mobility and physical distancing, which hampered the implementation of the regular development interventions and programmes of the organisations that work in close proximity with communities. It is therefore not surprising that 64% of the respondents reported challenges related to the physical distancing norms. This necessitated shifting to an online/ virtual mode of working. Many organisations are ill equipped for using technology and working remotely. Many organisations work in remote areas with limited connectivity, restricting their access to and use of technology. Further, the initial costs of technology adoption are high. Because the shift to an online mode during the pandemic was sudden, the SSOs were ill-prepared for the virtual work mode. This is particularly true for SSOs working at the grassroots. Most of them work directly with communities by organising meetings, trainings and workshops. The organisations also did not have staff who were experienced in using technology to conduct these events virtually.

Secondly, the other significant challenge was obtaining permission from the district administration for movement of people, relief material and agricultural produce. Nearly 60% of the organisations surveyed reported that in the initial days of lockdown, it was difficult to obtain passes for not only moving relief material to the vulnerable population but also for carrying out

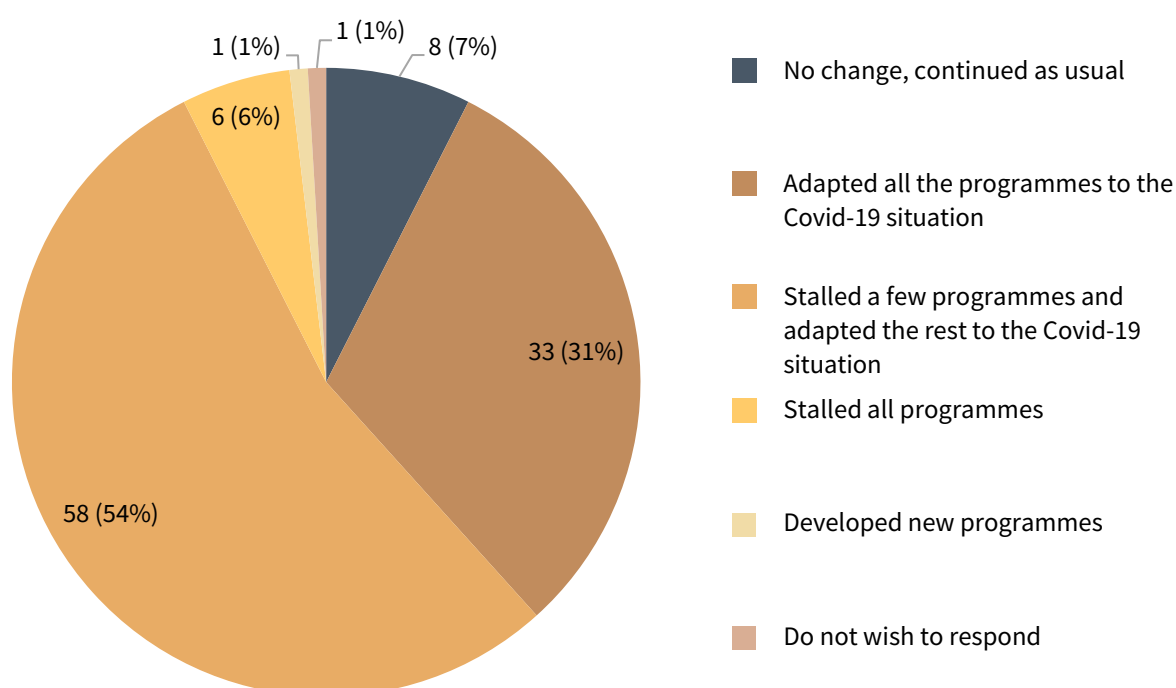


their regular work, and helping farmers and communities by procuring agriculture produce from the *rabi* harvest.

Thirdly, more than two-thirds of the organisations reported difficulties in mobilising funds for their existing programmes. Many also faced a reduction in funding for their existing programmes because the funding agencies allocated a significant amount of funds for relief work. A few organisations reported that their current programmes were coming to an end and no additional funding was available to extend them.

While most of the SSOs were impacted adversely by the pandemic, the scale and intensity of impact varied depending on the location, severity of the pandemic, and the size and resources available to the organisation. The responses to these challenges varied from adapting to the crisis, stalling the programmes and continuing to work without any major changes. 54% of our respondents indicated that they had to stall a few of their programmes and adapt the others to the crisis. 31% indicated that they adapted all their programmes for the Covid situation. 6% reported that they completely stalled the programmes (See figure 4.2[b]). These are small organisations, most of them with less than 10 employees. Only 7% of the organisations reported that there was no change in their programmes and that they could continue working as usual. In the first wave, many regions, especially rural areas, were not severely affected by the pandemic. Organisations working in such areas, or in limited geography, or those having their own residential programmes (for example, an SSO running homes for the differently abled) could carry out their programmes without much disruption. Most of these organisations were also smaller in size with less than 25 people.

**Figure 4.2 (b): Impact of lockdown on existing programmes**



#### **4.2.1 Restarting their programmes**

Once the SSOs adapted to the relief work and worked within the restrictions of lockdown, their focus turned to livelihood issues within the communities. From June 2020, in rural areas, the attention shifted to procurement and sale of produce from the *rabi* season and helping farmers prepare for the *kharif* season. As the supply chain for agricultural products was completely disrupted, despite a bumper *rabi* crop, the communities were staring at financial and livelihood crisis if the harvest was not moved to markets in time. Using the existing farmer/ producer collectives, the SSOs helped in transporting produce to markets and connecting consumers with producers using digital technology. They also supported small farmers who faced a cash crunch in purchasing the necessary inputs for the *kharif* season.

Specific initiatives were also undertaken for ensuring nutritional security of the households: supplying food, crop seeds, securing livestock and promoting kitchen gardens. Along with this, the SSOs also helped returning migrants with applying for job cards for MGNREGA work.

#### **4.2.2 Meeting needs of the community with new interventions**

This phase also saw many SSOs starting new programmes. 60% did so in response to the unfolding situation on the ground. Most of the new programmes were in the area of education, health and livelihoods. The following paragraphs give a snapshot of various new initiatives that the SSOs started based on the emerging needs of the communities they work in:

Education: The majority of these programmes were in the area of education as the lockdown had severely impacted learning with schools closed for an extended period of time. Many SSOs arranged smartphones for the children as the schools and colleges started classes in an online mode. Some started learning centres and *mohalla* classes with the help of local volunteers to assist children reverse learning regression due to closure of schools. Other organisations started various initiatives such as mobile phone libraries for girl students, providing them with smartphones with internet connection, tutorials for Adivasi children and home-based intervention for children with special needs.

Health: The respondent organisations were actively involved in Covid-related programmes as well as other health-related projects such as mental healthcare, counselling for migrant workers and their families, access to low-cost medical insurance and discounted medicines, providing nutrition supplements to severely underweight children (who were impacted due to closure of anganwadis) and counselling for menstrual hygiene and sanitation for adolescent girls.

Livelihoods: The organisations initiated programmes such as training for organic cultivation on the farmers' own land, livelihood support for returning migrants and restoration of small farmer livelihoods. In addition, a few organisations also started vocational training programmes. One such example is of training youth for caregiving roles.



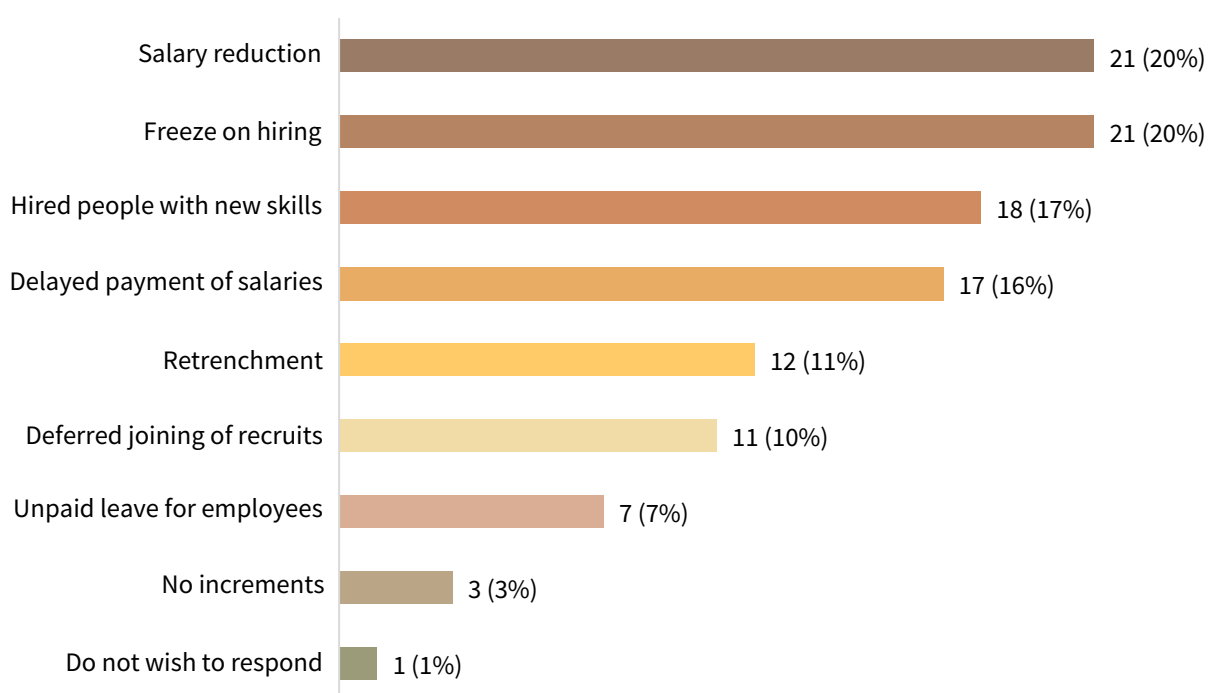
Many of the above programmes involved training the communities, local volunteers and youth in the use of technology. One SSO helped slum dwellers get a digital address using Plus Codes, an addressing solution, which enabled them to access basic facilities and emergency services.

### 4.3 Impact on the workforce of SSOs

The role of the SSO staff during the pandemic was critical in ensuring that emergency and relief services were accessible to those who needed them. Most of the staff in these organisations were involved in humanitarian relief work and had to be reoriented for the purpose. Much of this work involved home visits or close interaction with migrant workers, leading to safety issues for the SSO staff. Organisations had to take adequate measures to address the safety concerns of both the staff and communities.

For instance, a large organisation, working in multiple states, described how they created internal teams in different locations to provide their staff and volunteers with masks, sanitisers, etc. and also health insurance. There were internal advisories on the safety protocols to be maintained during community visits and work-related travels.

**Figure 4.3: Staff-related changes during April-December 2020**



\*Note: Each organisation made multiple staff related changes. Hence the total percentage will not add up to 100.

Due to the restrictions in mobility and social distancing norms, most of their regular operations shifted to an online mode, wherever feasible. Seventy-two of our respondents told us that their staff started working online, which was a big shift in itself as most of the SSO staff were not used to online interactions. The groups they work with – tribal population, farmers, elderly, women from

poor economic backgrounds etc. – also don't have the experience and infrastructure to engage virtually. Most organisations themselves needed training for their staff members as they were not well versed with online platforms such as Zoom, social media or webinars. In our survey, 52% of the SSOs reskilled their staff to work in an online mode. A few bigger organisations supported the smaller, grassroots SSOs through training programmes for the online mode of working.

Apart from the health crisis, as the pandemic impacted the business and economy globally, money meant for development projects was diverted to Covid relief (see section 4.4 for details on how funding was impacted). Therefore, the overall fund flow to the social sector was also affected, resulting in budget cuts in many organisations. 20% of our respondents shared that they reduced staff salaries in 2020 and 3% could not give any hike in salaries for the year. 16% reported a delay in payment of salaries by a few months. In some extreme cases, 11% of respondents had to let go of staff as they did not have enough funding to continue the programme. One organisation stalled their regular promotion cycles and another mentioned that they managed to give a minimum hike to their staff to compensate for the rise in living expenses.

Under regular circumstances, SSOs start their recruitment process post March, when they launch new projects and/ or get new funding for existing ones. However, 20% of the respondents reported a freeze in hiring of new staff in FY 2021. In several organisations, some of the regular staff left on their own accord because of the financial crisis at the workplace. One organisation from Assam hired local people who could manage on lesser pay. However, working in an online mode also necessitated hiring of staff; 18% of the SSOs reported hiring people with new skills especially in the digital space.

The second wave of the pandemic started while our study was underway. While the impact of the first wave was more on livelihoods, the second wave was more devastating and resulted in more fatalities all over the country. This also affected the SSO staff and their families. There was also a fear of another wave hitting soon. As the vaccination drives began, many organisations, with the help of local administration and the healthcare system, worked with communities in creating awareness, mobilising people and fighting vaccine hesitancy.

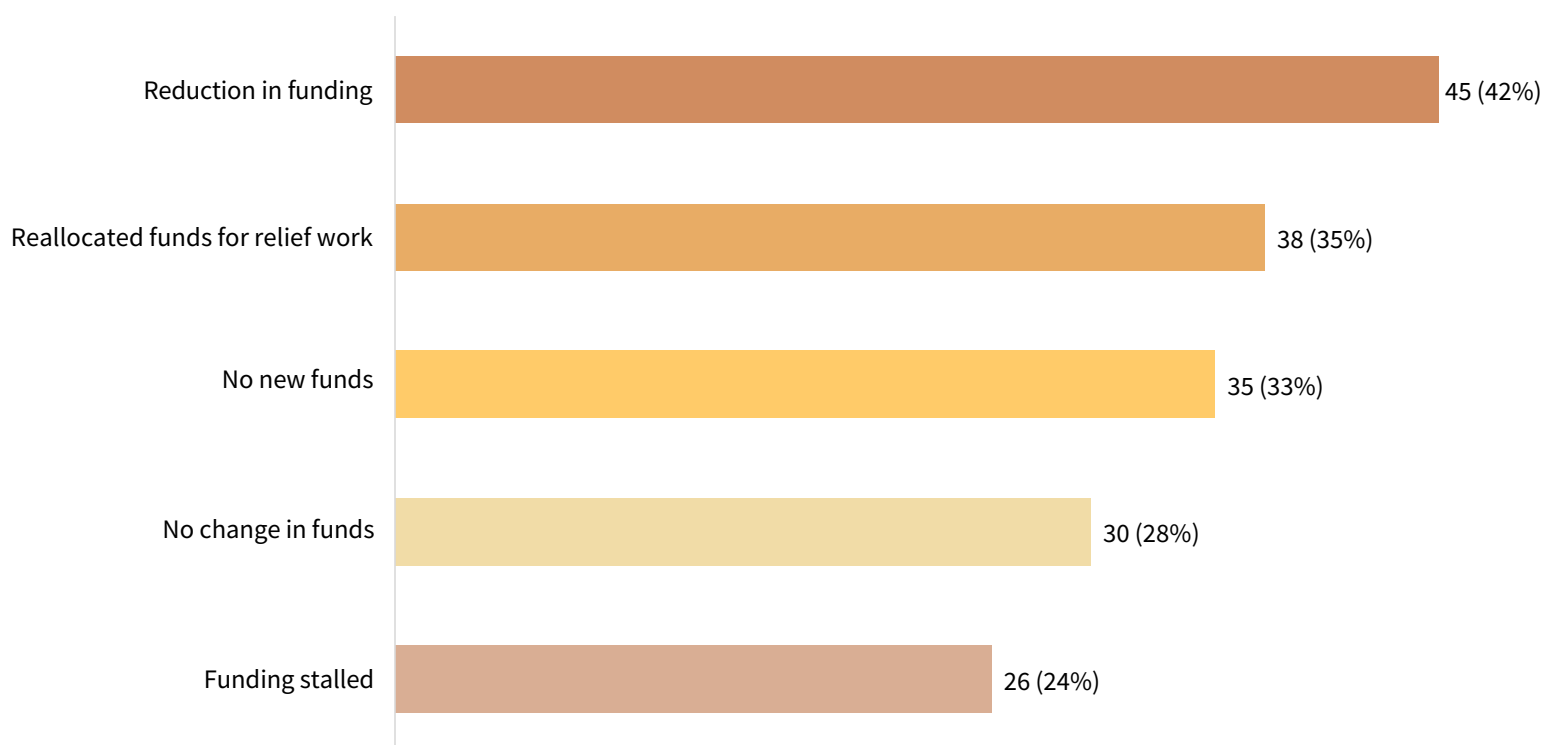
## **4.4 Impact on funding to SSOs**

As the pandemic redefined the working conditions for SSOs, the availability of funding became a serious concern. In addition to meeting the funding requirements of their existing programmes, SSOs needed funds to meet the emergency needs of communities and carry out relief work. The SSOs are dependent on external sources to carry out their regular work but during the Covid pandemic, they also needed resources for carrying out relief work. This section captures the sources of funding and changes in funding to SSOs.

The availability of funding varied, depending on the purpose for which it was required: for carrying out relief work, continuing their existing programmes and for initiating new programmes. While funding for relief work was largely available, funding for existing and new programmes of SSOs was scarce. As Figure 4.4 below shows, a significant 42% of the respondents reported reduction in funding for their existing programmes while 24% reported that funding was completely stopped for their current programmes. The funding crisis was not limited to any one category of organisations, but seems to have impacted small, medium and large organisations. This shortfall in funding also meant that organisations found it difficult to pay for administrative and salary costs. Only 28% reported that there was no change in funding that has been already committed to them by donor agencies.

Most CSR-funded organisations shared that their funding was either reduced or stopped as the companies either diverted the promised funds to pandemic relief efforts or contributed to the PM Cares fund<sup>6</sup>.

**Figure 4.4: Impact on funding for existing programmes (April-December 2020)**



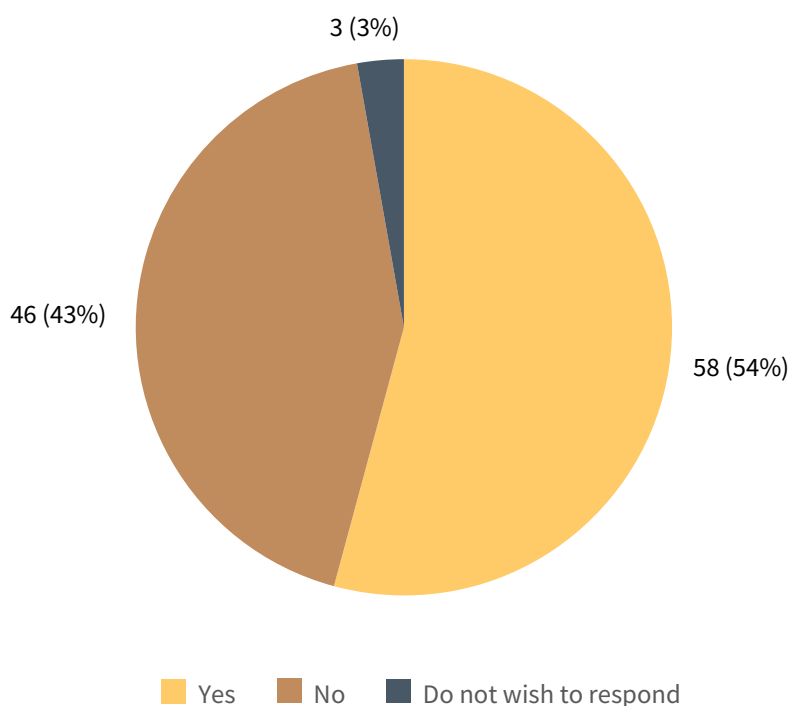
\*Note: Each organisation had multiple impacts. Hence the total percentage will not add up to 100.

<sup>6</sup> A study by FSG in 2020 indicated that nearly 50% of the CSR funding for the year has already been contributed to PM Cares Fund or to other Covid relief efforts. Nearly two thirds of the CSR funders surveyed by them indicated that they may have to reduce some of their formal commitments and that they were unlikely to fund any new partners that year. <https://www.fsg.org/blog/opportunity-lifetime-hnis-saving-indian-ngo-sector>

#### 4.4.1 Fresh funding for SSOs during April-December 2020

As can be seen in figure 4.4.1, only 58 (54%) out of 107 organisations responded that they received fresh funding during the April-December 2020 period; the funding was either to provide humanitarian support to communities, to continue existing programs or to start new programmes.

**Figure 4.4.1: Receipt of fresh funding during April - December 2020**

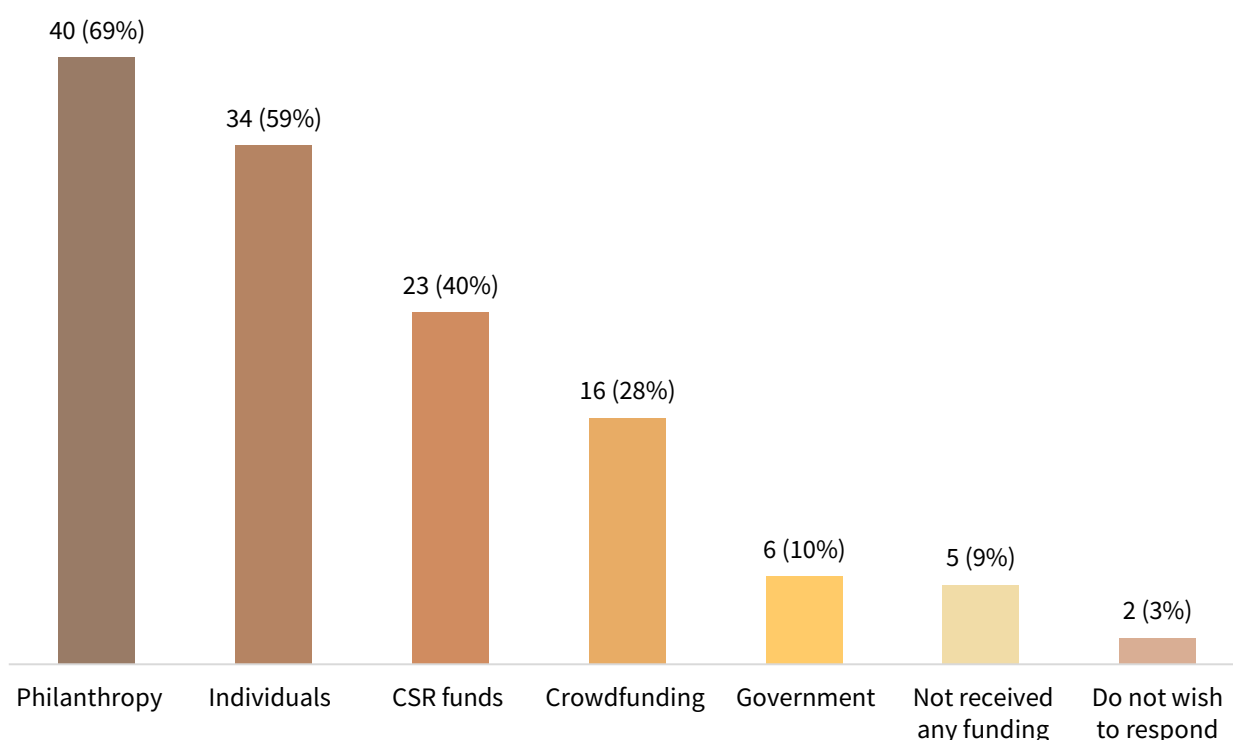


#### 4.4.2 Funding for relief work

Out of the 58 organisations who received fresh funds, 51 reported that the funding was provided to carry out relief work. Forty SSOs received funding from philanthropic organisations, 34 received funding from individual donors and 23 from CSR organisations. Sixteen organisations resorted to a crowdfunding model (figure 4.4.2)<sup>7</sup>.

However, many organisations convinced their donors to let them use their existing programme funds as the communities they worked with required immediate support. Thirty-eight respondents said that they have reallocated funds from existing projects for relief work with approval from grant agencies (see Impact on funding figure 4.4). Hence, in total, 89 SSOs out of 107 were involved in relief measures and had available funds.

<sup>7</sup> Each of these organisations has received funds from multiple sources. Hence the total percentage adds up to more than 100.

**Figure 4.4.2: Fresh funding for relief work**

\*Note: Each of these organisations has received funds from multiple sources. Hence the total percentage adds up to more than 100.

For example, a large community-based organisation shared that they didn't wait for funds for the relief work and, instead, created an internal team to tap local resources such as community leaders, formal institutions, panchayat bodies as well as other donors to help the vulnerable villagers. They raised around INR 12 crores exclusively for Covid relief work. They also had to also divert funds from existing budgets to the relief programmes. As another organisation explained, the funds allocated for building check dams, which were stalled during lockdown, was used to provide hygiene materials and relief material. The funding agencies were very responsive and approved the reallocation within 2-3 days. Soon, SSOs also started getting funds for relief work from philanthropies.

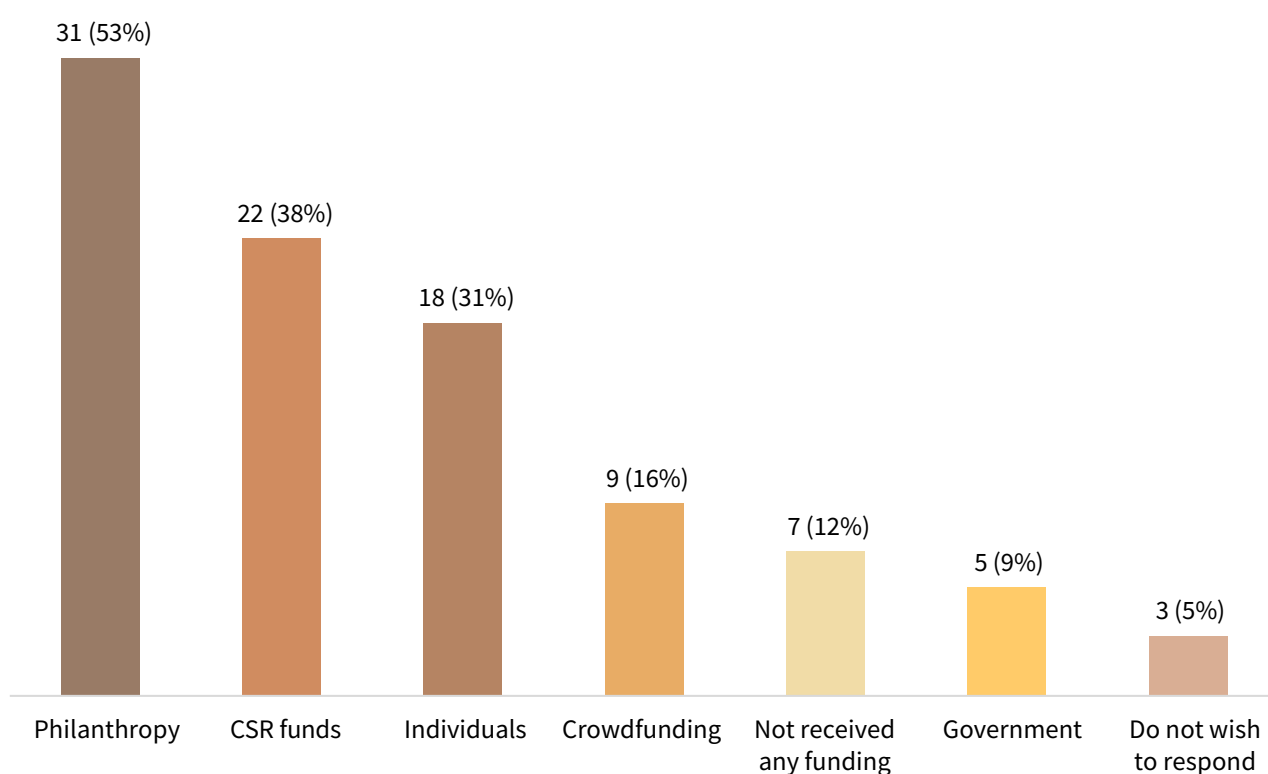
However, the organisations also shared that funding for relief work is a one-time support, not recurring grants, especially when they come from individual donors. It does not support staff and administrative costs.

### 4.4.3 Funding for existing and new programmes

While mobilising funds for relief work was in general not a problem, most SSOs faced challenges in getting funding for their existing programmes and for starting any new interventions.

Out of 107 organisations, only 49 received new grants for their existing programmes. As the figure

**Figure 4.4.3 (a): Fresh funding for existing programmes**



\*Note: Each of these organisations has received funds from multiple sources. Hence the total percentage adds up to more than 100.

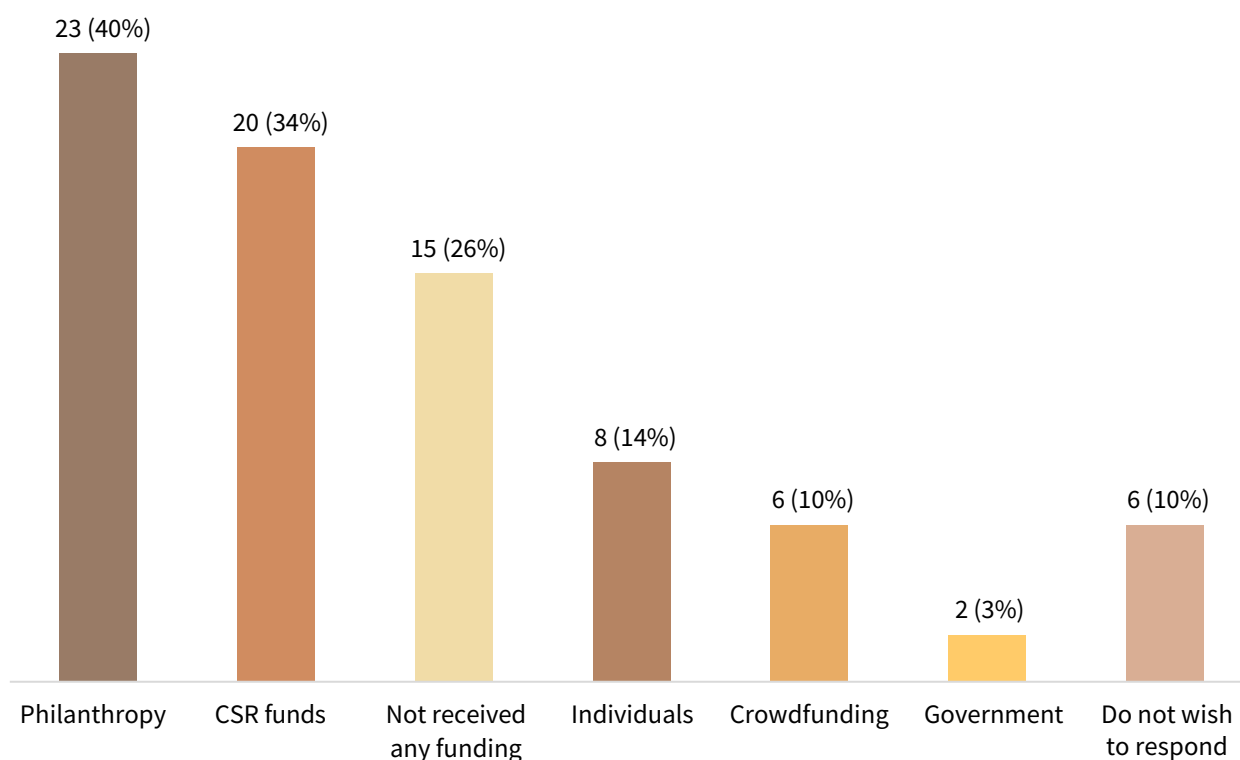
4.4.3(a) shows, primary sources for these funding were philanthropies (31 SSOs), followed by CSR funds (22 SSOs) and individual donors (18 SSOs). Five organisations shared that they received government grants to continue existing programmes and 9 SSOs mentioned crowdfunding as their source.

Only 38 (35%) out of total 107 organisations received fresh funding for initiating new programmes.

Note: Each organisation that was granted fresh funding may have received it for multiple purposes (relief work, current and new programmes) and from multiple sources (government, philanthropies, individual donors, etc.). Therefore, the numbers do not add up to the totals mentioned.

Apart from the pandemic-related issues, most small organisations also faced issues in fundraising due to the changes introduced by the Foreign Contribution (Regulation) Amendment Bill, 2020. The Foreign Contribution (Regulation) Act (popularly known as FCRA), 2010, regulated the

**Figure 4.4.3 (b): Fresh funding for initiating new programmes**



\*Note: Each of these organisations has received funds from multiple sources. Hence the total percentage adds up to more than 100.

acceptance and utilisation of foreign contribution by individuals, associations and companies. Three amendments were introduced to this Act in 2020: opening a pass-through bank account in a specified branch in New Delhi is mandatory for organisations to receive funds; stopping SSOs from transferring foreign grants to other registered SSOs in India, and a lower cap on administrative expenses.

These new regulations led to confusion because of which a few agencies stalled their funding while waiting for clarity on the FCRA guidelines. The rules also introduced several financial and compliance challenges for SSOs at a time when they were already reeling under the pandemic crisis<sup>8</sup>.

One respondent informed us that under the new FCRA rules, one donor could not transfer funds, which impacted their operations. A programme for people with disabilities was halted and a few others were also scaled down. As a result, they had to let go of a few staff members from the organisation.

<sup>8</sup> For more details on FCRA, please see <https://fcraonline.nic.in/home/index.aspx#>

#### **4.4.4 Future funding scenario**

Our study also tried to understand how the SSO leaders view the future funding scenario for the sector. 53% of the SSOs interviewed anticipate reduction in funding to SSOs in the next 2-3 years. There may be multiple reasons for that. First, the new FCRA rules, which make compliances very difficult for smaller organisations. Moreover, the rules also prevent bigger SSOs from transferring funds to the smaller organisations.

Secondly, the pandemic has hit the businesses and overall economy very hard and it has had an impact on availability of resources with companies as well as individual donors. This is likely to have an overall impact on the availability of funds through individual donors or CSR funding. As CSR funds are allocated based on the profits for the previous three years and profitability of many companies has declined in FY 2021, CSR funding is expected to be negatively impacted in FY 2022 as well.

Thirdly, even developing countries are also reeling under the impact of the pandemic and may need relief programmes. Therefore, international donor agencies from those countries may not be able to fund SSOs in other countries.

So, what is the future for the sector? 44% of the SSOs we surveyed think that there will be a new category of funders, especially individual donors, and new models such as crowdsourcing that will gain momentum. This may require organisations to document and share their work on digital platforms to attract funds. Also, smaller organisations will have to invest in and strengthen their legal and regulatory compliances.

### **4.5 SSOs and their experience as network members during the Covid crisis**

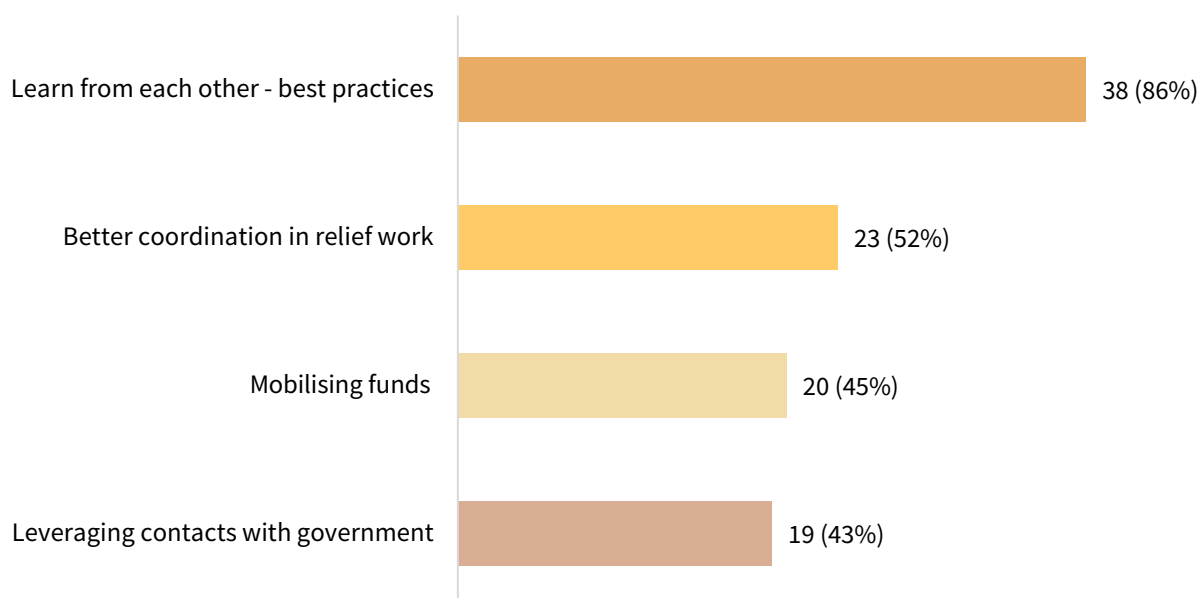
The Covid crisis highlighted the need for effective collaboration among SSOs and the advantages of their working together. A few networks of SSOs have been proactive in coordinating for relief work, training smaller organisations and sharing resources where required.

According to the responses received in our survey, 44 SSOs (41%) were members of at least one network. Half of these organisations were able to collaborate and work together effectively for relief work. The networks that the organisations are a part of could be classified in two ways. One category are the networks that emerged to meet people's needs during the Covid crisis. The Rapid Rural Community Response to Covid-19 (RCRC) network is one such example. The other category is existing networks formed for specific objectives focused on livelihood, health, women and gender issues, human rights, and the rights of people with disabilities, etc. A few of these networks changed their priorities to meet the immediate needs of their beneficiaries and helped plan logistics for procuring and distributing relief materials, mobilising funds for relief



materials, raising community awareness, and rescuing stranded workers/migrant workers. The organisations coordinated among themselves to help migrants at various locations during their journey.

**Figure 4.5: Advantages of being part of the Network**



\*Note: Each organisation expressed multiple advantages. Hence the total percentage will not add up to 100.

The SSOs which were part of networks also shared relief materials among themselves when they couldn't access them due to travel restrictions between districts. Thus, these networks helped SSOs reach more beneficiaries for relief work than they would have been able to individually.

Almost all the organisations (86%) that were part of a network felt that being part of the networks enabled them to learn from each other's best practices. One respondent operating in a remote tribal area indicated that being a part of a network was extremely beneficial because they were able to learn from other's work, such as obtaining permissions, access government benefits, and adapting to work during Covid times.

Being a part of the network also helped organisations raise money, with 45% of the organisations that were part of a network being able to mobilise funds. One organisation working with tribal communities in remote areas narrated that many grassroots organisations that were part of the network were able to raise funds for ration kits and other relief materials.

Although some organisations did not receive funds while being a part of the network, the network was able to support them in leveraging contacts with government departments and responding to the crisis. During the crisis, 43% of the organisations were able to leverage relationships with the government.

One organisation that was part of a network formed during the pandemic said, “It (the network) created the learning experience among SSO partners, helped to collaborate with government agencies such as Niti Aayog and other donors. Though the organisation has not received financial support from the network, other small SSOs have benefited a lot through the efforts of this network’s leaders. Because of the constant interaction, a lot of capacity-building efforts have emerged. The doctors’ group in the network facilitated training on health aspects of Covid, SSOs who were experts on natural farming and FPO Collectives conducted programmes for other SSOs in these areas.”

Some of the networks that emerged during the pandemic are becoming more structured and formalised and are trying to figure out ways of continuing to support each other as well as the communities over a longer duration. One organisation shared that the network they are part of is expanding their scope of work beyond disaster relief to leverage government livelihood programmes such as MGNREGA and NRLM.

## **4.6 Adapting to technology**

The pandemic changed the nature of work for these organisations and catalysed SSOs’ adaptation of digital technology and communication. Most of the work by the SSOs, especially in the field of education, agriculture and livelihoods, health and others, is field-based, requiring SSO staff to travel and work with the communities in-person. In most organisations, meetings, reporting, auditing, etc. were conducted physically. However, mobility restrictions required SSOs to try and adapt to online means of connecting with their staff and communities. Many SSOs quickly adapted to the use of technology. For instance, all meetings were conducted online using WhatsApp, Zoom and other such platforms. Training was conducted for local communities on using smartphones. With the help of volunteers, especially students, SSOs quickly learned to use technology in their work. A few SSOs also mentioned that they conducted SHG meetings online.

The crisis led to innovative approaches to working. One advocacy organisation from West Bengal, which is working with the women peasants from the state for the last 35 years, shared how they formed a WhatsApp group to connect with their members and extensively use social media platforms such as Facebook and Twitter. The youth from the communities who were familiar with the use of smartphones and social media were actively involved in helping the women to navigate the new technology. The organisation set up an IT cell to work on short videos and audio clips that were circulated among stakeholders. 18% of our respondents also hired people with knowledge of the digital space as those skills are most urgent.

It should be noted that not all work can be done online or using technology (for example, support to beneficiaries of mental health programmes or the differently abled, early childhood education programmes, etc. and working with communities in remote areas.)

## 4.7 Anticipation for future

The SSOs are well aware of the challenges of the rapidly changing regulatory environment. The Covid crisis also brought in additional uncertainty. We asked the SSO leaders about the changes they anticipate in the sector in the medium term (1-3 years) in a post-Covid world. The respondents anticipate multiple changes in the sector including technology, programmes and interventions, human resources, funding and collaboration among organisations in the sector. As one respondent said,

*“There will be many changes, not only as a result of the pandemic, but also as a result of changes in FCRA, due to which the organisation is no longer able to receive international funds and had to let go of some major projects...The other issue that affected the Organization was the decrease in interest rates. The Corpus fund of the organization was used during such a situation...Climate change, skill training programs, and sustainable agriculture will be the sector’s new approaches...Health is a key issue: there is a need for preventive health measures like hygiene education.”*

### 4.7.1 Technology

The Covid crisis fast-forwarded technology adoption in SSOs. What started as a temporary way of working will probably become a permanent feature going forward, especially due to the convenience and the potential of technology to cut down administrative costs significantly. 82% of the respondents feel that reliance on technology for routine tasks, meetings and maintenance of records will increase going forward. Budget allocation for technology adoption may increase along with skilling existing staff and hiring people with such skills.

### 4.7.2 Changes in programmes and nature of working

The pandemic crisis has highlighted multiple vulnerabilities of the communities and made it necessary for SSOs to re-evaluate their work in light of a rapidly changing and challenging context (migrants and their livelihoods, healthcare and education). Many organisations (52%) felt that they need to start new programmes and expand into new locations in the next few years while others felt that their existing programmes across domains and geographies have to be consolidated to focus on fewer key areas.

Many SSOs expect that there will be an increased focus on and more funding for the health sector (55%) followed by the livelihood sector (46%) in the next 1-3 years.

A few organisations foresee the remote delivery of some of their programmes made possible through technology adoption. Some of them have already experimented with remote delivery during the pandemic through local volunteers and involving the community.

#### **4.7.3 Change in human resources in next 2-3yrs**

The pandemic brought many changes in the way SSOs function. All this will have an impact on their human resources. Most of the organisations we interviewed feel that knowledge of technology or digital modes of work will play an important role in future hiring. 60% of the SSOs think that they will hire people with new skills, including experience in use of technology. One prominent and well-established organisation from Bengaluru shared that they see the workspace changing. They are trying to recruit at least one person familiar with digital technology in each department.

Nearly a third of the respondents think that SSOs will now recruit locally to reduce overhead costs and have a better connect with the communities. Multiple respondents anticipate that reduction in funding will adversely impact recruitment, salaries and staff size.

#### **4.7.4 Changes anticipated in funding**

Dedicated staff are the main resources of SSOs for implementing their programmes and are the key point of contact between the SSO and communities. The effectiveness and impact of the SSO, therefore, depends on the staff. The SSOs nurture their staff by building their capacities to deal with various social issues. More importantly, apart from their capabilities, it is the empathy for the communities they work with which is their key strength. Understandably, the main cost of SSOs is the salaries and expenses paid to the staff. The cap on administrative costs is likely to impact funds available to meet these expenses and impact delivery of programmes. There is unanimous agreement among our respondents that the change in the FCRA will decrease foreign funding and affect SSOs and their administration costs. Further, domestic philanthropies and CSR funds have their own priority areas and geographies, leading to less flexibility for SSOs. There is also going to be a decrease in flexibility in grant utilisation but an increase in reporting and compliance, which is likely to adversely impact smaller organisations as discussed earlier.

For instance, one rights-based organisation was apprehensive that the lack of funds will affect vulnerable communities where there is an increasing need on ground for a rights-based approach.

The SSOs will have to turn towards new sources of funding, especially sourcing funds from local sources or find newer ways to raise funds. This may also call for strengthening governance practices along with a suitable change in the legal form in some cases, to align with the requirements of new funding sources.

#### **4.7.5 Collaboration**

Many SSOs have been networking and collaborating within specific domains to meet their programme goals and address the larger concerns in those domains. These collaborations brought in unique solutions and cross-learning within organisations. Some of these networks were funded, resulting in a larger reach and impact. With changes in the FCRA regulation,

collaboration might be difficult, especially if linked to funding. However, there is consensus that SSOs working in a particular domain should work as a consortium not just for funding but the need to explore new strategies. Most, however, agree if there is funding, the collaboration will be more successful.

#### **4.7.6 Changing role of the social sector**

Many of our respondents are apprehensive that the space for the not-for-profit social sector will shrink in the coming years, mainly because of the changing regulatory requirements. They fear that smaller organisations, which are already reeling under the Covid impact, might have to wind up their operations. Driven by corporates through their CSR funding, the social sector will be increasingly corporatised, with focus on efficiency, cost-cutting and governance.

Several founders see SSOs transitioning to fee-based services and service contract models with larger organisations. Funding constraints may also lead to project-based appointments and fewer employment opportunities, leading to redundancy and lower salaries in the sector.

Regulatory and funding constraints are also likely to necessitate changes in legal forms with for-profit social enterprises becoming more acceptable than the not-for-profit forms. For-profit social enterprises are likely to have an edge over non-profit organisations and they are more financially sustainable. As one organisation expressed their concern, *“In the name of social enterprises, many SSOs will be involved in business-like activities.”*

## 5. Conclusions and way forward

The study explored the impact of Covid on the working of SSOs, particularly on their existing programmes, availability of funding and changes in the human resource practices. While the study focused largely on the impact of the first wave of the pandemic, the respondents also expressed their concerns about the second and third waves and their impact on the organisations.



Our findings show that the programmes and initiatives of the SSOs were either put on hold or moved to a virtual mode during and after the lockdown, which has serious implications for the communities that SSOs work with. Some of the programmes were affected due to reduced funding while other programmes could not be implemented due to the mobility restrictions. Funding available to the SSOs was significantly reduced as agencies (especially CSR organisations) either contributed to the PM Cares fund or only supported immediate relief measures. However, SSOs recalibrated their working models by adopting technology, using innovative models of engaging with their stakeholders, retraining staff and raising funds from local sources and involving local student volunteers and women.



It is evident that some of these changes are here to stay, necessitating SSOs to invest in and adapt to digital technologies, hire staff with new skill sets and re-evaluate their priorities and strategies. In the next few years, SSOs have to respond to the needs of the people severely impacted by the pandemic and initiate specific programmes to help them. In such a scenario, there is a requirement for technology and skill upgradation support for SSOs. There is also a need for fund mobilisation from a diverse set of sources. While technology will certainly have a larger role in the working of SSOs, it should be seen as a tool to help communities and organisations, but not as an end in itself.

The new FCRA rules also affected funding for SSOs. Small and grassroots organisations with limited budgets and fewer sources of funding were severely impacted. Our study shows that larger organisations have the capacity to meet the regulatory, reporting and compliance requirements while smaller grassroots organisations are struggling to fulfil the requirements, throwing up grave concerns for their survival.

Some ways to address these concerns would be for larger organisations to play a mentoring role for small ones and building the capacity of small and community-based organisations to work independently of the mentor SSOs. Such mentoring, learning and collaboration can be facilitated through the networks of SSOs, which was seen during the pandemic response as well.

However, the future for SSOs appears uncertain and challenging and raises a number of questions. The SSOs highlighted serious concerns about how they are being perceived by various stakeholders. They foresee significant transformation in the sector, which has only been accelerated by the pandemic.

Government and funding agencies should be supportive of this transformative period in the social sector and be willing to be more flexible as the sector adjusts to a new normal. They should be cognisant of the significant contribution by SSOs in not only handling such crises but in ensuring that marginalised and vulnerable people are not left out. Policy measures should aim to strengthen such efforts and minimise regulatory hurdles.

Historically, SSOs have emerged as a balancing voice between market-oriented and state-led efforts in development and have represented the interests of unreached and underserved communities. The pandemic has highlighted the need for reinventing and strengthening these organisations. The SSOs cannot traverse this journey without support from other stakeholders such as state, philanthropies, funding agencies and communities.



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