

Emerging challenges and opportunities in funding: a perspective from India

The funding landscape for development NGOs is changing. This article explores how large NGOs in India are responding strategically to these funding challenges.

Most traditional bilateral donors are cutting their budgets. In many cases a higher share of their foreign aid funding is being directed towards the private sector, infrastructure, and growth, which tend not to be the preserve of NGOs.

Foreign funding continues to support knowledge sharing, rights-based work, and advocacy, but there may be some decline in funding for social programmes (although this varies widely). Major international NGOs, which help fund partners across the world, are also experiencing tighter budgets.

However, new sources of funding are opening up – individuals who make up the growing affluent classes of the 'South', wealthier governments, growing numbers of charities and philanthropic organisations, and increasing technology-enabled giving from individuals (including diasporas) across the world. The implications, choices and possibilities for NGOs depend in large part on their funding and country context, on their core purpose and mission, and on their institutional flexibility and resilience.

India has a well-established, vibrant and diverse NGO sector. It is also a good example of the growing phenomenon of 'rising powers' from which traditional western donors are retreating. This is occurring while considerable absolute and relative numbers of people continue to live in poverty. This is a paradox that development actors are confronting in the context of changing geographies of global poverty and wealth within and between countries. There are a number of points to make here.

The first is that there is a recognition of the significant changes taking place within the international development system, including financing options.

NGOs are highly aware of the issue, and are reacting to it at several different levels. However, responses to the changing financial landscape are not separate from recognition of wider shifts in global political and ideological power.

Larger NGOs, with the institutional capacity to respond strategically, are not just aiming to find alternative funding sources, but to more fundamentally reorient themselves within a rapidly changing domestic and international context. They are not just looking for new sources of financing to replace dwindling older sources so that they can continue to work in old ways. The need to adapt and shift their resource profiles is one part of a wider set of shifting contexts, challenges and opportunities.

Partly as a response to this, large transnational NGOs (such as Oxfam and ActionAid) are 'Southernising' further. For some years, many of these organisations have, to some extent, been devolving and decentralising their offices, personnel, decision-making, and agenda-setting. Funding, however, often continued to flow primarily from Northern to Southern partners.

The beginnings of decentralisation are under way, and a number of national affiliates of these transnational NGOs, which have been established fairly recently, are actively exploring how to build a sustainable domestic resource base and move away from the traditional grant-based model. This requires strong, grassroots-led campaigns, which foster



Community health worker gives a vaccination in Odisha state, India.

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recognition of the NGO 'brand' as a national organisation.

Branding, however, can be challenging in a situation where such NGOs may continue to be labelled as "international" or outsider organisations. In some cases this casts doubt on their legitimacy. As mentioned by Obino in ONTRAC 54¹, such affiliates can be regarded as competitors by Indian civil society actors already engaged in national campaigns and advocacy.

Obino also observes that a marker of INGO decentralised governance is the ability of national affiliates to participate and contribute substantively to global policy-making and agenda setting. Indeed, this kind of engagement at the national/country level is a prerequisite for successful global advocacy (noted by Hobbs in ONTRAC 54²).

In this context, Southern affiliates such as Oxfam India were able to successfully link grassroots-generated content that informed national campaigns to global policy processes, such as setting the agenda for the post-2015 development

¹ INTRAC. 2013. "ONTRAC 54 The rise of INGO families: perspectives, issues, and experiences." Oxford: INTRAC. www.intrac.org/resources.php?action=resource&id=769

² INTRAC 2013.

architecture. Thus, there appears to be a strong interest within the global donor community to continue to support and fund projects where civil society in Southern-based NGOs can influence global policy conversations on issues that are also nationally relevant.

Turning to potential domestic sources of funding requires NGOs to demonstrate or persuade new actors and audiences of their legitimacy and credibility. These are long-standing challenges for NGOs, but they require specific strategies for domestic constituencies. The Indian middle class, for example, is likely to respond to somewhat different messages, issues and images, conveyed through various channels (such as social media) if they are to become contributors.

Finally, growing the share of funding from domestic (and diasporic) sources, may affect the issues and approaches taken by Indian NGOs. The Indian general public, and corporate and philanthropic funders, for example, may have strong preferences for 'tangible' outcomes, such as health clinics, over rights-based advocacy. They may also help drive more national concerns and issues, such as inequalities perpetuated through social discrimination on caste, and ethnic lines.

These are issues that Northern donors have tended to neglect compared to, say, gender. It is important to note, however, that the conversation around reducing inequality is quite a recent phenomenon within Indian civil society.

Securing financial resources to support NGO activities is core to their survival and impact. The changing development landscape appears to be reducing some streams, but opening up others. Many NGOs will find this a tough transition, but some will certainly flourish. Financing options and choices will be central to shaping other aspects of NGO identity, functioning and role.

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