

FCRA ROUNDTABLE

16th June 2011 at Gulmohar Hall, India Habitat Centre, Lodi Road, New Delhi

Significance of Foreign Contributions in the Development Sector

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Having been associated with the development sector since 1967, for 44 years, and that too with a number of international and national agencies using foreign contributions, I have taken the liberty of presenting herein the 'changing context of funding' for the development sector:

SEVENTIES

- Funding dominated by church related international donors to Christian NGOs.
- Christian NGOs were considered suspects for conversion
- Some Gandhian institutions also received international funding
- Not too many secular NGOs
- Even some secular organizations took pride in announcing their creation inspired by Christian faith
- Funding included development cost of infrastructure, particularly for education and health (hospitals, schools)
- Funding agenda largely driven by NGOs
- Handful (Few) of Professional NGOs
- Foreign Contributions Regulation Act (FCRA) introduced

EIGHTIES

- Emergence of a large number of NGOs
- Concern about registration of paper NGOs, particularly in Andhra Pradesh
- Emergence of professional NGOs in good numbers, such as PRADAN, SRUTI, South South Solidarity, Deepalaya, ASSEFA
- Funding from international government sources, such as USAID, DFID, AUSAID, CIDA, SIDA, SDC also available at scale.
- In addition funding from non-governmental international donors, such as Christian Aid, Church World Service, Lutheran World Service, MISEREOR, EZE, ICCO, OXFAM, PLAN International, Christian Children's Fund, World Vision

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- Funding for innovative programmes, capacity building of NGOs, building of Corpus fund became available, e.g. funding available for Package Programme approach, to reach out to smaller NGOs.
- Concept of funding for Child Sponsorship took roots in India, e.g. Deepalaya, CASP.

NINETIES

- Beginning of international NGOs (INGOs) becoming operational.
- INGOs, as well as Bilateral / Multilateral donors begin setting their own Agendas (thematically), considering NGO proposals conforming to such agendas.
- Availability of Government of India / State government funding under different schemes to NGOs
- Corporate agencies begin investing in CSR (Corporate Social Responsibility)
- CSR acceptance low due to lack of mutual trust between business and NGOs.
- Indian Trusts and Foundations e.g. Sir Ratan Tata Trust, Sir Dorabji Tata Trust enhance their funding to the NGO sector, as also begin investing in Corpus funding.

FIRST DECADE OF THE 21ST CENTURY (2000 – 2010)

- International funding agencies (INGOs) raising funds in India, e.g. OXFAM, Plan India, Childfund India, Save the Children.
- Acceptance of CSR by NGOs increased, mutual trust issue also getting addressed.
- Submission of proposals to government Ministries / Departments from NGOs started gaining momentum.
- Indigenous Resource Mobilization getting accepted by most NGOs in India.

FOREIGN CONTRIBUTIONS HELPING LEVERAGE FUNDING FROM INDIAN SOURCES:

For two to three decades the foreign funding has usually helped NGOs to undertake innovative, experimental and demonstrative programmes. The results of the experimental and demonstrative programmes helped the NGOs to undertake government sponsored programmes as also in building credibility and confidence in the corporate sector to work

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with them in CSR programmes. Above all the foreign contributions are helping leverage funding from different stakeholders in the country and overseas. Few examples:

1. **Deepalaya;**
2. **DHAN Foundation;**
3. **N.M. Sadguru Water & Development Foundation.**

DEEPALAYA:

With an annual budget of about Rs. 70 million (7 crores), Deepalaya raised about 48% from foreign sources and 52% from Indian sources during the year 2009-2010. The share of Indian income in relation to the total income over the last four years has gone up, in terms of percentage and amount-wise, as reflected in **Annexure-I**.

DHAN FOUNDATION:

With an annual budget of about Rs. 320 – 340 million (32-34 crores), DHAN Foundation raised a total of Rs. 1001 million (100 crores) over three years; 2008, 2009 and 2010. The foreign contributions accounted for Rs. 428 million (42.8 crores), about 43%, as outlined in **Annexure-II**.

N. M. SADGURU WATER & DEVELOPMENT FOUNDATION:

established in 1974, Sadguru started receiving foreign contributions from 1980s, with the first grant coming from the Ford Foundation, followed by funding from the Aga Khan Foundation from 1988 and NORAD-The Royal Norwegian Embassy from 1991. Between the years 1991-2003, Sadguru received substantial foreign funding amounting to Rs. 400 million in relation to a total funding of Rs. 950 million, i.e. 42% of the total. From the year 2003 onwards, foreign funding declined substantially and from the year 2005 it virtually came to an end. With a total income of Rs. 620 million over the three years 2008-2011, the share of foreign contribution is a mere Rs. 4.9 million.

During the last 10 years, 2001-2011, the share of the government support was on an average 53%, the rest being from Indian Trusts, individual donations and other non-governmental support of 47%, **Annexure-III**.

Need for building capacity of NGOs for strict compliance of FCRA 2010

Having understood the important role Foreign Contributions play in facilitating development, it is imperative for the International NGOs (INGOs) to build capacity of their partner NGOs to strictly comply with the requirements of the FCRA 2010, the purpose of the Round Table.

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Annexure I

INCOME OF DEEPALAYA OVER THE LAST 4 YEARS

		Amount (Rs.)	Percentage
2009-10	Foreign	34,721,163	47.62
	Indian	<u>38,198,214</u>	52.38
	Total	<u>72,919,377</u>	
2008-09	Foreign	42,579,871	57.00
	Indian	<u>32,128,064</u>	43.00
	Total	<u>74,707,935</u>	
2007-08	Foreign	61,489,588	67.20
	Indian	<u>30,015,980</u>	32.80
	Total	<u>91,505,568</u>	
2006-07	Foreign	42,871,747	68.60
	Indian	<u>19,626,696</u>	31.40
	Total	<u>62,498,443</u>	

Notes: The foreign income is coming down percentage wise as well as amount- wise from 2007-08 onwards whereas the Indian contribution has increased from 31.40% to 52.38%

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Annexure-II

DHAN FOUNDATION - ANALYSIS OF INCOME : SOURCE – WISE (in Rupees)

	2008	year 2009	2010	
Foreign Agencies	154,359,362	135,183,487	138,413,718	
Indian Agencies	170,190,642	174,979,839	172,691,836	
Other Receipt	13,910,045	13,790,238	27,431,758	
TOTAL	338,460,049	323,953,564	338,537,312	1,000,950,925
	Foreign Agencies	Indian Agencies	Other Receipt	
2007-08	154,359,362	170,190,642	13,910,045	
2008-09	135,183,487	174,979,839	13,790,238	
2009-10	138,413,718	172,691,836	27,431,758	
TOTAL	427,956,567	517,862,317	55,132,041	1,000,950,925
PERCENTAGE	42.8	51.7	5.5	100

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Annexure – III

N.M. Sadguru Water and Development Foundation: Analysis of Income: 1991-2011

- I. Started in 1973, Sadguru's peak period for the foreign contribution was during the years 1991-1992 to 2002-2003, in which the total foreign contribution was Rs. 401.34 million. In the same period, Sadguru's total funding including all sources amounted to Rs. 950.55 million. In terms of percentage the foreign contribution to total funds was 42 %.
- II. Year wise total funding to Sadguru during the last three years (2008-2009 to 2010-2011) and the amount of foreign contribution:

Year	Total funds (Rs. in million)	Foreign contribution (Rs. in million)
2008-2009	170.38	1.25
2009-2010	217.72	2.14
2010-2011	231.74	1.48
Total	619.84	4.87

- III. Proportion of government funding to funding from Indian foundations, others: The last ten years (2001-2002 to 2010-2011) data shows that Sadguru received on an average 53 % of the amount from the government and balance 47 % from non-government sector.