

Fundraising from CSR

Identifying prospects and
building prospect pipeline



About Me

Bio

- Engineer, MBA - Passionate about driving partnerships

Partnerships Experience

- 3+ years with Bhumi
- 7+ years with L&T, Amul, American Express



Poll 1

Do you actively raise funds from CSR?

- Yes
 - No
-

Coverage of CSR

The provisions of **CSR applies to every company** fulfilling any of the following conditions in the preceding financial year:

- Net worth of more than Rs.500 crore
 - Turnover of more than Rs.1000 crore
 - Net profit of more than Rs. 5 crore

 - The Board of Directors of every company for which the CSR provisions apply must ensure that the company spends in every financial year at least 2% of its average net profits made during the immediately preceding three financial years as per its CSR policy.
-

CSR Landscape in India

No of Companies	20,840
-----------------	--------

Total Amount Spent on CSR (INR Cr.)	26,211
-------------------------------------	--------

Total CSR Projects	39,324
--------------------	--------

States & UTs Covered	39
----------------------	----

Development Sectors	14
---------------------	----

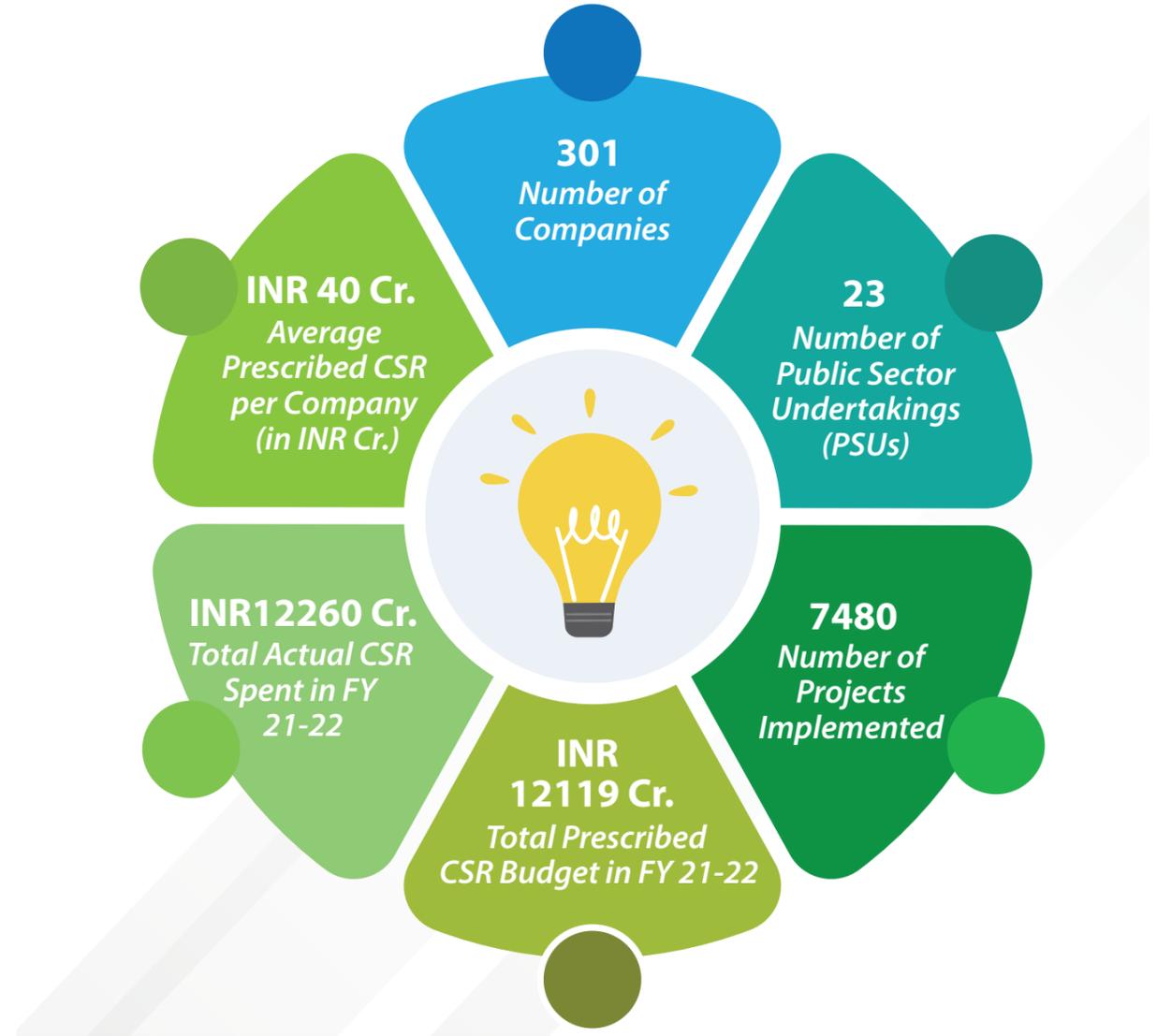
India's development budget for 2021-22 is Rs 34,83,236 Crore (CSR is 0.75%)

CSR Landscape in India

CSR in Numbers (FY 2021-22)

The analysis is for Large 301 Listed Companies based on the following criteria:

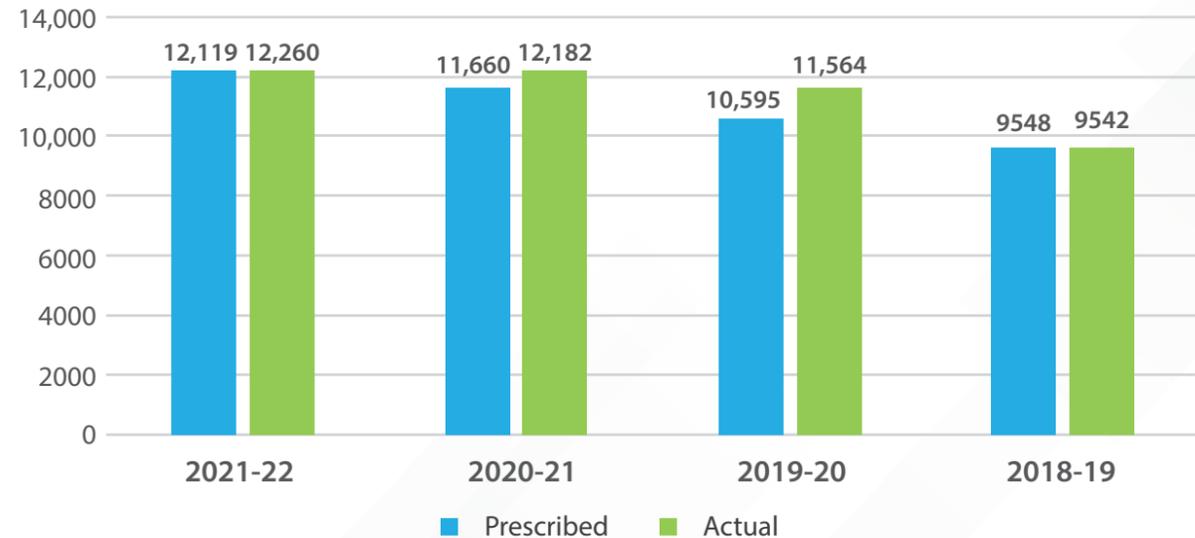
- INR 1 Cr. or above prescribed CSR in FY 2021-22
- Listed on BSE and/or NSE or PSU
- Availability of the CSR data by 15th September 2022 and disclosures as per Section 135 of the Companies Act.



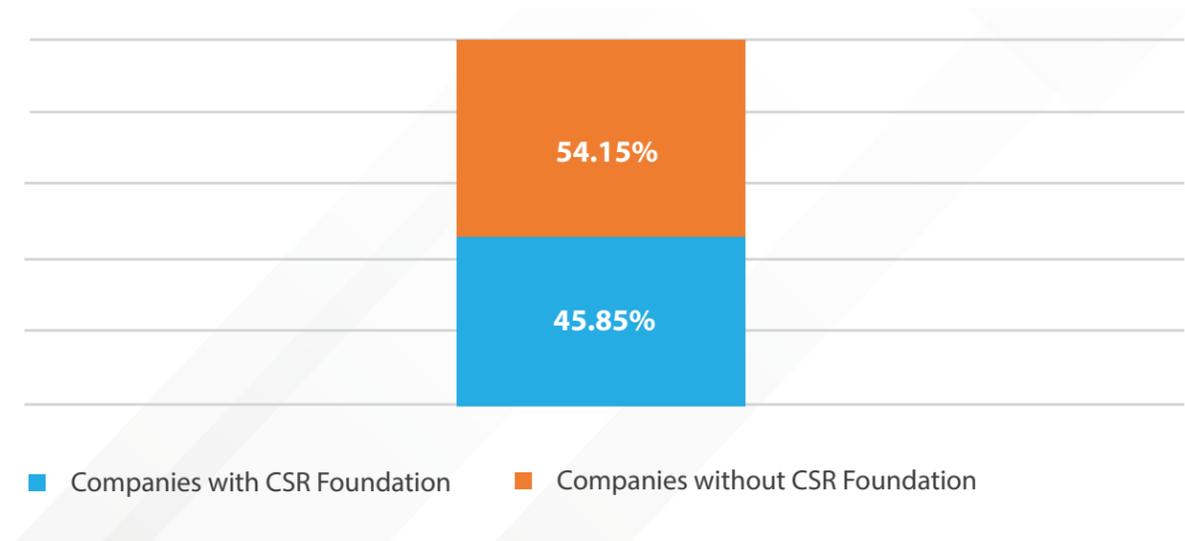
CSR Landscape in India

Prescribed and Actual CSR
Trends Analysis (Last 4 Financial
Years) * (in Cr.)

Fig. 2 CSR Trends Analysis (in INR Cr.)

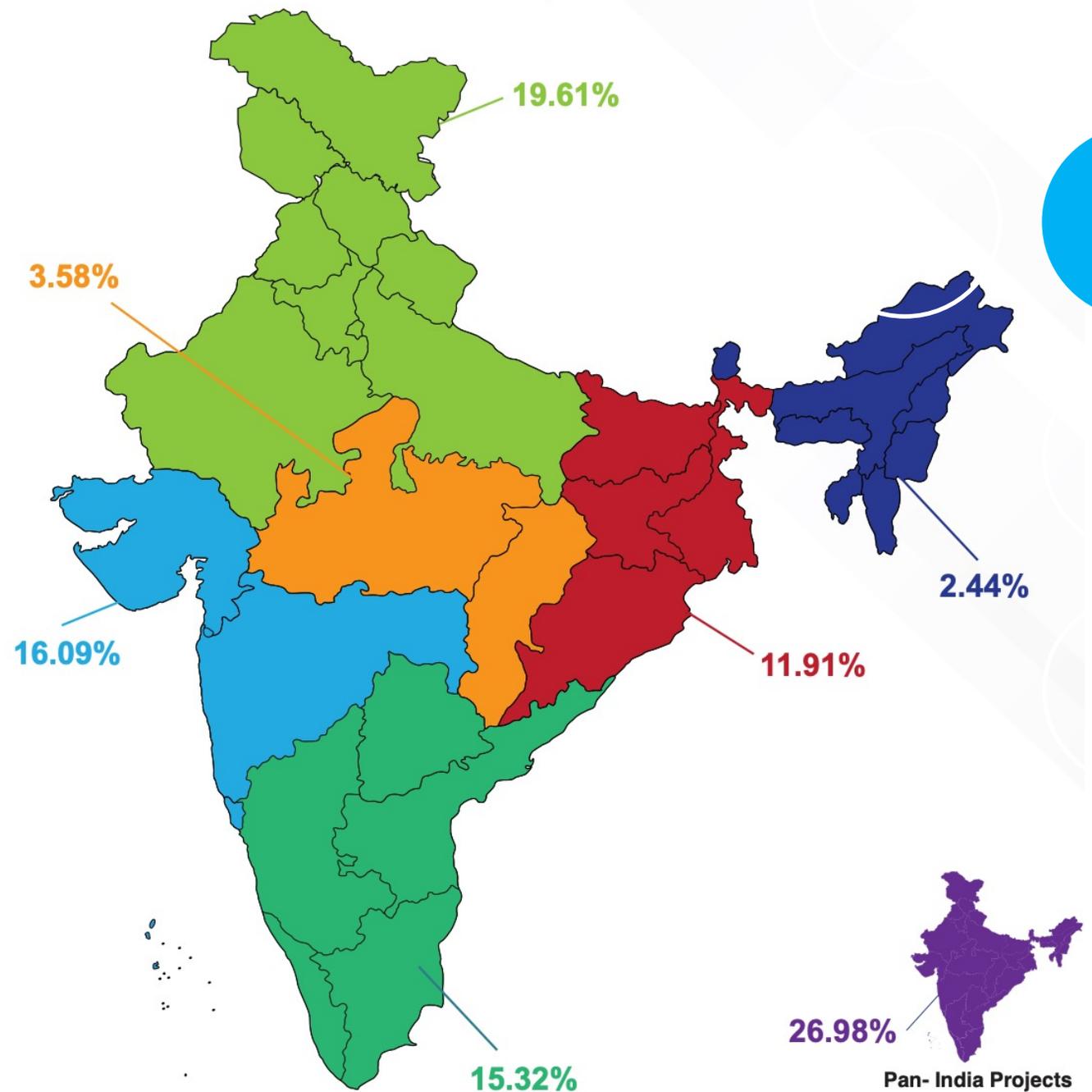


CSR Landscape in India



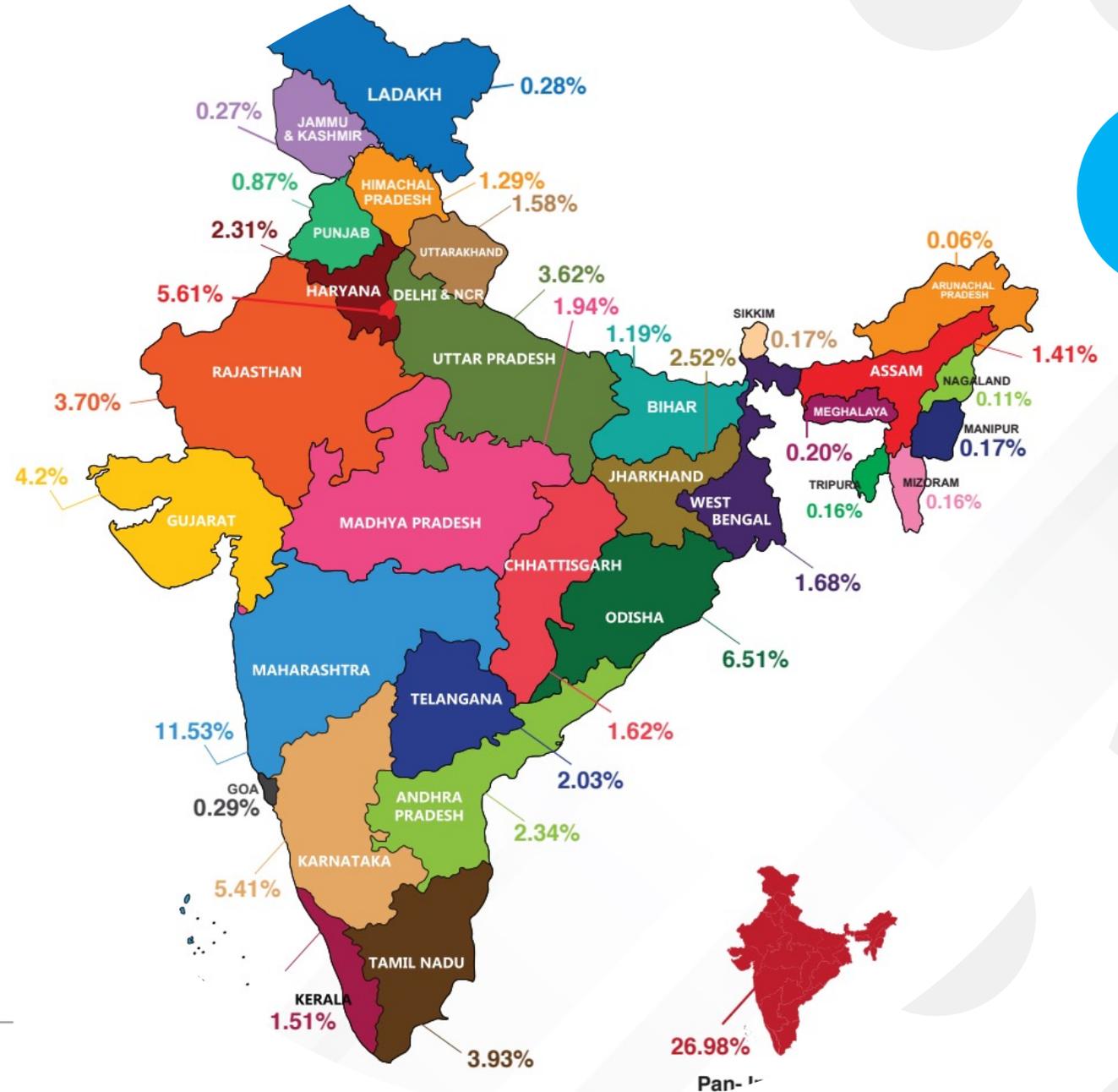
Percentage of Companies with
CSR Foundation

CSR Landscape in India



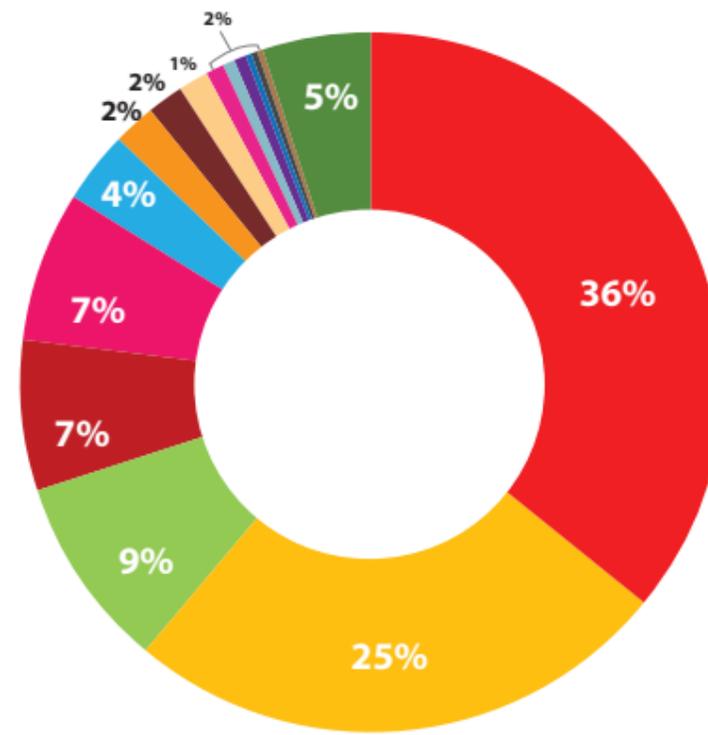
Regional Distribution of CSR
Fund

CSR Landscape in India



State-wise CSR Spent in FY 2021-22

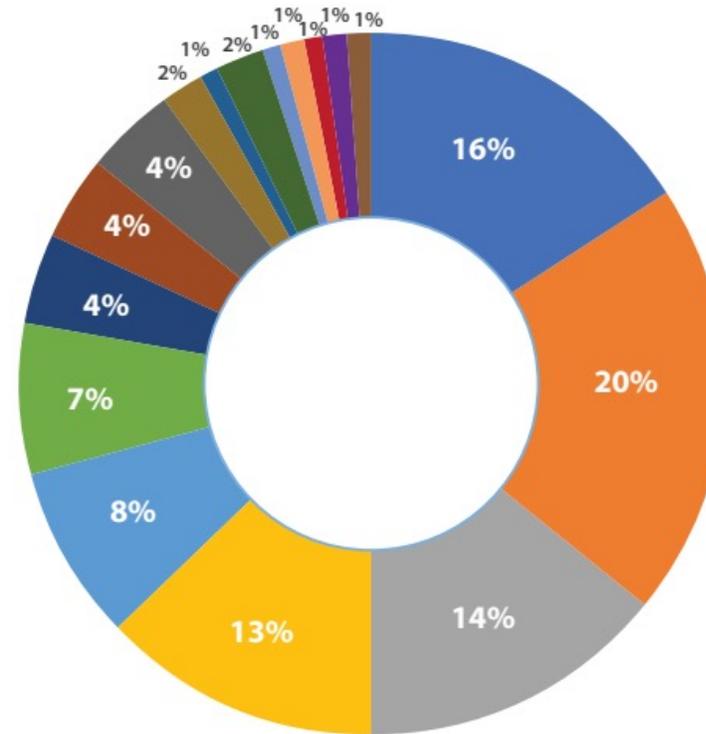
CSR Landscape in India



- Poverty Alleviation, Healthcare and WASH
- Education and Skills
- Rural Development
- Environment Sustainability
- PM National Relief and Other Funds
- Disaster management, including relief, rehabilitation and reconstruction activities
- Gender Equality, Women empowerment, senior citizens and economically backward groups
- Admin Expense
- Rural sports, nationally recognized sports, paralympic sports and Olympic sports
- Protection of National Heritage, art and culture
- Slum area development
- Contributions to public funded Universities, IITs, National Laboratories and autonomous bodies
- Employee Volunteering
- Technology incubators within academe
- Benefits to armed forces veterans, war widows
- Others

Thematic Distribution of CSR Funds

CSR Landscape in India



- Oil Drilling Lubricants and Petrochemicals
- Banking and Finance
- Computer Software and IT
- Metals Minings and Mineral
- Miscellaneous
- Power and Heavy Engineering
- Auto and Auto Ancillaries
- Healthcare and Pharmaceuticals
- Consumer Goods
- Chemicals, Pesticides and Fertilizers
- Construction, Contracting and Infrastructure
- Cement
- Cables and Telecommunications
- Food Processing and Beverages
- Media and Entertainment
- Tyres
- Textiles

Business Sector-wise share in Actual CSR Spent in
FY 2021-22



Fundraising Terms

Constituent

- Individuals and organizations that serves as the base or base - who supports your nonprofit.

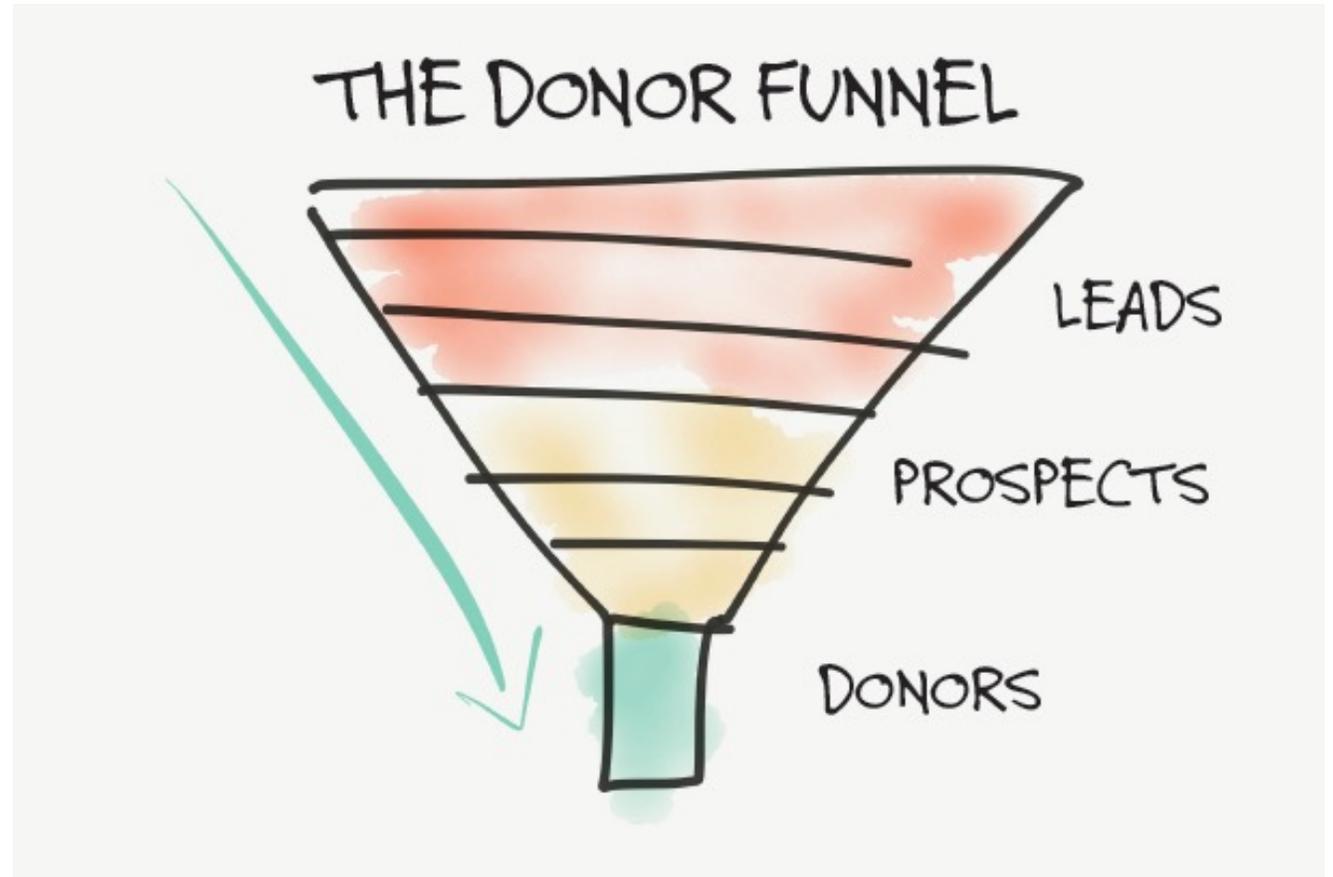
Prospect

- A prospect is an individual, organization, foundation, or corporation, with the potential to make a donation to your organization.

Question

- Are prospects donors?
-

Fundraising Funnel



Leads

- Individuals or entities who have shown some level of interest in your program or organization but have not yet made a commitment to donate.



Prospects

- Individuals or entities who have shown a higher level of interest in your offerings compared to leads. They may be more engaged, have specific needs, and are closer to making a commitment.
-



Donors

- Donors are individuals, organizations, or entities who have made a financial contribution to your cause, non-profit organization, or fundraising campaign.



Poll 2

Where do you get your CSR leads from?

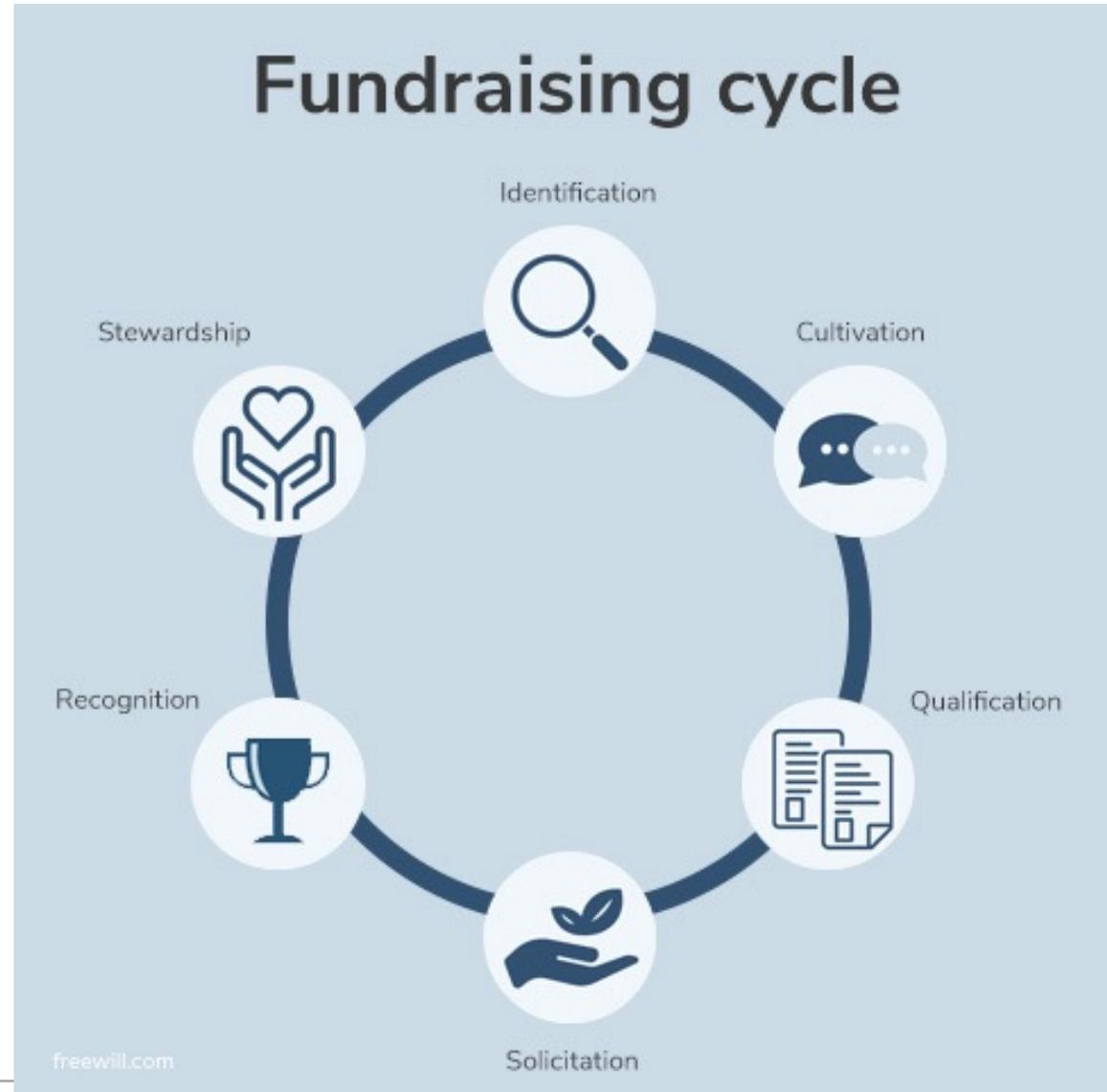
- Email outreach
 - Website
 - Social media
 - Online CSR platforms
 - Volunteer referral
 - Corporate partner referral
 - Events
-



Fundraising cycle

Stages:

1. Identification
2. Cultivation
3. Qualification
4. Solicitation
5. Recognition
6. Stewardship



Identification

1. Industry or Sector

2. Company Size

3. Giving Capacity

4. Cause Alignment

5. Location and Reach

6. Giving History

7. Partnership Type

8. Engagement Level

9. Corporate Giving Programs

10. Years of Partnership

11. Targeted Campaigns

12. Employee Engagement

13. Corporate Goals

14. Corporate Responsibility Initiatives

15. Retention Vs. acquisition

Qualification

CAP rating

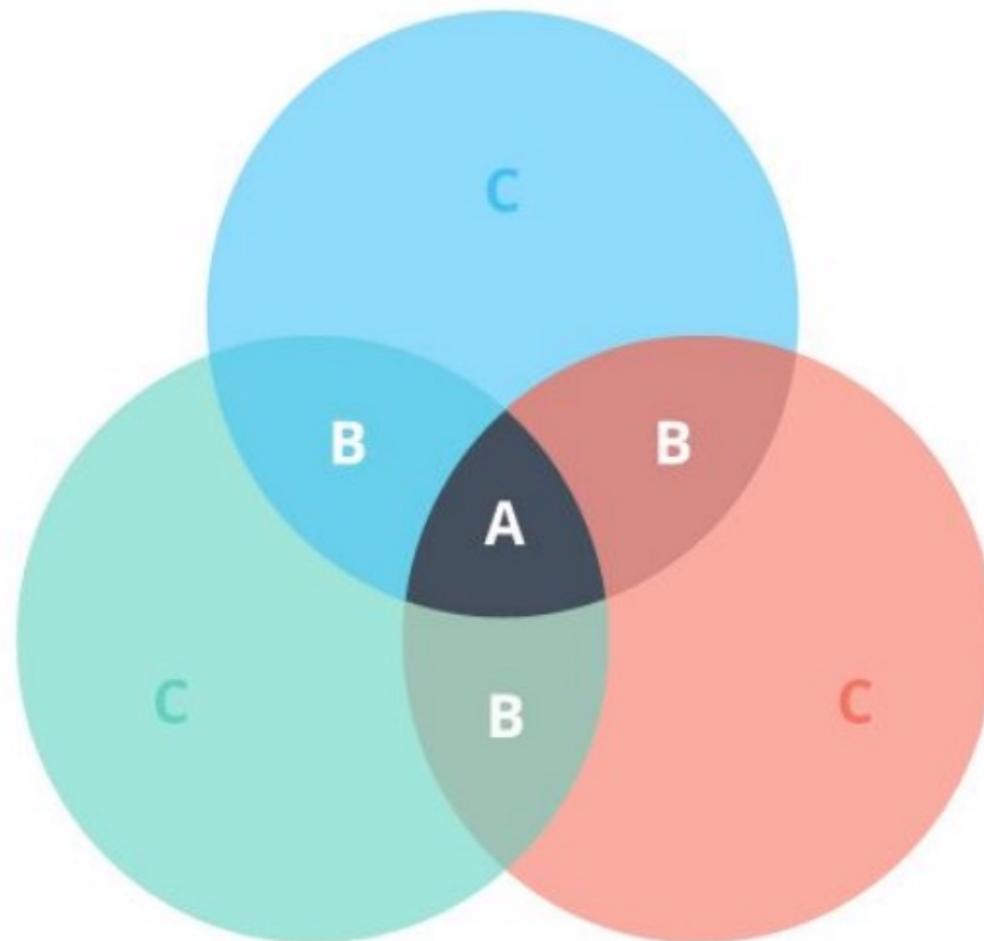
- Capacity
 - Capacity refers to a prospect's financial ability or capacity to make a significant donation.
 - Affinity
 - Affinity is about the prospect's connection, interest, or alignment with the organization's mission and cause.
 - Propensity
 - Propensity refers to the likelihood or inclination of a prospect to make a donation or engage with the organization in a meaningful way.
-



Qualifying prospects

Capacity - Affinity - Propensity

- A Prospects: have all three Attributes
- B Prospects: have two out of three attributes
- C Prospects: have one out of three attributes



Cultivation

After identifying potential donors and conducting research, organizations engage in cultivation activities. This involves building relationships with potential donors through personalized communication, meetings, events, and sharing information about the organization's work. The aim is to establish trust and interest in the organization's mission.

Prospect management plan

- Have a strategic engagement plan
 - Iterate as you move forward
 - Have a timeline
 - Record all your activities
-

Solicitation

- In this stage, organizations make a formal request for financial support. This can take the form of a grant proposal, an appeal letter, a fundraising event, or a direct request for a donation. The solicitation should be tailored to the donor's interests and preferences.
 - Presolicitation
 - Solicitation
 - Customize the ask
 - Make the ask
 - Solicitation follow up
-

Recognition

Acknowledging donors publicly, when appropriate, is part of recognition. Donor recognition can take various forms, such as naming opportunities, plaques, or acknowledgment in annual reports. Public recognition can help motivate donors and inspire others to contribute.



Poll 3

Do you actively engage your CSR partners or prospects?

- Yes
 - No
-

Stewardship

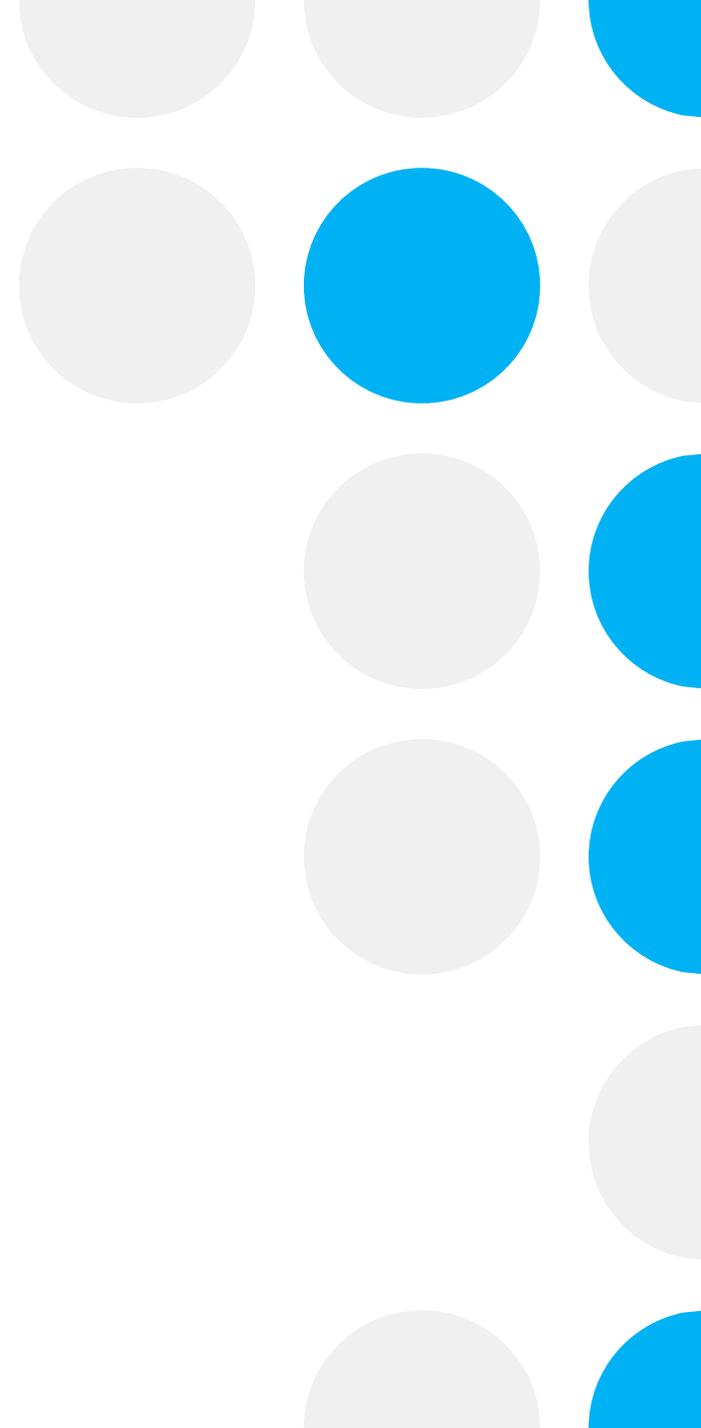
Once a donation is received, organizations focus on stewardship, which involves acknowledging and thanking donors for their support. Stewardship efforts also include keeping donors informed about how their contributions are making an impact and providing regular updates on the organization's activities.

Begins at the cultivation stage

- Prospects are future donors
 - Retention is cheaper than acquisition
 - Tailor-make your strategies
 - Donor
 - Giving level
-

Stewardship Activities

- Publicly acknowledge them as donors.
 - Invite them to your events
 - Send impact reports, updates, photographs timely
 - Publicise their generosity in the press
 - Ask them for their expertise, advice and time.
 - Opportunities to interact with beneficiaries.
-



Where to find opportunities?



National CSR Portal

Website: www.csr.gov.in



FundsforNGOs: This platform lists grant opportunities for NGOs and nonprofits, including those in India. You can search for grants by country and focus area.

Website: <https://www.fundsforngos.org>



NGOBOX: NGOBOX is a resource hub for the social sector in India. They provide information on grants, partnerships, and events related to NGOs and social impact organizations.

Website: <https://ngobox.org>



CSRbox: CSRbox focuses on corporate social responsibility (CSR) opportunities in India.

Website: <https://csrbox.org/>

Questions are welcome!



Annexures



CSR FAQs

Why CSR is mandatory?

- The Companies Act, 2013 provides for CSR under section 135. Thus, it is mandatory for the companies covered under section 135 to comply with the CSR provisions in India. Companies are required to spend a minimum of 2% of their net profit over the preceding three years as CSR.

How much CSR is mandatory?

- It is mandatory for the companies covered under section 135(1) of the Companies Act, 2013 to spend 2% of their net profit over the preceding three years as per the CSR policy.
-

CSR FAQs

Whether provisions of CSR apply to a section 8 Company?

- Yes, the CSR provisions apply to a company registered for a charitable purpose under Section 8 of the Companies Act, 2013. Section 135(1) of the Act states that every company having the specified net worth, turnover, or net profits must establish a CSR committee. Thus, section 8 companies must also establish a CSR committee and comply with CSR provisions when it meets the specified net worth, turnover, or net profits.

What is the role of the Government in monitoring CSR provision compliance?

- The government monitors the CSR provisions compliance through the disclosures made by the companies on the MCA portal. The government can initiate action for any violation of CSR provisions against the non-compliant companies after due examination of records.
-

CSR FAQs

Which activities do not qualify as eligible CSR activity?

- Rule 2(1)(d) of the Companies (CSR Policy) Rules, 2014 defines CSR and excludes the following activities from being considered as eligible CSR activity:
 - Activities undertaken in pursuance of the normal course of business of the company.
 - Activities undertaken outside India, except for training of Indian sports personnel representing any state/UT at the national level or India at the international level
 - Contribution of any amount, indirectly or directly, to any political party under Section 182 of the Act
 - Activities benefiting employees of the company
 - Sponsorship activities for deriving marketing benefits for products/services
 - Activities for fulfilling statutory obligations under any law in force in India
-

CSR FAQs

Which activities do not qualify as eligible CSR activity?

- Rule 2(1)(d) of the Companies (CSR Policy) Rules, 2014 defines CSR and excludes the following activities from being considered as eligible CSR activity:
 - Activities undertaken in pursuance of the normal course of business of the company.
 - Activities undertaken outside India, except for training of Indian sports personnel representing any state/UT at the national level or India at the international level
 - Contribution of any amount, indirectly or directly, to any political party under Section 182 of the Act
 - Activities benefiting employees of the company
 - Sponsorship activities for deriving marketing benefits for products/services
 - Activities for fulfilling statutory obligations under any law in force in India
-

CSR FAQs

What is the meaning of surplus arising from CSR activities?

- Surplus refers to income generated from the spend on CSR activities, e.g., revenue received from the CSR projects, interest income earned by the implementing agency on funds provided under CSR, disposal/sale of materials used in CSR projects, and other similar income sources. The surplus arising out of CSR activities shall be utilised only for CSR purposes.

Whether companies must carry out CSR only in their local areas?

- Section 135(5) of the Act provides that the company should give preference to local areas around where it operates. However, with the advent of IT and the emergence of new-age businesses like process-outsourcing companies, e-commerce companies, and aggregator companies, it becomes difficult to determine the local area for various activities. Thus, the preference to the local area mentioned in the Act is only directory and not mandatory, and companies need to balance local area preference with national priorities.
-

CSR FAQs

What happens to unspent CSR funds in ongoing projects?

- In case of the **unspent amount relating to an ongoing project** under the company's CSR policy, the company will transfer the unspent amount to an exclusive account to be opened by a company, known as '**Unspent Corporate Social Responsibility Account**', in any scheduled bank within 30 days from the end of the financial year.
 - The **company must use the funds** in the 'Unspent Corporate Social Responsibility Account' towards its obligations under the CSR policy **within a period of three financial years** from the date of the transfer.
 - In a case where the **company fails to utilise the funds** at the end of the three financial years, the funds should be transferred to the specified fund mentioned above within a period of 30 days upon completion of the third financial year.
-

CSR FAQs

What happens to unspent CSR funds in other projects?

Transfer unspent amount to any fund included in Schedule VII of the Act. Within 6 months from the end of the financial year.
