



Micro-funding

The Potential of Individual Philanthropy for Last Mile Changemakers

Summary of Report*

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May 2022

Micro funding

Micro funding is the support by individual/family donors to last-mile changemakers

- The **donor** end of micro funding includes, but is not restricted to, **HNI/UHNI** and **family offices/foundations** driven by individuals. Their contribution is not one-off, rather it is regular, sustained and planned. The definition excludes giving by individuals which is akin to institutional giving utilising large teams, call for proposals, multi-level due diligence, and so on.
 - On the **changemaker** end, it comprises those who work in **remote areas**, often in their own communities. Their organisations are **founder led and volunteer supported**. They work with **modest budgets (INR < 20 lakhs per year)** and raise resources from **local supporters**. They have little connect or bandwidth for institutional fundraising.
- Despite the estimated, **tremendous growth of retail giving and family philanthropy** and the distinct advantages and immense potential it brings, **small organisations struggle to tap into them** or get financial support.
 - Both Plustrust and CDPP are driven by the belief that, with effective facilitation, **micro funding can have transformative and macro impact** by building a strong base of individuals and organisations at the cutting edge of grassroots action.

The central question in the study

Q: How can the relationship between individual donors and last mile Changemakers be strengthened and sustained to become more responsive to each other's needs?

Thereby:

- Analyze micro-funding from the recipients' perspective (an area apparently overlooked in studies)
How do they envision and approach this relationship?
- Decipher individual donors and understand how they are distinct from institutional donors
What are they seeking and how they could become more effective contributors?
- Experiment with building and sustaining the relationship between individual donors and last mile Changemakers
How can Changemakers be facilitated with access and availability of resources, from individuals and family foundations such that they can pursue their mission, in the long-term?

Study methodology

- **Secondary review** of the landscape of philanthropy in India, with a specific focus on funding for small organisations by individual/family philanthropists
- **Weekly Talks and Roundtable Discussions** by 23 domain experts and practitioners, covering multiple facets of philanthropy and fundraising
- 135 individual/family donors and changemakers (with budgets ranging from INR 5 lakhs to INR 20 lakhs) reached out to through an **online survey**
- **In-depth conversations** were carried out with 5 donors (one of whom plays the dual role of changemaker), 51 changemakers, and 4 intermediary organisations/facilitators
- As part of the action component the **first micro funding dialogue**, 'Samvaad' was organised – a curated bridge for donors and changemakers to find each other and engage, it brought together 6 individual donors and 6 changemakers, facilitated by 3 curators
- The insights gained and lessons learnt have been **synthesised and documented** for future action.

Key insights from secondary review

- **Retail giving** has grown, but its overall share remains 25% to 30% in total private domestic giving
 - Crowdfunding platforms (Ketto, Milaap, etc.) account for less than 10% of transactions by volume
 - Retail and family donors' share is expected to grow at 13% annually from 2022 to 2027
- **New age philanthropists** see themselves as innovators, and want to leverage resources from governments and others by building partnerships
- There are clear **entry barriers** for funding support of small NGOs and CSO organisations.
 - Only 5% of Private Donor funding shared among small NGOs with annual spend below Rs 1 cr. (45% of total NGOs)
- In terms of allocation, **education** has continued to garner the most funds (more than 60%), followed by healthcare in distant second
- There are many **opportunities to enhance the flow** of individual support to last mile changemakers, including:
 - Building the **mindset and ability** for donors and changemakers to interact with each other to create a mutually beneficial and sustained relationship
 - **Creating bridges** (intermediaries) who are equally committed to both 'givers' and 'recipients' and can do effective matchmaking
 - **Advocating for policies** such as those that give tax advantages to individual donors

Insights from the study

The Changemakers

- Modest budgets (INR < 20 lakhs pa) mobilised from **local supporters**, with little connect or scope for institutional funding
- **Constrained in finding new donor leads**, getting in touch with them and articulating their 'ask' effectively
- **Communication** is a weak link
- No distinction made between individual donors and institutional donors

Mostly bootstrapped – waiting for angels to appear!

The Donors

- Driven by a **spiritual need** to “give back” and connect
- Eager to **relate, mentor, encourage**, actively seeking **trustworthy pathways** to reach changemakers
- Seek **strong lines of communication** not restricted only to fundraising – a desire to feel part of the impact
- Selection is driven by “Back the right person with the right passion”

Deciding factors are trustworthy introduction, clarity of idea or theme, and alignment with personal preference or passion

The need for a bridge

- There is a **role for intermediaries** who can balance passion with impact, bringing donors and changemakers together
- Beyond 'matchmaking' there is scope to **ensure continued flow of information**, and **facilitation to build and sustain the relationship** for long-term impact

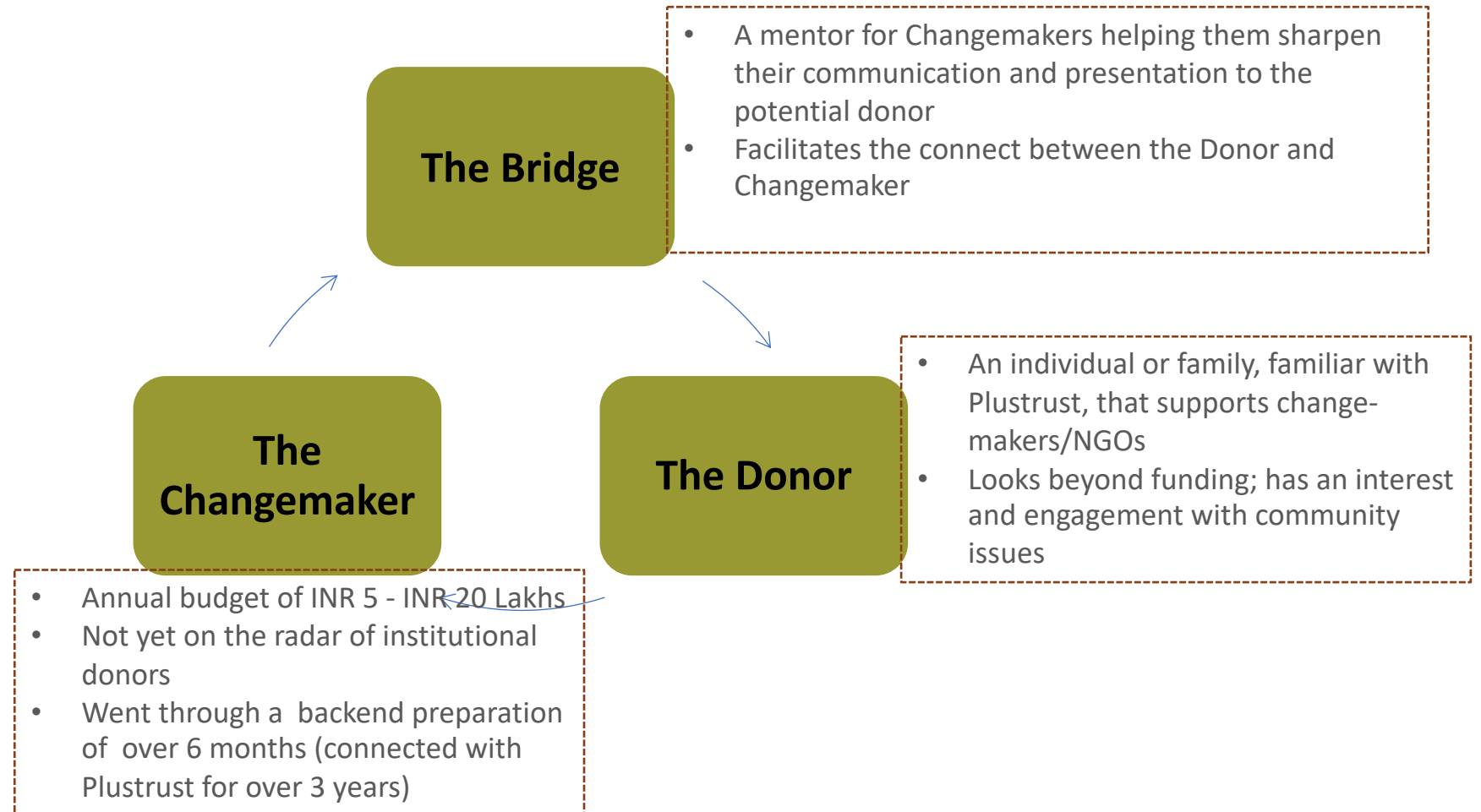
There is a role to build a sanctuary with the intent to nurture and grow this synergy

Samvaad – the action component

Drawing upon the insights gained, ‘Samvaad’ – a curated bridge for Donors and Changemakers to find each other and engage was organized

Key elements of Samvaad

- An online platform
- Each **Donor linked one-to-one with up to 2 Changemakers** they selected from a cohort of 6 profiles
- In all, **5 Changemakers received support of INR 2.6 lakhs**
- The **dialogue was facilitated by a Curator**
- Focused on **building trust and credibility** for the Changemakers’ work
- Donors support went directly **without transaction costs or fees**



Learnings for the future

This study establishes an unfavourable skew in the availability of resources for grassroots changemakers

This skew will eventually seriously stunt the growth of civil society organisations at large

Micro funding can be very impactful, with benefits both for the ‘giver’ and the recipient’

The pilot of Samvaad demonstrates the potential benefits of a bridge to stimulate micro funding

Directions for the future:

1. Build a network of Curators and local assessors

- Credible individuals equally committed to both Donors and Changemakers
- Support Changemakers to present their proposal and build a stronger relationship through communication, compliance, transparency, and so on

2. Strengthen the Changemaker landscape

- Build a robust pipeline of organizations
- Streamline assessment system to establish intent and credibility of leadership
- Provide coaching to sharpen strategy and articulate with clarity
- Offer other advisory support for organisational strengthening

3. Build a robust Donor base

- Base of donors committed to go beyond ‘cheque book’ charity
- Support donors to ‘decipher’ Changemakers’ work, challenges and needs and encourage them for deep engagement
- Understand their aspirations and expectations as they change or evolve

Study team

Dr Lalitha Iyer

Managing Trustee of Plustrust and a Bangalore-based, independent consultant with a special interest in institutional change facilitation in social sector

Dr Amir Ullah Khan

Former civil servant and a development economist, he is now Professor at the MCRHRDI of the Government of Telangana and Honorary Research Director at the Centre for Development Policy and Practice

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Independent development professional with experience of work with non-profit organisations and funders on issues of social change and sustainable development, of which a substantial period has been in funding, strategy development and institutional strengthening

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Content creator with Plustrust since January 2021, she holds a MBA from the University of Exeter, United Kingdom, she brings her experience of marketing and events from the corporate world

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Read the full report here

https://plustrust.org/wp-content/uploads/2022/06/Micro-Funding_09-06-22.pdf



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