



Funders' Playbook

FOR SUPPORTING AI ADOPTION BY NON-PROFITS IN INDIA

Why is it important to create a playbook on AI adoption for funders?

**Funders influence what
gets built, who builds it, and
how it scales**



What is the funder's playbook about?

Advancing AI adoption in social sector using a set of funder strategies across low, medium, high touch approaches.

Who can benefit from the playbook?

Funders experimenting with or interested in supporting AI-led initiatives by social impact organisations in their programs or operations.

How can it be of help ?

The playbook offers strategies for funders to support AI adoption in the Indian social sector with clarity, ethics, and long-term value.



What Informs This Playbook?

Pacta's research discovered that India's social sector is slow to integrate AI into its programs. This risks India falling behind in the ability to reap the benefits of AI-driven innovations for population scale benefits on par with global benchmarks. It also risks the proliferation of utopian or dystopian narratives of AI, disregarding the potential it holds between those extremes.

This funder-specific playbook was created by applying AI as Normal Technology¹ lens to Pacta's research on the adoption of AI by Nonprofits in India², so funders can enable AI adoption with realism, caution, and optimism, focusing on mission-driven, context-sensitive, and inclusive integration, rather than being distracted by hype or fear.

1. [Narayanan, A., & Kapoor, S. \(2025\). AI as a normal technology. Knight First Amendment Institute at Columbia University.](#)

2. [Pacta. \(2025\). AI adoption in the Indian social sector.](#)



Findings of Pacta Report – AI Adoption in Indian Social Sector Programs

Adoption is trailing innovation Many small NPOs remain in pilot mode, constrained by limited funding, talent shortages, and low institutional trust

NPOs succeeding with AI tend to share key traits: strong leadership, founder commitment, and close alignment with tech enablers or in-house capacity

Key risks in AI adoption include bias in outputs, data governance gaps, limited infrastructure, and extractive dynamics with big tech

Building AI That Works for India Open-source models, shared infrastructure, localized datasets, and community-based AI design are emerging as key factors for effective and equitable adoption



When we regard AI as “Normal Technology” we implicitly acknowledge that:

**AI's
transformative
impact will be
gradual, not
sudden.**

Widespread
impact depends
on gradual
institutional and
social adoption.

**Superintelligence
is a flawed lens.**

AI should be
viewed as
augmenting
human power, not
surpassing it.

**Human
control
remains
central.**

Oversight
systems like
audits and
fail-safes
can keep AI
accountable.

**Deployment lags
behind capability.**

Real-world
applications face
validation and
reliability
challenges not
reflected in
benchmark
results.

**Policy
should
foster
resilience.**

Policies
should focus
on adapting
to AI, not
trying to
contain it.



From Constraints to Catalysts

**Ten Implementation Pathways for FUNDERS to
Advance Opportunities for AI in the Social Sector
in India**



1. Challenge : The Infrastructure Gap

Digital infrastructure
gaps limiting AI
deployment.

**"India may do well in terms of engineers but falls behind in data center capacity. This gap poses a challenge because even if we have innovative solutions, without adequate data storage and processing capabilities, we can't deploy them effectively. It's akin to owning a car without having a road to drive on."
- People Plus AI**



1. Recommendation : Reframe AI as Infrastructure, Not Innovation Theater

AI is not a silver bullet. AI should be understood as a vital infrastructure to enhance backend efficiency and support routine tasks.

Fund

data readiness and digital infrastructure

Invest

in core capabilities like cloud credits, computing power, and internet access.

Support

modular tech stacks and open-source tools



2. Challenge : Hiring Cost Barrier

Cost barriers
preventing NPOs from
hiring AI talent.

"AI experts are in high demand and very expensive, which makes it difficult for an NGO like ours. We have been trying to hire AI professionals for the past two to three months, but it has been very tough. So, we plan to work with universities and colleges to hire fresh talent and train them. However, keeping them with us is also a challenge."

- MSSRF



2. Recommendation : Invest in People, Not Just Products

AI success depends on leadership, organizational learning, and human-centered implementation.

Fund technical capacity building

Support AI literacy, upskilling, and workforce development within nonprofits

Offer multi-year grants

Sustain AI adoption by covering salaries and ongoing talent needs and not just tech costs.

Launch AI fellowships & CTO-in-residence

Attract specialized talent with structured, funded innovation roles.



3. Opportunity : Funding Ground- tested Impact

Microsoft is funding
and supporting
technical
infrastructure for a
real-world pilot
MSSRF's Geospatial AI
for Blue Carbon.

"We are working across the entire Tamil Nadu coastline to quantify blue carbon using GeoAI and drone imaging. This pilot project covers approximately 1,000 kilometres of the coast in collaboration with Microsoft and the Government of Tamil Nadu. Once the pilot is successfully completed, we plan to expand our efforts to other coast regions in India and globally."

- MSSRF



3. Recommendation : Prioritize Real- World Pilots Over Hypothetical Use Cases

AI is most impactful when
grounded in programmatic
needs.

Fund low-risk, rapid-feedback pilots

Enable quick learning and adaptation with
minimal financial and operational risk

Co-design with communities

Ensure relevance and acceptance by embedding
local perspectives in solution design

De-risk experimentation

Allow experimentation and learning without
financial pressure by offering grants to
experiment & document learnings



4. Challenge : Data Collection Funding Gap

- Funding gap for data preparation and governance work
- Resource-intensive nature of building quality datasets not recognized by funders

“The core challenge lies in finding funders willing to invest in critical groundwork (data collection). Many do not perceive the collection and preparation of millions of data points as impactful unless it translates into clear business outcomes or solutions. Until data collection is viewed as a business necessity, funding for this critical phase will remain scarce.. ”

- Wadhvani AI



4. Recommendation : Make Data a First- Class Investment

Good AI depends on good data. Most nonprofits lack the structured, clean, representative data required for meaningful AI work.

Fund

data cleaning, digitization, and annotation initiatives

Support

creation of multi-lingual public-good datasets

Invest

in capacity for & ethical, privacy-compliant data governance



5. Opportunity : Risk Mitigation Through Enablers

Tech enablers provide
low-risk
experimentation space

"There is often a risk associated with creativity in AI development due to financial constraints. Developing innovative solutions can be costly, leading organizations to play it safe rather than pursue potentially groundbreaking ideas. This is where initiatives like ours become valuable; we provide a space where individuals can experiment with their ideas at low risk by connecting them with volunteers who share their vision."

- People Plus AI



5. Recommendation : Back Tech Enablers Who Understand the Sector

Intermediary organizations—
such as Ooloi Labs, Open
NyAI, and Tech4Dev—help
bridge nonprofits to AI
technologies.

Directly fund intermediaries

Support organizations building reusable, context-aware tech stacks and approaches

Support match-making platforms

Connect nonprofits with AI talent through curated networks

Co-invest in hackathons & sprints

Encourage rapid prototyping and open innovation across the sector



**6. Challenge :
Proprietary Model
Cost Barrier**

Open source models
instead enable
massive cost savings

**"We tested out multiple AI models for India, such as Bhashini, OpenAI's GPT, Misal and AI4Bharat. We found that AI4Bharat's models required least customisation and we were able to fine tune them for cost optimisations. While the market tool for Oral Reading Fluency was offered to us at 17 INR per assessment, we are now able to do it at 15 paisa per assessment-resulting in savings of INR 56 crores."
- VOPA**

6. Recommendation : Promote Open Ecosystems, Not Walled Gardens

Proprietary platforms may
be unsustainable or
inaccessible.

Fund FOSS AI models & tools

Support development and adoption of open-source AI projects.

Mandate open data formats & APIs

Ensure interoperability and ease of integration across systems.

Incentivize code reuse

Reward collaborative development and shared repositories



7. Challenge : Governance Framework Gap

Insufficient funding for
governance
infrastructure and AI
auditing

Report findings:

NPOs lack structured data governance and AI risk management frameworks, leading to concerns around bias, ethical AI use, and compliance with data privacy laws.

Third-party audits to evaluate AI model fairness, robustness, and compliance are a rarity in the social sector, increasing risks of unintended consequence.



7. Recommendation : Bake Ethics and Risk Mitigation into Every Grant

AI can amplify harms without intentional guardrails. Ethical deployment must be a default.

Require data privacy & consent protocols

Mandate adherence to global and local standards for user data handling

Fund third-party audits and bias evaluations

Ensure algorithmic transparency, fairness, and accountability

Encourage Responsible AI frameworks

Promote institutional adoption of ethical AI development guidelines



8. Challenge : Impact Measurement Bias

Funding driving
superficial impact
measurement over
learning

**"In the sector today, impact is a destination. For example, organizations may say, 'I have this funding, and I will design a program. After two years, I will evaluate its success based on what I (my funder) want to hear.' This approach is often driven by the need to satisfy funders rather than genuinely addressing community needs."
- Apurva AI**



8. Recommendation : Fund for Learning, Not Just Impact

The AI-social sector interface is still new. A learning-first mindset helps the ecosystem mature responsibly.

Support open case studies & failure files

Encourage transparency by funding documentation of what worked and didn't

Co-fund research with academia & think tanks

Bridge theory and practice through joint AI studies

Incentivize cross-NPO knowledge exchange

Facilitate shared learning via networks and platforms



9. Challenge : Short-term Funding Pressure

Funder expectations
misaligned with
learning timelines

"Securing funding for initiatives that aim to deliver long-term impact is often challenging. Most funders expect measurable outcomes within a short time frame—typically one to two years—and rely on metrics such as the number of beneficiaries reached. However, there is often limited understanding of the complex, systemic work required to achieve sustainable change."

- Wadhvani AI



9. Recommendation : Embrace Longer Time Horizons

AI maturity requires time to build, test, refine, and embed.

Offer 2–5 year grants with milestones

Provide sustained support to align with AI project timelines

Blend experimentation & scaling funds

Allow flexibility for iterative development and broad rollout

Budget for post-deployment maintenance

Ensure continuity with support for updates, fixes, and support



10. Opportunity : Government Alignment Strategy

Major funders already recognize government as essential scaling partner and fund projects specifically designed for government integration

Report finding:

Funders like Gates Foundation, ACT Grants already emphasize the need to align AI innovations with government priorities and capabilities to achieve wide-scale adoption and impact.



10. Recommendation : Align with Government and Systems Change

Government is the ultimate scaler of social solutions. AI tools that align with public priorities can multiply impact.

Fund AI models for public services

Support AI solutions that integrate with existing government services or datasets

Design for government infrastructure

Encourage grantees to design with public infrastructure in mind

Invest in policy advocacy

Shape standards and regulations and support ecosystem convening



Mapping recommended action based on the type and level of engagement	Low touch <i>Ecosystem support through research, convening, and open infrastructure</i>	Medium Touch <i>Support system building and experimentation without full operational involvement</i>	High Touch <i>Deep, hands-on involvement in AI lifecycle - from deployment to systems change</i>
Think <i>Foster better impact measurement, collaboration, shared learning, and responsible AI use</i>	Imagine, co-create blueprints around meaningful, inclusive, ethical, and responsible AI adoption	Publish thought leadership, document adoption patterns in the social sector, understand evolution and respond with action/funding	• Reimagine impact-oriented metrics: – Go beyond scale – Include room for qualitative observations as impact of AI adoption (in addition to quant aspects like efficiency, workload reduction) • Advocate for social sector friendly AI policies from government and big-tech
Support <i>Enable capacity-building, experimentation, and operational readiness</i>	Participate in forums, roundtables, networks for AI and social sector actors	• Anchor and convene peer learning sessions, communities of practice, tinkering hubs, demo days and training on responsible AI practices	• Co-create AI adoption roadmaps with partners Drive RAI & data governance protocols through grant administration • Provide tech, data and strategic mentorship to non profits adopting AI • Connecting network partners
Fund <i>Provide financial support for tools, pilots, infrastructure, and research</i>	• AI research and open-source resource creation • Platforms to host datasets, models, best practices, forums • Spaces for convenings, roundtables , networking, labs, forAI in social sector actors	• Capacity-building programs on AI opportunities, risks, and limitations • Makerspaces or sandbox programs • Shared infrastructure models or pooled access to datasets and compute resources • Tech Enablers/Providers offering tailored tools, volunteers	• Pilot & scale multi year AI programmes co-developed by NPOs and Tech Providers • Build, Operate, Maintain AI Infrastructure (datasets, hardware, storage, computing)

AI is not about robots or revolution

**It's about better services, smarter workflows, and
inclusive innovation. With the right funding approach,
India's nonprofits can lead the way in responsible,
equitable, and community-driven AI adoption.**

Pacta's Continuing Research on AI Adoption

Without grounded evidence, India risks either stalling AI adoption due to fear or deploying it in ways that amplify inequity. Pacta's ongoing research provides those evidence-based insights into the real-world challenges and opportunities of AI adoption in India's social sector, highlighting gaps in data, talent, and institutional alignment, thereby guiding funders, policymakers, and enablers to develop targeted strategies that ensure fair, scalable, and responsible AI-driven social interventions.

Pacta's growing repository of resources on AI Adoption in the Social Sector

AI Primer : [Mitigating Legal and Ethical Risks for non-profits in use of AI](#)

Research Report : [AI Adoption in Indian Social Sector Programs: Early Insights, Emerging Stakeholders and Future Directions](#)

[Audio overview and summary of the report](#)



Find us at:

 www.pacta.in

 hello@pacta.in

 **P/37, 11th Cross Road,
Jeevanbhima Nagar,
Bengaluru, Karnataka
560075**

@PactaIndia

