

Grant Management & Donor Reporting Best Practices

Speakers:

Poonam Choksi – Head of Social Sector Capacity Building at A.T.E. Chandra Foundation

Prasad Baji – Mumbai Chapter Chair & Board Member SVP India

Shriram V – Managing Director – Philanthropic and Government Partnerships, The/Nudge Institute

Moderator :


Sunanda Rangarajan – CEO of Omega Forum for Social Impact and social entrepreneur

Q1. What constitutes good donor reporting hygiene?

Reporting requirements vary depending on the type of donor. Corporates typically prefer quarterly reports, with some requesting monthly updates, while foundations often expect biannual or annual reports. If the NGO has flexibility, automating reports can save time and ensure consistency. It's helpful to use templates that not only capture program outputs and outcomes but also reflect long-term impact. Additionally, reports should go beyond program data—sharing organizational updates, new team members, or strategic shifts helps donors feel more connected. Ultimately, reports should be seen not just as compliance tools, but as opportunities for learning and deeper donor engagement. Reporting varies by donor type: corporates usually prefer quarterly reports; some ask for monthly. Foundations often ask biannually or annually.

Q2. What strategies help NGOs build long-term donor relationships?

Donor retention is vital for an NGO's long-term sustainability and should be tracked annually, with a target retention rate of 70–80% or more. Building deep, meaningful partnerships



matters more than reaching large audiences with shallow engagement. Communications should go beyond individual projects to highlight the organization's broader vision and journey. Relationships should be nurtured at multiple levels—not just with founders—to create champions within both the NGO and donor organizations. Donors should be seen as co-owners of a larger mission, not just funders. This sense of shared purpose fosters alignment and long-term commitment.

Tools like WhatsApp can be used smartly to maintain regular, personalized engagement.

Q3. How should early-stage founders prioritize between program, fundraising, compliance?

In an NGO's early stages, fundraising must be led by the founders—it's a non-negotiable, daily responsibility that demands consistent focus. While compliance is necessary, it can often be outsourced to free up time for core priorities like relationship-building and securing funds. Founders should focus where their presence adds the most value. As the organization stabilizes, hiring associate-level fundraising staff is crucial to scale. Building a donor funnel and pipeline early helps ensure sustainability. Don't give up on fundraising talent too soon—returns typically begin in 4–6 months. Stay focused on core functions: program delivery and fundraising. Outsource what you can, and ask boldly for help—it's for the cause, not for yourself.

Q4. How can NGOs build flexibility into donor budgets?

Projects should be defined broadly to allow flexibility as needs evolve, with room for scope adjustments while staying true to the core mission. Early-stage NGOs, especially those funded by HNIs or foundations, often have more leeway in fund utilization, and over time, corporate donors may also become more flexible as trust builds. Unrestricted funding is vital for managing budget fluctuations and ensuring sustainability. NGOs should include organizational development—like leadership training and fundraising—as legitimate

program costs, and advocate for shared responsibility in covering core expenses, emphasizing that strong institutions drive long-term impact.

Q5. What are the emerging trends in donor reporting?

When it comes to data, the focus should be on accuracy, clarity, and minimalism. NGOs should avoid tracking irrelevant indicators and instead concentrate on what truly matters to demonstrate impact. While dashboards and tech tools can be helpful, they are not essential—what matters most is having clear, consistent, and rigorous data. If donors require advanced reporting or analytics, they should also be willing to fund the systems and capacity needed to deliver it.

Q6. What do donors look for in strategic long-term partnerships?

Donors seeking strategic long-term partnerships look for strong alignment between their own vision and that of the NGO. They place high value on the strength and commitment of the NGO's team, as it reflects the organization's capacity to deliver sustained impact. A well-defined theory of change is essential, as it demonstrates a clear roadmap from activities to outcomes. Donors also assess financial sustainability and the potential for the model to be replicated or scaled. Finally, the scale and relevance of the problem being addressed play a key role—partnerships are more compelling when the NGO is tackling a significant, timely, and systemic issue.

Q7. Is there a power imbalance between donors and NGOs?

The dynamics between NGOs and donors often hinge on clarity, confidence, and evidence. Power imbalances can be addressed when NGOs confidently communicate their impact, strategy, and long-term vision. It's also important to foster greater sensitization across the sector—some positive shifts are already visible in this direction. NGOs must stay vigilant about whether funding is aligning with or derailing their core mission. To navigate partnerships effectively, organizations should define their non-negotiables early on, ensuring that growth does not come at the cost of values or focus.

Q8. What legal and financial clauses must NGOs check in a donor MOU?

When reviewing a donor MOU, NGOs must carefully examine key legal and financial clauses to protect their interests. These include the scope of the program, as well as utilization and non-utilization clauses that define how funds should be used and what happens if they aren't fully spent. It's important to check for any conditions precedent to fund release—specific requirements that must be met before funds are disbursed. NGOs should also pay attention to representations and warranties, ensuring they disclose any ongoing litigation or legal matters. Finally, indemnity clauses should be reviewed closely; NGOs should negotiate to cap liability and avoid open-ended financial exposure.

Q9. What portion of a budget can go toward overheads?

There is no fixed cap on how much of a budget can go toward overheads. A study revealed that this can range from 5% to 50%, depending on the type of NGO, with the average being around 20%. However, in practice, NGOs often receive only 7–8% from donors for overhead costs, creating a significant funding gap. To address this, NGOs should strategically integrate key expenses like HR, fundraising, and monitoring & evaluation (M&E) into their program

budgets. Frameworks like Britspan's True Cost Budgeting can help organizations accurately represent their real costs and advocate for more realistic funding.

Q10. What is the CSR 5% overhead rule about?

The CSR 5% overhead rule often causes confusion, but as Shriram clarifies, it applies to the internal CSR team's administrative costs within the corporate, not to the budgets of NGOs receiving CSR funds. There is no legal cap on the overheads that NGOs can include in their budgets funded through CSR, though this is subject to the internal policies of the funding organization. NGOs should, however, be transparent and reasonable in their budgeting to maintain trust and alignment with donor expectations.

Q11. Is marketing necessary for NGOs? When and how should they invest in it?

Yes, marketing is necessary for NGOs. As Shriram rightly puts it, *"If you're not findable, you're not fundable."* Visibility plays a crucial role in attracting both donors and talent. NGOs should leverage LinkedIn, social media platforms, and other cost-effective digital tools to increase their reach and build credibility. For early-stage NGOs, allocating around 5–6% of their budget towards marketing can be a good starting point, while larger NGOs may find 2–3% sufficient. However, it's important that marketing efforts come from the heart of the organization. The tone and voice should reflect the NGO's core values and mission—something that should not be entirely outsourced. Authentic storytelling and consistent messaging are key to building trust and long-term support.
