

# PHILANTHROPY

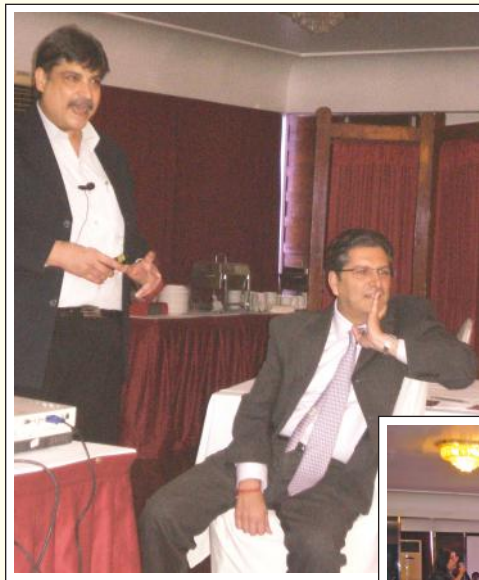
Legal news and updates for the social sector

2014 - 2015 3rd Quarter October - December 2014



CENTRE FOR  
ADVANCEMENT  
OF PHILANTHROPY

**CAP Workshops** provide practical training and give organizations the opportunity to network with others within the sector to share and discuss similar ideas & issues. Our Legal Compliance workshop was attended by 48 participants who gained insight into what are the compliance required for any non-profit. The Theory of change had about 20 participants in each session. They worked out their organisation's Theory of Change.



CAP's Legal Compliance workshop by **Noshir Dadrawala** & our special guest, CAP board member **Bahram Vakil**



CAP's workshop on Theory of Change with **Sheila Chainani**



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INDIGO PRINTERS

**CAP's CIN:**

U73200MH1986NPL041521



CENTRE FOR  
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Centre for Advancement of Philanthropy's quarterly newsletter, 'Philanthropy' serves as a vital communication and networking link, providing readers with relevant news, updates and views on legal and other issues in the social sector.

Philanthropy has a reader base of grant making foundations, voluntary organizations and other entities operating in the sector. It is also widely read by professionals like chartered accountants and lawyers as well as by those in the corporate sector.

The e-versions of these articles can be now found on our website in the newsblog section.

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## Editorial



'Social Impact' has become a buzz word in the nonprofit sector. Donors in particular are placing nonprofits on the hot seat to measure social performance. The problem is, there is little agreement on what those metrics should be.

To our mind, rather than simply complying with the demands of donors NGO leaders need to focus their attention on accountabilities that really matter for achieving their missions. Measuring results is valuable as a discipline for nonprofit managers, even if they don't find universal metrics for social impact.

We may not see agreement on a common set of metrics in the social sector for quite some time, but perhaps we could see a convergence on what constitutes critical reflective learning processes within the organization. The theme of this issue of 'Philanthropy' is therefore on 'Impact' and what it means to different stakeholders.

With regard to CSR, the Ministry of Corporate Affairs continues to amend Schedule VII and the 'CSR Rules' have been amended so often that companies are utterly confused as to what is allowed and what is now disallowed.

Vide Gazette Notification dated 24th October 2014) "contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation" and "contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga" have been added to Schedule VII.

In the meantime MCA by General Circular No. 36 of September 17, 2014 has withdrawn its earlier clarification of 18th June 2014 that salaries paid by the companies to regular CSR staff as well as to volunteers of the companies (in proportion to company's time/hours spent specifically on CSR) can be factored into CSR project cost as part of the CSR expenditure.

And, while several NGOs are still wondering where that elusive Niagara of Rs. 20,000 crores is located the Union government is looking at a proposal to float a company to manage corporate social responsibility (CSR) funds of all Central Public Sector Enterprises, "to ensure efficient implementation of this social initiative and to free companies from additional responsibility".

The ministry of heavy industries and public enterprises is working on a proposal to set up a company under Section 25 on the ground that an independent entity will have the scale and resources to plan and execute CSR and sustainability activities.

The NGO sector in India is yet to feel the impact of CSR and this is largely because several large companies not only prefer to but have since decades been implementing CSR through their own corporate foundations. In any case over time CSR policies and CSR reports will start appearing on company websites and organisations like the Indian Institute of Corporate Affairs (IICA) will probably take a lead in ensuring that CSR is implemented in a sustainable and impactful manner.

**Noshir Dadrawala**  
CEO, Centre for Advancement of Philanthropy.



## Impact Of Recent Legislative Amendments On The Nonprofit Sector

By: Noshir Dadrawala

Legislation in India has seldom impacted NGOs in a positive manner. It has usually stifled growth and curbed innovation. The legal environment in India is far from enabling.

Let's look at some recent legislative changes and their consequent impact on charities in India.

### Anonymous Donations

Finance Act 2006 introduced a new section 115BBC with a view to tax anonymous donations received by charitable organisations. The most recent Finance (2) Act 2014 has amended Section 115 BBC such that the income-tax payable "shall be the aggregate of the amount of income-tax calculated at the rate of 30% on the aggregate of anonymous donations received in excess of the higher of the following, namely:

- (A) five per cent of the total donations received by the assessee; or
- (B) one lakh rupees, and
- (ii) the amount of income-tax with which the assessee would have been chargeable had his total income been reduced by the aggregate of anonymous donations received in excess of the amount referred to in sub-clause (A) or sub-clause (B)"

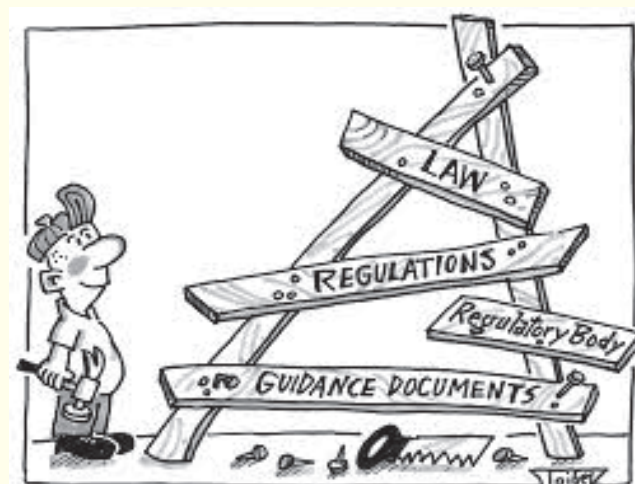
### Cancelation of 12AA Registration

Once again, vide Finance (2) Act 2014, the 12AA registration of an institution may be cancelled if it is noticed that it violates section 13, that is:

- its income does not enure for the benefit of general public;
- it is for benefit of any particular religious community or caste (in case it is established after commencement of the Act);
- any income or property of the trust is applied for benefit of specified persons such as author of trust, trustees etc.; or
- its funds are invested in prohibited modes

### Expenditure in excess of Rs. 20,000/- by cheque only

Ministry of Home Affairs – Foreigners Division (FCRA Wing) has issued a Circular dated 21st October 2014 advising organisations registered or having prior permission under the Foreign Contributions Regulation Act (FCRA) to incur expenditure above Rs. 20,000/- by cheque or draft only.



The circular has warned that organisations "indulging in cash payments of Rs.20,000/- or more from FC designated accounts or utilization accounts are likely to require more intensive scrutiny by Government".

The circular states that it has observed "associations withdraw huge amounts of foreign contribution by cash".

The circular makes a reference to the Income tax Act stating that a similar rule applies to "expenditure incurred by certain categories of NGOs". The Income Tax Act has such a provision only for the organisations which have income under the head "Business and Profession".

To keep in touch with the latest news related to legal compliance, stay connected to CAP through our blog on our website or through the Facebook page.

*From The Legal Hub*

## Impact of 'Overheads' on NGO Image

By: Noshir Dadrawala

Almost every NGO in India is concerned about its own image if not branding. NGO leaders usually speak about **'admin costs'** and **'overheads'** in hushed tones. Many are almost apologetic about it. Others try to 'window dress' these costs. All said and done, like every narcissistic individual, non-profit institutions also worry if their admin expense makes them look fat!

**But, we are not alone.** According to a recent study, 62% of Americans think nonprofits spend too much money on overhead. The rest think that since the nonprofit sector is a \$ 2.1 trillion dollar segment of the US economy, employing 1 in 10 Americans why should it not be spending enough on overhead?

In India, the **ITR 7** filed by charitable organisations with the income tax is not available in the public domain. However, in the USA **Form 990** that nonprofits file is available freely for public inspection. "Form 990," requires 501 (c) 3 (nonprofit organisations) to fill out a Statement of Functional Expenses that breaks out costs into four columns:

- a) Total expenses
- b) Program service expenses
- c) Management and general expenses, and
- d) Fundraising

Any costs in column c and d (overhead) are considered an unflattering sign of waste and inefficiency. **People do understand that every organization (for-profit or non-profit) would have some overhead costs.** However, to the US nonprofit sector the 990 has become the equivalent of asking, "Does this form make my belly look fat?"



The Bridgespan Group believes this unhealthy bias against overhead has led to what they described in a Stanford Social Innovation Review article as **the Nonprofit Starvation Cycle**. A vicious cycle is leaving nonprofits so hungry for decent



infrastructure that they can barely function as organizations — let alone serve their beneficiaries. The cycle starts with funders' unrealistic expectations about how much running a nonprofit would cost and results in nonprofits' misrepresenting their costs while skimping on vital systems.

Successful organizations require financial systems, information technology, volunteer management and sustainable revenue streams. Part of the myth of the nonprofit world is that somehow righteousness will ultimately triumph over limited planning, shoddy systems and a general scarcity of resources. But that is not the way the world works.

Changing attitudes and expectations is a shared problem and fortunately this one has leadership. Recently GuideStar, Charity Navigator and BBB Wise Giving Alliance penned an open letter denouncing the "overhead ratio" as a valid measure of a nonprofit's performance. They have also created **a campaign-style website on 'The Overhead Myth'** to educate donors, organize support and invite further discussion on better ways to evaluate a nonprofit's performance and impact.

**Noshir Dadrawala, is one of India's leading legal expert on advisory for charity organisations in areas of Trust Law, Income-tax, FCRA, Labour Law, service Tax & VAT. To know more about our service offerings contact our office.**

## Financial/Internal Controls? Why Any Non-Profit Organization Must Have Them

By: Tina Vajpeyi

A primary responsibility of trustees/founders of a non profit is to ensure that the organization is accountable for its programs and finances to its stakeholders, staff, volunteers, donors, members, the public and various authorities such as Income tax department and Charity Commissioners office. Financial or internal controls procedures are thus a method of minimizing the risk of money being misused or being unaccounted by engaging a team to follow various clear procedures.

### Effective controls have three attributes:

they ensure safe care of your assets

divide responsibilities among several people

and are documented and understood by,  
all concerned parties

Ideally they should be read and reviewed once  
a year and especially by anyone who joins the  
finance team and/or Board of the organization.



**It is often simple  
but not obvious**



**Firstly whilst it may seem obvious** that cheques, bank account numbers, passwords, petty cash, credit card numbers, and even the cards themselves – should be kept in a secure place it is something that can slip in the early days of setting up. The same applies to hard disks on which information may be backed up from computers as well as any other important documents such as MOA's , trust deed, rent agreements and any other long term contracts.

I have noticed that whilst we all know that cheques are pre-numbered the cheque books themselves are not logged. Organisations may sometimes have 2 or 3 cheque books for the same account and be writing cheques out from each one. It is always best to number them and use them systematically so that one can be more sure that cheques are not inadvertently being written. It also becomes easier to do bank reconciliations since cheque numbers in a sequence are easier to trace.

I have also in the past seen the error of one physical cash book being kept in which cash withdrawn from both the local and FCRA account were being recorded. This should never occur since it is not possible to then verify whether the cash expenditure was from FCRA or local source of funds. The same applies to prenumbering of vouchers, invoices and donation receipt books

## Finance Facts

### WITH - Separate duties, Divide control



**Separation of duties** means that no one person has full control over the procedures of handling cash, signing cheques or knowing the passwords to the accounts software. Someone else should ideally be checking over data such as bank statements and reconciling cash book balances. There should always be at least two cheque signatories and wherever possible transactions should be by cheque rather than cash. Similarly there should be approval limits for expenditure so perhaps cheques over a certain amount eg Rs 20,000 need a third signature. This will be dependent upon the size and budgets set up by the organization. Ideally the person who prepares cheques and payment vouchers – the bookkeeper, should not be the cheque signatory. The person who prepares financial statements is usually an accountant and ideally if the founder of the organization is not focused on understanding financial information it helps to have a person on the Board of the organization who can help to review financial data. Initially your accountant may

be outsourced and someone who does the books once a week or once a month, based on the expense and income vouchers. This will progress to a more full time role as the organization grows. It is also good practice to have a template of financial data that can be presented to the Board at each quarterly meeting. This can be in a simple format of budget versus actual numbers, total income and total expenditure or breakdown of department expenditure, depending on the size of the organisation.

When taking on board members one of them would usually be assigned a Treasurers role and they should take a keener interest and have some understanding of how to review the financial information so they can best assist the organisation in this area. A knowledgeable eye can help to pick up discrepancies such as sudden jumps in expenditure on certain items or even anticipate a cash flow shortage and thus help to rationalize expenses or raise further funds.



**The third principle** of good financial controls is transparency. A nonprofit organization works for the public good and benefits from various income tax exemptions subject to registrations and certain rules. Whether the funding for the activities is from profits of one company or from individual donations, its accountability should always be transparent. Donors and other stakeholders will always have more confidence in an organization which it feels is disclosing information freely and hence there are certain steps that can be taken. If you have a website then post your financial statements on it each year along with an annual report. Register with and follow the disclosure as per Credibility Alliance

guidelines to give additional information in your annual accounts. If you are just starting out and do not have the funds to start your own website then you can register with Guidestar India and post all the relevant information on their site.

Start of in the first year by having an audit even if you are very small, as this will help you to keep improving on your financial systems and again gives confidence to donors. Many large corporate foundations and multilateral agencies have checklists and procedures that need to be followed if they are going to fund you. Having financial controls sets in place discipline that will allow you to meet the criteria and standards that they expect.

**CAP's Finance Consultant Tina Vajpeyi offers Finance & Accounting advisory to organisations in areas of Financial Control, Accounting Systems, Budgeting etc. To know how you can avail our Finance Advisory - [connect@capindia.in](mailto:connect@capindia.in)**



## Interaction

# Understanding Impact

By: Meher Gandevia-Billimoria & Noshir Dadrawala

At its simplest, impact assessment is about understanding the lasting changes (both intended and unintended) that are brought about in people's lives as a result of an intervention or interventions.

It is about moving the focus of attention from what an organization, partnership or network does to what difference its work is making. This could mean looking at the impact of a particular intervention or, the aggregate impact of a substantial part of an organization's work.

There is a range of ways of seeing impact assessment; from those who understand it as an event that happens ideally some time after an intervention has concluded, to those who see it as an on-going attempt to understand the complexities of change within particular contexts.

**There are a variety of reasons for doing impact assessment in NGOs including:**

- **Accountability for funds received:** Being able to demonstrate to donors - whether individual or institutional - that their support has led to the intended results.
- **Accountability to different stakeholders:** Allowing the effectiveness of the organization's work to be assessed and scrutinized by those in whose name funding is raised, supporters and partners.
- **Governance:** Ensuring a degree of accountability of the organization towards its governance structures (board, trustees, senior managers) by providing the sort of information that allows them to assess the strategic direction of the organization.
- **Indicating organization's work:** Demonstrating to external audiences the value of what the organization does.

- **Internal Communication:** Communicating achievements and keeping staff focused on the long-term aims of the organization rather than on activities.
- **Learning:** Generating information and perspectives on what strategies and approaches are more or less effective in different contexts and circumstances in order to improve the organization's future decision-making and work. Re-examining assumptions and theories of change in light of new experience.
- **Advocacy work:** Impact data on particular approaches is used to inform policy and advocacy work aimed at changing others' approaches to similar issues.

The type of data that is collected and the way it is analyzed will tend to differ depending on the primary purpose of the impact assessment – though in practice this is rarely articulated clearly.



**So what is impact? Is it necessary? And, what are the thoughts of some of the voices we hear within the sector?**

To some - IMPACT & its related terms are jargon, vague & largely misunderstood. Many others have a different view - they believe in identifying the outcomes and solutions to social problems that create positive change for people. Over the last decade many non-profit organisations have been working hard and articulating effectively what they do that brings about change.

## Interaction

**Dasra** is India's leading strategic philanthropy foundation working with philanthropists and non-profits to create large scale social change. **Gayatri Divecha** from **Dasra** shared her definition of Impact. *“Social impact is the opposite of a default output related to any given input. It's an iterative result of a strategic process of identifying a problem using data and expert knowledge, of focusing on what could potential solutions be and bringing different stakeholders to play a part in the solution, of measuring success and failure and starting again. In the long term the change created by this process is what I would term impact.”*



**Don Bosco** works largely at the grassroots levels on projects within education, livelihood, skill development, watershed, rural governance, sanitation, rural energy and agriculture in almost all states of India in areas. **Programme Manager Mahesh Kumar's** interpretation - *“Social impact is the change brought about by the programmes and activities of an organisation. It is the desirable change at individual, group or community level. Change brought about in attitude, practice, capacity, physical condition, systems, environment etc., leading to a better quality life and living conditions are all included in*

*impact. Organisations use social impact assessment process to measure the impact.”*

For **Bombay Community Public Trust**, a funding agency, how can impact be defined? **Harsha Parekh, Managing Trustee** clarifies with an example. *“We are a funding agency and we hardly ever implement projects directly. BCPT has a programme of providing life skill education, which, according to WHO, results in better mental health of children. Under this intervention 30 sessions are conducted with each class from standard 5 to 7. One of the life skills imparted is self confidence. About 4-5 sessions in each year directly focus on this life skill. At the end of the year we can measure the number of sessions, the number of children, etc. i.e. the outputs. The effect of this can be gradually seen in the children's behaviour – volunteer to answer questions in the classrooms, ask if they have not understood, mix with other children better, etc. These would be the outcomes. Whether this has changed the life of the child and whether he/she would have better mental health in future cannot be tracked and it is not possible for us to measure. The long term impact of the programme will depend not only on what the child has internalized from the programme but several other external factors.”*

**So, then, can every organisation (big or small, start-up or mature) measure impact? How important is it?**

There are a number of methodological reasons why impact assessment is difficult:

- Large NGOs are complex organisations working in many different contexts, often in a variety of sectors and using different approaches.

## Interaction

- The complexity of change processes means that it is hard to assess what caused a particular change in people's lives. Many other forces and institutions affect the impact of an NGO's work.
- Even where impact assessment methods attempt to involve stakeholders, there are challenges in: validating results; issues of whose voices are heard and listened to and, in creating spaces where all feel able to contribute freely.
- Increasingly NGOs are working on policy and advocacy issues in collaboration with others where causality and attribution become particularly challenging.

**John Thattial, CEO of Ummeed**, an organisation working with children & developmental disability says, *“Yes, each organisation can measure impact. It can be qualitative in nature or a combination of qualitative and quantitative. Ultimately measurement of impact is a critical measure of an organisations success in achieving it's laid out Vision and Mission. It also helps build credibility of the organisation which in turn has a direct bearing on resource mobilisation activities of the organisation.”*

**Pune based NGO Connecting** is dedicated to suicide prevention in youth through its various programs, seminars and especially through its Suicide Prevention Helpline. Their **CEO, Bobby Zachariah**, feels it is very important, *“Without measuring impact, organisations can continue to perpetuate their activities without being aware that the field situation has changed, thus making their original actions / strategies out-dated. Measurement is also important to maintain inspiration within the organisation, which is a key factor for sustainability of vision. A key reason for measurement is also for the sake of accountability to the people whom we serve and to the donor community.”*



**Archana Chandra, is Hon. Admin Director of The Research Society**, one of the oldest institutes in the field of mentally challenged. This cause often sees slow changes due to the nature of its work. However she agrees, *“Yes, it is very important to measure impact. There is no set/one way to measure it though. I would define impact as the 'positive difference made to the beneficiary because of our intervention.”*

**Guddi Advani, is President at Seva Sadan Society** a hundred year old organisation that works towards women empowerment. It was set up by two gentlemen who decided to impact the lives of these less fortunate women. Her perspective on how to create impact, *“On a personal level to live life & lead by example, which can positively influence and even help, those associated with you. On an organizational level, it means producing positive impact by effectively handling and correcting social injustices and inequities in society and improving the lives of beneficiaries.”*

## Interaction

### Scale Up, Spread out, What are the interpretations and how necessary is it to scale?

Development NGOs may consider a 4 pronged approach that takes account of current understanding of good practice:

1. Focus on the bigger picture and ensure the organization is clear about what it does and why
2. Monitor and evaluate the quality of their work.
3. If they work in partnership, support partners to monitor and evaluate their own work in ways that are appropriate for them.
4. Use impact assessment to try to assess the relative impact of different approaches NOT to try to aggregate the overall impact of the organization's work.

**ATMA** is a support organization that strengthens non-profits to impact education. The ATMA Impact team Neha, Alyson & Elena have a unanimous view, *“Scalability of a program is often understood in a limited form in the non-profit sector. It is not only the ability to grow in size and reach but scalability should also address the issue of the ability of the intervention or program to efficiently and gracefully handle the increasing work load and its processes properly. Considering that scalability is a difficult and multi-dimensional concept to define, scaling up may not always be the most feasible, viable or functional option to a program without taking the context or the backdrop into account.”*

**Gayatri** similarly feels, *“Everyone can scale in some way. It doesn't necessarily mean multiplying the reach exponentially. Scale can also mean building capabilities of others to reach more. There is a depth and width component to scale and understanding*

*what mix is most relevant to each organisations is critical.”*

**Mahesh** adds, *“Scaling up depends upon the goals and objectives of the programmes. Scaling up needs resources which are difficult to get in absence of meaningful results/impact.”*

The question of whether organisations should scale is debatable. While many feel that is a good way to spread impact, yet others with causes that require constant input and long term inputs to the same beneficiary group have a different viewpoint.

**Harsha** brings up a point often not given so much thought, *“While with sufficient resources – financial, human, material and other resources many projects can be scaled up, sustainability will always remain an issue. A few projects which require a lot of personal intervention are better suited to replication, rather than scaling up.”*

For **Archana** reaching out to more numbers than the current projects is not really the priority. *“Maybe scaling up in the way we understand it is not possible for all. For example at Jai Vakeel School scaling up does not necessarily mean more students only. Scaling up could mean providing more*



## Interaction

*benefits & services to the existing students as well as their family. At Jai Vakeel we work with individuals with intellectual disability. Often impact is enabling these students to have a longer attention span for an activity or learning to dress themselves. So yes impact can be measured but it may not be as per conventional norms.”*

**John** reasons with another very valid point. *“Directly Scaling is possible but is it always necessary? Organisation can scale directly based on their ability to deliver quality programs cost effectively and monitor them. In some cases scale maybe brought about indirectly - these would be organisations which develop best practices which in turn they disseminate their expertise to other organisations to take forward the ultimate aims and goals of development as envisioned by the first organisation, cost effectively. In both instances measurement of impact is possible albeit - direct and indirect.”*

## Conclusions

While some organisations lend themselves to measuring outputs and outcomes effectively, yet others still are struggling with factors that make it difficult to convince donors and third parties how their changes may be small steps but yet effective towards the larger impact.

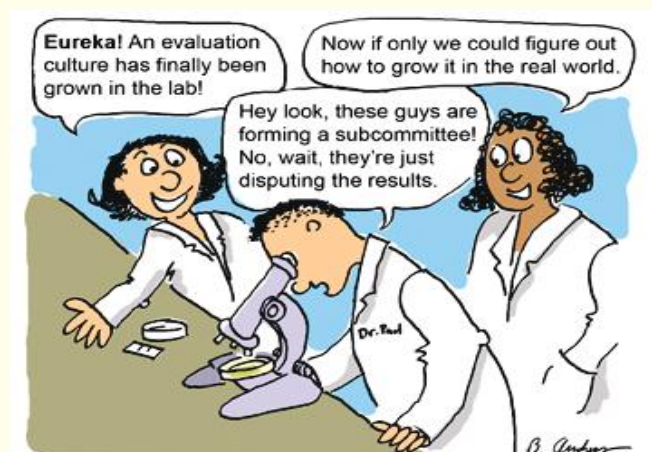
**Guddi** shares, *“We do not as yet have a structured system to measure social impact quantitatively. More by close regular reviews of our various initiatives every year. However our impact is visible to most as soon as they step into our institute.”*

**ATMA** primarily works with other organisation assisting them to articulate their evaluations and it can be a struggle. *“M&E is one of the most used and least understood concepts in the development sector. Even if ample theory is available for reference, there are big gaps in*

*M&E best practices. Organisations often understand M&E as a stand-alone process but in actuality it is embedded in the other components such as program design, operations etc.”*

**Bobby's** concluding point is that there are tangible and intangible benefits. *“Growth of vision is a key benefit, which is a key to sustainability of the movement, people and even resources. Sharpening the approach leads to better results. If you measure with people, you will move forward together.”*

Social impact assessment is often predicted on the notion that decision-makers should understand the consequences of their decisions before they act, and that the people affected will not only be appraised of the effects, but have the opportunity to participate in designing their future. The social environment is different than their future. The social environment is different than the natural environment because it reacts in anticipation of change, but can adapt in reasoned ways to changing circumstance in part of the planning process. In addition, persons in different social settings interpret change in different ways, and react in different ways. Perhaps because of this complexity, or the political consequences of making explicit the social consequences of projects and programs, social impact assessment has not been well-integrated into NPO decision-making.



## Debate

# Is the effort of organising Special Charity Events worth the impact?



**Vasumathi Sriganesh**  
*QMed Knowledge Foundation*

I believe that if an organization has surplus funds to do a special event, it must do one, whenever it seems like it is a good time. In today's world of virtual connection, we do need a real meeting, at some time with our circle - donors, target audience and more. The energy and passion that we convey real time always is a notch higher than what we do with our best writing / communications – formal or through social media. Of course there is money and time to be spent. But it is up to us as to whether we make it an 'expense' or an investment. The argument of whether the time spent could be done on actual work is very contextual.

The well-known author - Stephen Covey says “Sharpen the Saw” and for NGOs this is one of the means of sharpening our saws. An event draws out creativity in us and is not just the interactions, but the learning that happens that can make a big difference. Of course there is a balance – one has to do a special event, when the time is special and events cannot become an overwhelmingly regular thing.

*(Quality Medical (QMed) Knowledge Foundation identifies the need to train health science students and professionals to search medical literature with a scientific approach from various online databases and cite it correctly.)*



**Nabajit Malakar**  
*ActionAid India*

We feel special events create a seamless connect between employees, volunteers, donors and partners and enhance and amplify our mission priorities and inject energy into everyday work.

The Beti Zindabad Cyclothon, was organised last month, to celebrate the International Day of the Girl Child. This campaign addresses the urgent question of sharply declining child sex ratio in India. The cyclothon witnessed very moving moments of cyclists taking oath and committing to champion the cause of gender equality in the own life, public spaces and make the world a better place for girls?

The Women's Parliament - a meeting of grassroots women leaders from 54 constituencies across several states, was held in the setting of a parliament. This 2-day workshop helped them articulate their issues sharply in the form of question hour, calling attention motion etc., and gave them a new vision of governance. This was witnessed by several donors and supporters, activists and the media. Six MPs came to meet the women leaders later in the evening. This rich exchange gave hope and inspiration to people in the city, for the grassroot leaders, this acceptance and opportunity gave them impetus to continue their struggle.

There is a clear value for money when such events are planned with care and imagined well, and definitely reap in more support in the form of volunteers and donors, and higher enthusiasm among employees.

*(ActionAid India works with the marginalised communities with a strong focus on women's rights across 25 states.)*

## Debate



**Wilma Correa**  
*CSA - (Catalysts for Social Action)*

Organizing special fundraising events such as charity dinners or concerts is one of the many forms of fundraising that non-profit organizations engage in. NGOs often make use of such events to raise both money and awareness of their cause. However, events can be quite time consuming in terms of resources such as manpower, marketing & money invested. For smaller NGOs, organizing special fundraising events can be taxing & clearly the impact and ROI must be evaluated prior to deciding to raise money through such events.

Whilst special events are a good platform to build our 'brand' awareness & also engage participation from individuals & corporate partners in raising money for a good cause, such events call for extensive level of commitment & involvement. This often requires that existing NGO operations staff get involved heavily owing to resource constraints. Additionally, lack of expertise & knowledge on the event being organized, may prove to be an impediment resulting in a drain on the resources since they must juggle between their job related tasks & organizing the event. It is also critical to evaluate money raised versus the time & efforts put into the event which in most cases is below expectations. In conclusion, a special fundraising event should generate the desired impact in terms of funds raised & awareness towards the cause so as to justify the quantum of work that has gone on behind the scenes.

*(Over the past 11 years, CSA has been working with orphaned and destitute children across, Goa, Maharashtra & MP, with the belief that adoption and a loving family is the best form of rehabilitating a child.)*



**Kate Currawalla**  
*Maharashtra Dyslexia Association*

From a previous experience, we have concluded that the time spent by our team on organising fundraising events actually had a negative impact on the core work for which the team is hired. Almost everything cause related goes on the back-burner in planning and execution of the event. Unless your organisation is connected with a hi-profile network who can introduce generous donors year on year, it can be quite an uphill task to raise funds.

Often, many causes, in spite of talking about inclusion, do not showcase the cause. They appeal to the donor's sympathies to fundraise and make little effort to introduce the actual beneficiaries & their challenges. I feel they need to make the audience connect to his reality and what he is experiencing and break down the barrier that often makes people feel uncomfortable and turn the other way, even while reaching for their cheque books.

For me, a good fundraiser event would be one that directly connects with the cause, showcases the work of the beneficiaries, serves the objects of your mission, gains publicity for the cause by creating greater awareness and, of course, raises funds. At MDA, we are driving the cause in many directions. If our small team of professionals has to put in the effort it would be important for us to focus on the above goals or the effort would just not be worth it.

*(The Maharashtra Dyslexia Association is a not-for-profit organization committed to securing the rights of students with dyslexia. Our focus areas are assessment, remedial education & policy advocacy.)*

“



”

# How I Got Here

By: Meher Gandevia

My name is **Annabel Mehta**  
I founded **Apnalaya** because...  
**I didn't found Apnalaya,**  
**Tom Holland did, in 1972.**

I became involved in early 1973 and was elected Treasurer as I wasn't afraid of figures. I had trained as a professional social worker at LSE before coming to India in 1966.

### Apnalaya's philosophy...

Our philosophical base is grounded in the belief that gross inequality is wrong, and that everyone has the potential to achieve much more given appropriate training and encouragement from people like us. This translates into our mission of 'Working with individuals, group and communities, Apnalaya's aim is to empower the disadvantaged to overcome the many social, political and economic barriers they face, and to help them access opportunities that lead to a better quality of life'.

**Challenges along the way have been...** so many I couldn't possibly list them

all here! These include the difficulty in getting good trained staff to work in some of Mumbai's worst slum communities, lack of space for our activities, the endless quest for funds, the challenges of survival in the modern philanthropy space.

**Our work has come a long way because...** we looked for the strengths within the communities where we work and built on those. This led us to train teachers, health workers, counsellors, community mobilisers from within, making programmes more sustainable.

**Funding for Apnalaya...** Always a challenge, and one that grows along with the organisation. When small one can manage through friends, relations, contacts, fund raising events, and luck. That doesn't suffice as one grows, and competition for funds from funding agencies and corporate is fierce these days.

**Social Impact according to me is...** that is the hot topic of the moment! Pressure to put tools in place for measuring social impact is coming from all sides, and most



NGOs are struggling to make it work for them. And this is not only the case in India; I attended a workshop in London last summer only to learn that NGOs there are struggling with just the same challenges! While I believe it is important to track as far as possible the impact of the work that we do, it is often extremely difficult to put systems in place. In the development sector the impact may not even be visible let alone measurable for several years. The results, even if they can be measured, are often not what was hoped for. To my mind, the process is as important as the result, and due respect should be given to it, not just on measurable results.

**My thoughts on scaling up...** there is increasing pressure these days – often from the corporate sector – to scale up. I think every organisation should be free to decide for itself whether or not to do so. There are grave dangers in moving outside one's comfort zone, and lots of practical difficulties with staffing, space, funds, communications, and the possible loss of empathy resulting from growth.

**If I could change one thing about the social sector, it would be...** to make life a little easier for all the wonderful people trying hard to do something to better the world. The many administrative hurdles we all have to negotiate when running an NGO or a social enterprise which are challenging to say the least. With all the energy and enthusiasm I see around me these days, the authorities should be offering encouragement rather than creating problems.

### **The best way the corporate sector can support non-profits would be...**

to support organisations doing good work through offering funding, and any non financial support that they might want. The trend of corporate to want to get deeply involved, have their staff volunteer, etc, even set the agenda for the work, is not – to my mind – necessarily a good thing. We don't tell the corporate sector how to run their businesses. The non-profit sector may not be considered as “professional” as the corporate sector, but we have other qualities that motivate us and keep us working often under the most challenging of circumstances. We cannot survive without funds, and the corporate sector is best placed to help us with funds.

### **My advice to those starting out in the NGO sector would be...**

first, I would offer my congratulations! I think it is wonderful that so many young people are coming into the sector wanting to do good, not just make money. I would say they need what we all need – vision, patience, perseverance, optimism, good health, lots of energy, lots of friends for support, and loads of passion.

**In my free time I...** Free time – what's that? When we run an NGO we seldom have free time! I spend a lot of time on the net, reading about the philanthropy sector. Otherwise I enjoy time travel, music, but mostly time spent with family and friends.

## Connect To CAP

# ASK THE EXPERTS

### Are NGOs required to pay gratuity to their staff?

Under Section 1(3)(c) of the Payment of Gratuity Act, 1972, if any establishment wherein ten or more persons are employed, if notified by the Central Government, then to such establishments, the Act applies.

The Central Government by a statutory order No. 2218 dated 22.8.1997 u/s 1(3)(c) of the Payment of Gratuity Act had issued the following notification:

"S.O.2218. In exercise of the powers conferred by clause (c) of sub-section (3) of section 1 of the Payment of Gratuity Act, 1972 (39 of 1972), the Central Government hereby specifies the trusts or societies, registered under the Societies Registration Act, 1860 (21 of 1860) or under any other law with respect of societies for the time being in force in any State, in which ten or more persons are employed or were employed for wages on any day of the preceding 12 months as a class of establishments to which the said Act shall apply with effect from the date of publication of this notification in the Official Gazette."

The contention that a particular institution is a charitable institution is not relevant for the purpose of determining the coverage under the Act. The Act applies only if any Institution is covered by the provisions of the Act, notwithstanding the nature of activities or the philanthropic /charitable services rendered by them.

It was also held in Management of Good Samaritan Rural Development Project vs. T. A. Ramaiah and others reported in (2003) 1 LLN 378 that even charitable institutions are covered by the provisions of the Act.

**Legal Query answered by  
Noshir Dadrawala, CEO – CAP**

### What is the definition of internal controls?

Internal or financial controls are systems of policies and procedures that protect the assets of an organization, create reliable financial reporting, promote compliance with laws and regulations and achieve effective and efficient operations. These systems are not only related to accounting and reporting but also relate to the organization's communication processes, internally and externally, and include procedures for (1) handling funds received and expended, (2) preparing appropriate and timely financial reports to board members and other concerned parties, (3) conducting the annual audit of the organization's financial statements, (4) evaluating staff and programs, (5) maintaining inventory records of real and personal property and their whereabouts, and (6) implementing personnel and conflicts of interest policies.

Accountability requires that the organization complies with all applicable laws and standards; adheres to the organization's mission; creates and adheres to personnel and accounting policies; protects the rights of members; prepares and files its annual financial report and tax return with the appropriate authorities and makes the report available to all members of the board and any member of the public who requests it. The development of proper internal controls helps organizations ensure accountability.

Non profits like any other organization receive, hold, and spend money or other assets. They cannot function without funds and they have to be accountable for all the funds whether by way of cash donations, grants or income from sale of products. Without accountability they cannot determine how well they are functioning and neither would they be able to continue raising funds.

**Finance Query answered by Tina Vajpeyi,  
CAP Consultant - Finance**

## What categories would internal controls fall into?

When drafting the controls it can be in the form of a checklist or a manual and would fall into the following major categories

- Writing cheques
- Bank and cash reconciliations
- Invoicing
- Receipts
- Handling donations
- Payroll, contracts and other documents eg timesheets
- Fixed assets purchase and disposal
- Investment procedures – fixed deposits
- General ledger masterlist
- Key personnel and contacts
- Bank and other important contacts eg investment advisors, finance committee
- Storage of data and other general controls

Whilst many internal controls or policies would be similar from organization to organization they do need to be adapted based on the size and needs of each one. This is where the accountant and Board members or finance committee would work together to draft the document. Also ensure that once the policy is in place then it should be followed and hence at some point when an organization gets very large, they may consider having an internal audit separate to their regular annual audit to ensure this. Any new finance/accounting staff as well as the Finance committee or new treasurer should read and review the document at the time of joining.

**Finance Query answered by Tina Vajpeyi,  
CAP Consultant – Finance**

CAP's Consultant Panel consists of a mixed spectrum, of CAP's core staff and other professionals from the non-profit and corporate sector. Our assistance extends in areas of legal, finance, HR, volunteer management etc. To know more – [connect@capindia.in](mailto:connect@capindia.in)



## Ghaswala Vision Foundation

to help any individual with **"Reversible Blindness"**  
a unique charitable trust registered in Mumbai since 2002



- We network with non-profits, institutions, corporate, hospitals, and doctors to restore vision to patients belonging to the under privileged sections of society anywhere in India.
- We follow a stringent process of due diligence to ensure that aid (surgery, medication, etc) is provided to the poor and needy thereby turning them into socially responsible / employable citizens who ultimately become a part of social sustainability and inclusive growth.

Visit our virtual office at [www.ghaswalafoundation.org](http://www.ghaswalafoundation.org)  
for details regarding the trust, trustees, patients, etc.

**Mr Percy Ghaswala - Trustee 9820863931**



MUMBAI  
MOBILE CRECHES  
FUTURES UNDER CONSTRUCTION

**MUMBAI MOBILE CRECHES** – has developed a comprehensive day care service programme and has **pioneered the first Early Child Care Education (ECCE) programme for migrant workers' children in this country.**

We seek to **connect with Research Consultants** in the areas of child development, health and nutrition, education, evaluation studies, PRA, quantitative, and qualitative research designs. Preferable experience - at least 10 years of experience in research consultancy.

Interested consultants can directly get in touch with  
**Asmita Naik Africawala at**  
[researchcoordinator@mmcmil.org](mailto:researchcoordinator@mmcmil.org) or **8879804883**

## Resources

# Evaluation in the Year Ahead

By: CAP Team

Idobro's vision is a better world and a greener planet – a shared world. They believe that this can happen when all stakeholder groups – Govt, Corporate, NGO and Academia work together and share the values of Responsible, Inclusive, Sustainable and Eco-friendly (RISE). The RISE Infinity Foundation was started to bring people together so that they can **Partner with a Purpose** to achieve Progress and Prosperity leading to Peace which is the ultimate Impact of social progress. **CAP's Meher Gandevia Billimoria chats with Karon Shaiva, Hema Ganachari & Devashish Das.**

### What have been some of the challenges along the way & how have you overcome them?

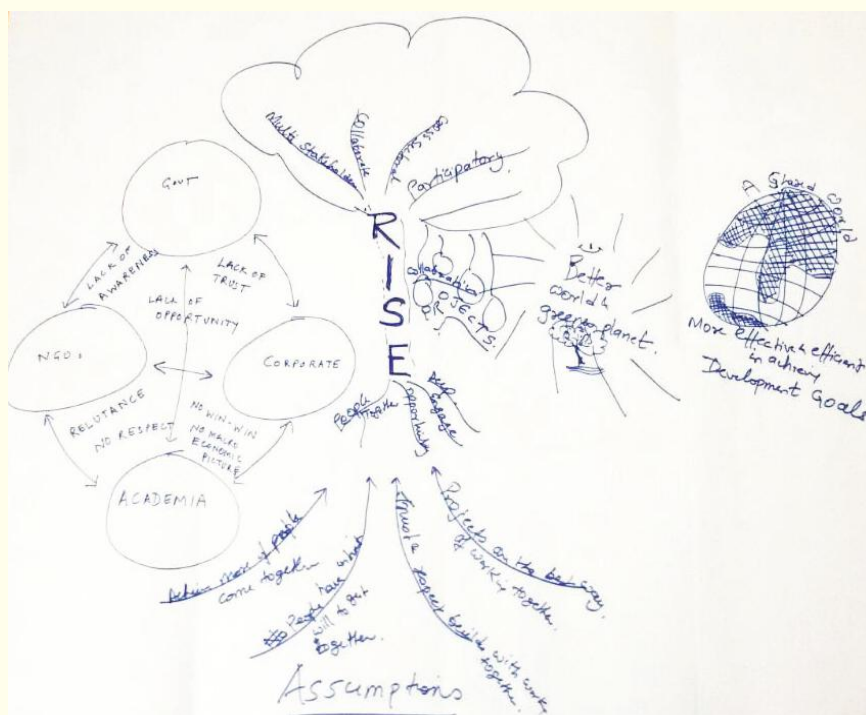
With a general focus on specific causes, our "Purpose" is not a clear emotional, physical or development need and finding buy-in has been a challenge. Partnership is also not a tangible / physical cause. There is also a lack of trust and respect between different stakeholder groups.

We have created the RISE platform to give opportunities to the stakeholder groups to come together and design developmental projects / campaigns. The RISE Summit facilitates and bridges the gap between the work culture and functioning of the different stakeholder groups.



### How does your team derive impact with the organisations you work with?

Idobro helps design projects based on advocacy and engagement for market access, capacity building, linkages and solutions. These endeavours are Multi-stakeholder, Cross-sectoral, Collaborative and Participatory eg. Academic social bridge conversations which is a series of round tables for collaborations with Institutes on content from the Indian Development sector experience. We leverage strengths for a win-win proposition that multiplies impact!



### Any exciting event that the sector can look forward to in the times ahead?

RISE conversations and RISE workshops that will lead to our annual flagship event RISE 2015, in September, which will see participation from multi stakeholders, and across all sectors. The theme will be based on the 2015 International Year of Evaluation (EvalYear). EvalYear will culminate with the Global Evaluation Week organized by EvalPartners at the Parliament of Nepal. This will be the first time ever that the Global Evaluation Community and policy makers, including Parliamentarians from all over the world, will meet in a National Parliament to discuss how to ensure Evaluation is fit for purpose. Idobro is proud to be associated with this landmark initiative.

## Resources

# Impacting Your Team

By: CAP Team

### What have been some important milestones in your talent recruitment journey?

IQ Group (In Quest) works on commercial sector talent search and has 20 years experience servicing corporate clients. However founder Ashmita Ray Sarkar initiated the idea of having a targeted Social Sector practice due to her special interest and background in the sector. IQ Social was founded 2 years ago.



**Ashmita Ray Sarkar**  
(Prior Experience) -  
TNS Mode,  
projects for UNICEF,  
Pricewaterhouse  
Coopers in  
Management  
Consulting.

Many organisations in the social development sector are also starting to professionalise and take human capital very seriously and we have felt a tangible change in the approach to hiring. Having serviced 30 clients in the last year we are also happy to have reached this milestone and look forward to working for many more.

### How does the core philosophy of your organisation set you apart?

We thoroughly understand the organisation's requirements and objectives of the job role. We sometimes counsel the organisation on how to modify their search to make it more effective so that it is a good fit for both.



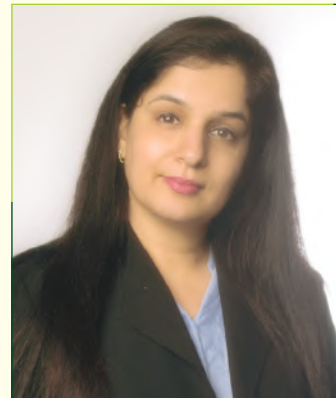
**Shirin Talwar**  
(Prior Experience) -  
welfare rights  
and advocacy  
with the  
Citizens Advice Bureau,  
management team  
of Ummeed Child  
Development Center

As a team we practice an ethical approach – e.g. confidentiality, integrity and transparency.

We work on any level of position with equal commitment – from Admin to Leadership, not only on high value positions.

### How do you feel good talent can impact an organisation's cause/mission?

Talent is everything in the sector as limited resources often mean that you need to be an all rounder. The requirement of organisations to show impact and the accountability to funders and other stakeholders has created a competitive market place in this sector. We have often seen that really strong candidates can cause the Job Description to change and evolve and that is very satisfying as it means that a candidate is really going to add value to



**Annu Paul**  
(Prior Experience) -  
IQ Group for  
15 years now  
leads business  
development  
and manages  
the team of  
consultants  
within the firm.

the mission and take it to another level. One good reason why an organisation benefits when they entrust you with the job of recruitment.

Entrust us with the pain of your recruitment and your organisations will gain! Let's face it – screening resumes and calling candidates is time consuming and not a favourite task for many hard pressed organisations and so we take that load off your shoulders so that you can concentrate on the mission of social impact.

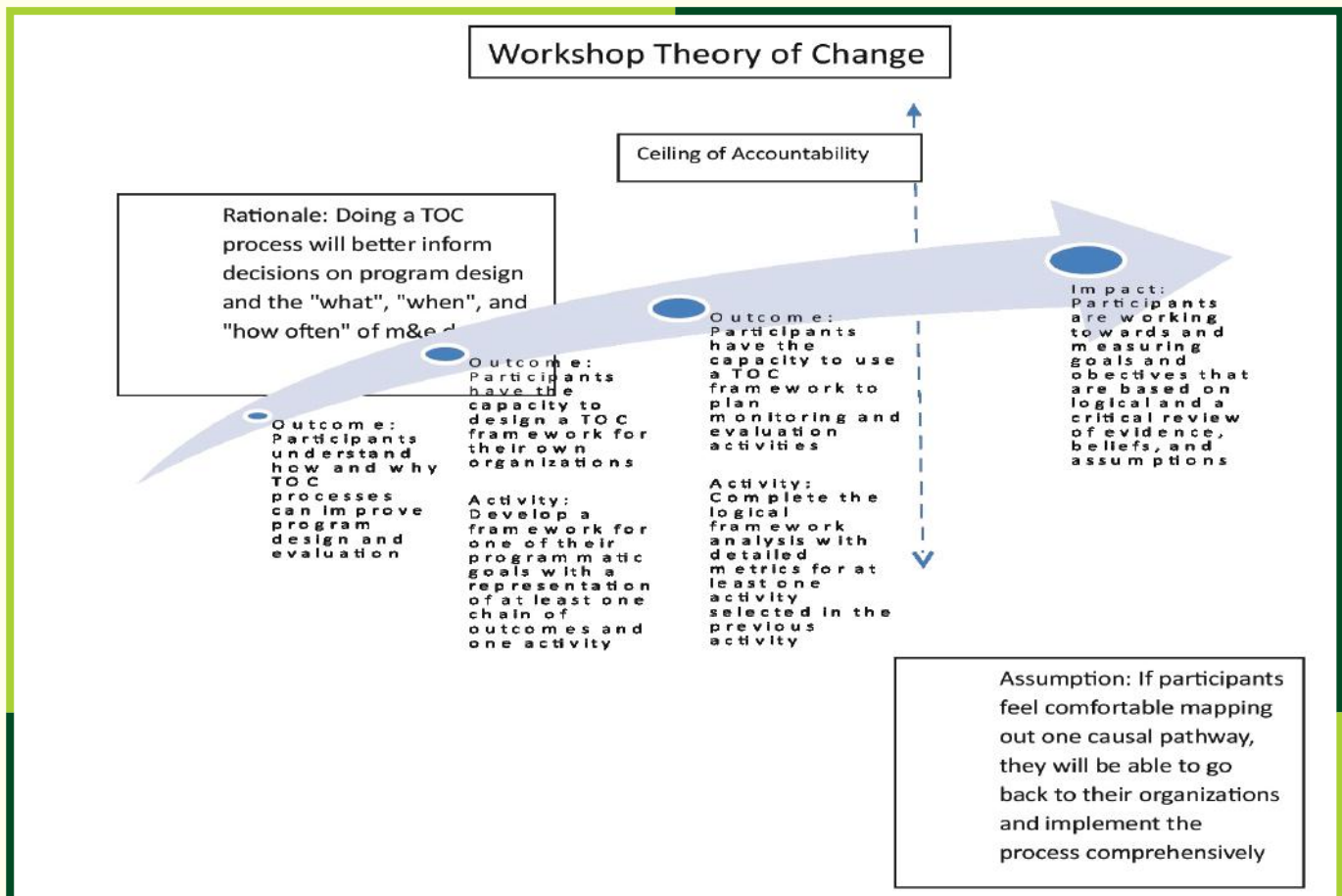
Our well networked and varied database of potential candidates both from social development and those who want to make a shift to the social sector.

You can connect with IQ Social –  
[www.iqgroup.co.in](http://www.iqgroup.co.in) or (022) - 66155724

## Updates

# Theory Of Change

CAP organized a workshop on Theory of Change with Sheila Chainani.  
She designed the Theory of Change for this workshop.



## Participants Feedback

TOC is an interactive process (dynamic) which focuses as an enduring and effective development programme. - **Col. S. E. Modak, Kalsekar Trust**

A framework (LFA) of Logical processes formulated in order to achieve the desired impact of a programme or objective of an organisation. - **P. M. Rajasekharan, Impact India Foundation**

Journey from Verification of Outcomes to Inputs rather than the other way round. - **Amol Tope, SucceedSafe**

A Dynamic process of re- inventing to see if your organisation is moving in the right direction to achieve your vision and mission. - **Lakshmi Padmanabhan, QMed Knowledge Foundation**

Logic behind what we do & why. - **Asmita, Mumbai Mobile Creches**

Change never comes around until it is forced upon us. - **Percy Ghaswala, Ghaswala Vision Foundation**

## DESIGN FOR CHANGE...DESIGN TO IMPACT

Looking for creative design for any of your organization's print or collaterals?

Non-profits can avail of a discount in our rates if you provide a cut-out of this advertisement.

Contact KRISHNAGEETA at 9773197735

Brochures, Annual Reports, Newsletters, Programme Reports and any other collaterals.

Non-profits and social entrepreneurs have access to a panel of CAP consultants who guide them through our **Coffee Consultancy Mornings**, a good opportunity to get specific guidance on a one-on-one basis.



Gaining an understanding of the fundraising landscape, financial controls & budgeting and accounts related questions with CAP Finance Consultant **Tina Vajpeyi**



What are the HR guidelines any non-profit must follow with regard to salaries, bonus, staff retention and other HR policies? CAP Consultant **Enma Popli** assisted organisations with queries specific to their teams.



Every non-profit must invest in volunteers and be able to maximise their contribution. What are some of the best practices to follow for your volunteer management? CAP's **Meher Gandevia -Billimoria** guided non-profits with their volunteer related concerns.

## Policy To Policing Of India's Voluntary Sector - Trends & Impact Across Asia



CENTRE FOR ADVANCEMENT OF PHILANTHROPY

# Legal Leadership Dinner

(To commemorate 28 years of service to the NPO sector in India, especially in **non-profit law**; Centre for Advancement of Philanthropy will be hosting the '**LEGAL LEADERSHIP DINNER**' event in January 2015 with Prof. Mark Sidel as the keynote speaker.)

**Mark Sidel, Doyle-Bascom Professor of Law** and Public Affairs and Director of the South Asia Center at the University of Wisconsin-Madison and Consultant for Asia at ICNL, and David Moore, ICNL's Vice President for Legal Affairs, are preparing the ICNL study.

Sidel earlier served as program officer for the voluntary sector and philanthropy at the Ford Foundation in New Delhi, and with Ford in China, Vietnam and Thailand. Noshir Dadrawala, CAP's CEO, is a long-time leader of APPC and a member of the board of ICNL.



### Thoughts that Mark shares with us...

*Some of the trends that we see in India – government encouragement of and mandates for corporate giving and corporate social responsibility; limits and obstacles to foreign funding; issues in organizational registration; debates on tax incentives; the rise of social enterprise – are echoed in trends in voluntary sector and philanthropic regulation and policy across the Asia Pacific region. The Asia Pacific region is a wide and diverse area, but there are some common developments in the voluntary sector and philanthropy that bear close watching. These trends in nonprofit regulation and policy in Asia are the subject of a research report now being prepared by the International Center for Not-for-Profit Law (ICNL), with funding from the Asia Pacific Philanthropy Consortium (APPC).*

Sidel will provide the first public report on the initial results of this work as the keynote talk at CAP's meeting in January in Mumbai, discussing trends in voluntary regulation and self-regulation and developments in nonprofit sector policy around the Asia Pacific region.

**20 January, 2015 - This is a 'By Invitation' event.**