

E-NEWSLETTER

IMPACT OF COVID-19 ON CHARITABLE ORGANIZATIONS

ISSUE NO 4. | APRIL 2020 | Volume I



E-Mail: ashis@ngoenable.com

Contact No: 9038966010

Amidst the global pandemic and lockdown which is an outcome of the outbreak of Covid -19, various governments have declared **financial or national emergency in their respective countries**. The impact can already be seen as the **global economy is on a downturn**. It is clear that the impending recession shall have an impact across multiple sectors. Only those who have **huge cash reserves, are tech-savvy and digitally equipped** might be able to **survive** through this phase **without much constraints**. The impact will be so high that there will be a **paradigm shift in the consumer behaviour**. However, on a positive note, **the crisis** will serve as **an effective learning tool** and once the pandemic is over, there will not only be economic but also **social and technological developments** at a global level. All the sectors will be witnessing a complete **restructuring and transformation in working methodologies, systems and processes**.

KEY TAKEAWAYS FROM THE IMPACT OF COVID-19 AND LOCKDOWN

GLOBAL ECONOMIC SLOWDOWN

The widespread of COVID-19 worldwide has forced lockdowns and disrupted the economy to a great extent. The economic recession shall have ripple effects on the industries across multiple sectors.

DISRUPTION OF SUPPLY CHAIN

The network of transporters and distributors have been severely impacted during the lockdown and might take a lot of time to restore to normalcy.

CASH SHALL AGAIN BE THE KING

Due to instability and uncertainty concerns prevailing over financial companies and banks, cash might again replace the digital payments.

LARGE-SCALE UNEMPLOYMENT

The business organizations might be forced to take drastic steps by laying off their human resources to cut down costs amidst the financial crisis. It is estimated that there will be mass unemployment post Covid-19.

DELAY/DEFERMENT OF CAPEX PROJECTS

The capital and infrastructure projects will come to a temporary halt due to fund crisis, thus affecting many small scale industries & entrepreneurs.

FOREIGN EXCHANGE FLUCTUATIONS

The imports, exports and other financial transactions involving foreign exchange shall also be worsely affected due to uncertainty in global market scenario, even after Covid-19.

LONGER PERIOD OF UNCERTAINTY

Even after the lockdown is over, uncertainty shall hover around the stability of economy all over the globe and the recovery will be quite slow and is thus farsighted.

DIGITAL INDIA AND MAKE IN INDIA CONCEPT (LOCALISATION) SHALL PLAY A VITAL ROLE

The digital transformation and local production will be a key growth driver in boosting the economy. During this period of lockdown, the importance of use of digital platforms and technology can easily be understood. The organizations still involved in conventional methods are facing tough times to execute any project or access documents/files or conducting online meetings with clients/staffs etc.. Apart from this since there will be a recessionary climate all over the global economy, the nation will have to learn to self-sustain through localisation of production of goods and services.

KEY AREAS OF CONCERN FOR NGOS AND ROADMAP AHEAD

The charitable organizations (NGOs) might also be under the radar of Covid-19 impact and more so FCRA Registered Organizations as they primarily depend on donations from foreign donors. The ones running schools might also be severely impacted if the government gives a directive to give relaxation from fees to students with continuity of salary to teachers and other staffs. So, its high time a roadmap is prepared and financial planning is done, thereby prioritizing the expenses, activities or projects and exploring the possibilities of income through local sources.

WHAT ARE THE AREAS OF KEY CONCERN?

FUNDRAISING FROM DONORS

Since Covid-19 has affected everyone worldwide, the foreign contributions might dry up and the organizations dependent on mainly on FC funds might face challenges to sustain and execute their projects.

UNAVAILABILITY OF RECORDS & INFORMATIONS

Since most of the organizations are dependent on staffs or accountants for data and records, and still operate conventionally without adopting technology and going digital, they are unable to access any documents, records or data during the lockdown.

NO WORK AGAINST PAY

The payment to staff personnel have to be given without utilization of their time and efforts in a productive manner.

ASSET MANAGEMENT AND FIXED COSTS

NGOs owning huge asset base might have to continue incurring fixed costs for maintenance with a bleak hope of any corresponding income. The management shall have to layout a plan for reducing such fixed costs to the extent possible or else the assets might seem to be a burden and prospects of leasing out or renting the property might be the only option that can come to the rescue.

CHALLENGING EDUCATION SYSTEM

The Ed-Tech System was already prevalent in many countries even before Covid-19. However, this pandemic has brought to light more challenges in the existing conventional system of education. Gradually the ed-tech system might completely replace the existing system. The NGOs must start preparing themselves for the upcoming challenges.

WHAT CAN BE DONE TO ADDRESS THE CONCERNS & ROADMAP AHEAD!!

PLANNING AND BUDGETING

The organization need to plan and organize its finances along with preparing the budget layout determining the sources of income and areas of expenditure. Considering the present scenario, every organization should now have a line item for contingencies in their budget or they can even earmark certain amount as "Contingency Fund" which might be used only in case of such contingencies, natural calamities etc..

PRIORITIZING EXPENDITURES & PROJECTS

The organizations need to prioritize the various expenditures and projects so as to incur only necessary expenditures and hold on those which can be postponed such as purchase of assets, repairing and renovation etc.. Also the organizations have to seek ways to cut down the fixed costs and rely more on variable costs which is usually under control of the management.

GO DIGITAL

The organizations have to now explore the possibilities of adapting to digital transformation, and appreciate as well as imbibe technology in their operational activities such as doing online meetings, using netbanking facilities, keeping backups in cloud, maintaining digitized records, online training for teachers/students etc..

OPTIMIZING PRODUCTIVITY OF STAFFS

On embedding the technology by the organizations in their day to day operations, in future, if such situation arises, they would be able to access the data remotely and execute the work from home, with regular updates and reporting mechanism in place for the management, thereby increasing their productivity.

WHAT CAN BE DONE TO ADDRESS THE CONCERNS & ROADMAP AHEAD!!



FOCUSING ON INCOME GENERATING PROJECTS

Due to slump in the world economy, the donations might dry up and the NGOs will have to identify certain income generating projects that might give a sustained income over the years. The organizations have to make optimum utilization of its resources and existing infrastructure facilities thereby exploring the possibilities of executing such income generating projects to self-sustain. Certain examples of such projects can be starting a own low-cost bakery, affordable stationery counter, skill development centres, developing homestays , renting of halls for trainings/seminars to corporates, in-house farming and many more ideas can be worked out.

PARADIGM SHIFT IN EDUCATION SYSTEM

As per the recent data released by Forbes, the schools are closed in around 188 countries and home-schooling have to started to take effect. Various e-learning tools and apps have been made available and numerous ed-tech startups are changing the ways of learning, which have not only transformed the entire education system but has taken it to altogether new level. As mentioned earlier, regarding consumer behaviour, the students too have developed a taste of technology and are enjoying learning remotely at the comforts of their home.

SAFETY AND HEALTHY ENVIRONMENT

Above all, the safety and health of the employees will be of primary concern. The organizations have to take appropriate measures within the organization to ensure hygienic environment for all. Apart from this, providing medical facilities, insurances and other benefits, especially to field staffs, might keep them and other stakeholders motivated. This will in turn ensure increased productivity and efficiency of work and better outcomes for the management.

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