

# THE WORK OF FOUNDATIONS DURING COVID-19

*Summary Report I: September 2020*

## Resilience, Recovery & Reinvention

### Canadian Foundations & COVID-19

The purpose of this study is to understand the ongoing challenges and adaptations of foundations in response to COVID-19 and related societal challenges. The approach, known as a 'Delphi' process, captures the evolution of the work of foundations over a six-month period, beginning in May 2020. It is a deep dive, focusing on change over time – rather than a broad, representative survey. A panel of 22 foundation leaders (from private, community, corporate, public and DAF-sponsor foundations) from across Canada engages in an online discussion segmented into monthly sessions. Through structured questions panelists provide insights about the changing nature of their work during the COVID-19 pandemic. To allow for reflection, each monthly session is split into two rounds. The first involves mainly open-ended questions; the research team immediately analyzes the responses for convergence and differences, and poses narrower, more direct questions for the second round a few days later. After each monthly session a report is provided to the panelists. The benefit of this iterative process is that participants can situate their work and challenges in the context of colleagues, but the process is anonymous to avoid dominance by some participants that can occur in real-time conversations. By providing regular feedback the Delphi process can foster learning to assist the work of foundations, their grantees and collaborators.

Three sessions have been completed: late May, early July and mid-September. The number of panelists participating in each session has been strong, with at least 19 in each round.

# Change & Adaptation

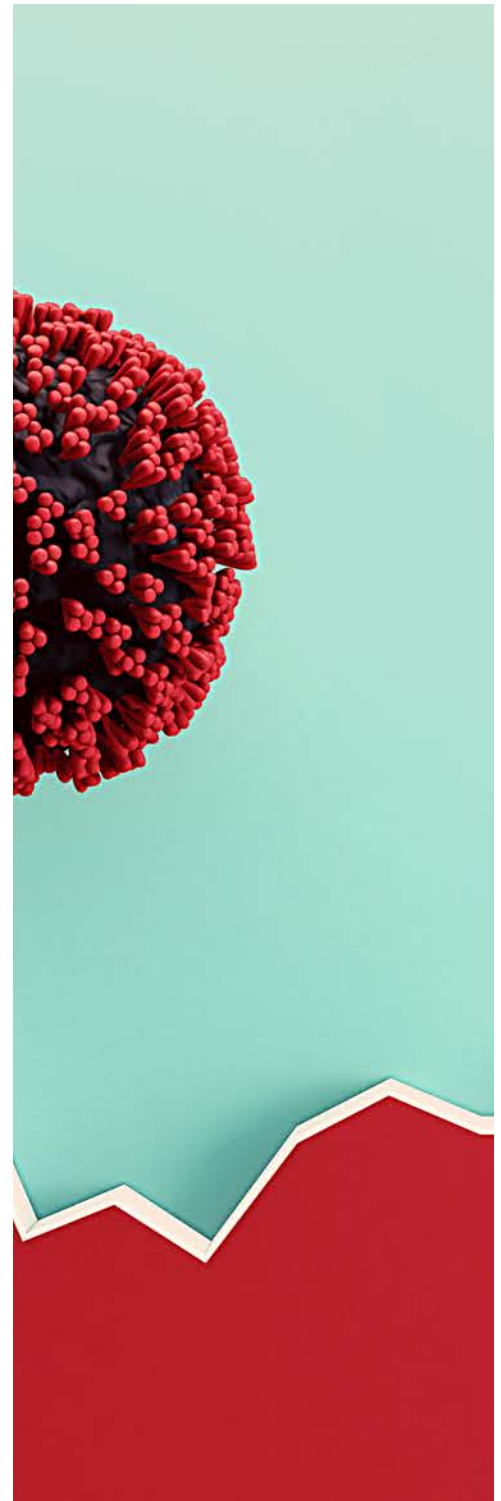
COVID-19 had a dramatic, sudden effect on the work of all types of foundations. This effect was compounded by the need for staff to work remotely and adapt to greater use of technology. In each round, we have asked the extent of this change since the beginning of the pandemic, and the assessments have been consistent: almost 50 percent of participants rate the change 7 or above on a 10-point scale.

The volume and pace of work was initially stressful, but gradually all foundations adapted. In the early months, operational issues (managing the pace of work, use of technology and home-work balance) were the greatest challenges. Currently, addressing the uncertainty of moving the sector toward recovery and reinvention and managing expectations are the two foremost challenges.

Some sense of fatigue is also setting in as the timelines of the COVID marathon are extended.

While change is still occurring each month, the nature and degree of the change is more variable. 25 percent of participants rate the change over the period of early July to mid-September as 7 or above (greater change), while 38 percent rate it 2 or less (little change). Most of the recent change is associated with planning for 2021 and the next stage of pandemic responses.

Overall, foundation leaders feel that their organizations have adapted well: 53 percent rate their adaptiveness 8 or above.



# Phases of Foundation Response

Foundation leaders generally agree on how they anticipate the phases of the pandemic to unfold – as five phases – although not necessarily in a linear manner. Foundations are at quite different stages along this path.

The key finding is that most foundation leaders feel that the emergency response is completed (35 percent) or nearing completion (35 percent), and they are transitioning to the recovery stage. Over 50 percent indicate that their organizations are already in the early stages of recovery while a third are quite well along in recovery and about 20 percent are well into the transition to reinvention. However, a second message is that many are uncertain as to when recovery can fully begin.



Most panelists are quite satisfied with how their foundations responded in the initial stage(s). Some indicated that, if the sense of urgency had not been so great, they might have made slightly different choices, but these are minor under the circumstances. Several noted more effective governance practices or communication with the board as things they wished they had done differently.

Given the need to act quickly, foundations worked mainly with existing grantees and their knowledge of the sector. They also undertook greater collaboration and engaged with communities and stakeholders. As they look to the even more complex stages of recovery and reinvention, however, the need for data and research to inform strategies and new systems will become more important. Currently, the most common sources of information are foundation networks (28 percent use this); community organizations (28 percent) and PFC/CFC (18 percent). Only 11 percent have formal systems or dedicated personnel to gather information.

In anticipating the need for innovation and new strategies in the next stages, strong governance (including board diversity) and more robust information and monitoring systems are seen as essential facilitators. How the board is currently engaged varies considerably, but has not changed much as a result of the pandemic. The boards that were active and engaged previously remain so; while those that were less active remained less active. One theme, however, is that boards have tended to trust and rely on staff even more than pre-pandemic.

## Importance of Collaboration

A major theme is the extent and value of collaborations. The imperative for collaboration has increased in the context of the pandemic. Most foundations engage in multiple collaborations: 58 percent are involved in more than 5 (and 37 percent in more than 10). Most of the collaborations are within the philanthropic sector: foundations working with other foundations. Roughly half of these are informal, and half are more formal in structure (through a backbone or third-party organization). The main purposes are:

- Sharing information, avoiding duplication, better knowledge of community (55% of panelists)
- Aligning or pooling grantmaking (25%)
- Providing thought leadership in recovery (10%)

Relationships with business and with governments have changed very little during the pandemic began.

# Emergency Phase

## Key Priorities

**Funding to address urgent needs**  
**Collaboration with stakeholders**  
**Communication and transparency**

For each phase, we asked what were, or were anticipated to be, the key priorities and primary actions.

**Funding to address urgent needs.** Emergency funds: faster, flexible grantmaking. Addressing acute needs arising from the crisis, such as the need for medical supplies (e.g., PPE), rising food insecurity, mental health challenges, and increased costs of physically distanced service provision (e.g., heightened personnel needs, infrastructure requirements in the sector). This phase may also entail financial support to charities to address resource losses as a result of fundraising disruptions. In anticipation of a second wave, some foundations are setting aside funding for another possible emergency phase.

**Collaboration with stakeholders.** Foundations report new and expanded collaboration, especially with other foundations and charitable organizations. Collaboration in this phase is focused around understanding needs and coordinating the quick dispersion of funds while minimizing gaps and duplication.

**Communication and transparency.** The uncertainty of the emergency phase necessitates attention to communication with partners, grantees, and donors. Communication focuses on explaining processes and decisions to organizations, as well as managing expectations.



# Transition to Recovery

## Key Priorities

**Consolidating / learning from Emergency phase**  
**Monitoring/ assessing needs for next phase**  
**Stakeholder engagement**  
**Assessing operations**  
**Developing new strategies; building a viable financial model**  
**Planning to advocate for a green, just, resilient recovery**

**Consolidating / learning from Emergency phase.** As foundations consolidate a response to the acute crisis, they have turned attention to reflection and planning. This involves collating lessons from the emergency phase and developing strategies for recovery and a possible second wave. Foundations report the importance of unrestricted funding as an aspect of this phase.

**Monitoring / assessing needs for next phase.** As part of the learning and planning process, foundations are working with partners to understand ongoing and future needs. This phase includes listening and learning about community and charity needs. In particular, foundations are trying to predict the urgency of needs in upcoming months; sharing lessons with community; surveying partner charities; and having ongoing conversations about the pandemic and other societal challenges.

**Stakeholder engagement.** Foundations are also focusing on stakeholder engagement in this phase. These relationship-building actions include developing strong community relationships and online platforms.

**Assessing operations/ getting staff ready for return to the office / staying resilient as an organization.** As the acute crisis has receded, foundations are reporting a gradual return to the office, although virtual work continues. Some are hiring additional staff as they adapt.

**Developing new strategies; building a viable financial model.** Many participants report that they are reflecting on the pandemic to-date and taking stock. They are working toward developing new strategies around anticipated needs; those that fundraise are assessing what their financial models.

**Planning to advocate for a green, just, resilient recovery.** Not all foundations in this study work with governments. But those that do are turning attention to governments' COVID-19 recovery plans. They are planning advocacy strategies for priorities that governments should include in recovery policies.





# Recovery

## Key Priorities

**Addressing medium-term needs**

**Collaboration**

**Work with vulnerable groups to build resiliency**

**Operational issues**

**Funding**

**Leadership & leading public discourse**

**Addressing medium-term needs.** When the acute needs from a crisis subside, people and organizations move toward recovery – or, returning to a “new normal”. Foundations are beginning to examine what role they might play in supporting this process. Generally, foundations have not disbursed funding for COVID-19 recovery, although some have set aside funds for 2021 with this purpose in mind.

**Collaboration.** In this phase, foundations are looking to collaborate for new purposes and develop new alliances.

**Work with vulnerable groups to build resiliency.** As foundations begin to focus on resiliency, most are doing so through learning-oriented conversations.

**Operational issues.** Some foundations are hiring, or anticipate hiring, new staff at this phase.

**Funding.** Several foundations report having set aside funding for the recovery phase. Recovery funding is likely to replicate the emergency phase relaxation of granting rules – for instance, there may be less pressure on charities to report.

**Leadership & leading public discourse.** Connected with the transitional phase above, some foundations are advocating for a green, just, resilient recovery. They are also working to lead public discourse on the pandemic recovery as well as other concomitant societal issues.



# Transition to Reinvention

## Key Priorities

**Listening and learning**  
**Transforming governance**  
**Strategic planning for reinvention**  
**Viable funding models / fundraising**

**Listening and learning.** Foundations are already thinking about the possibility of systems change after the pandemic. However this is generally not a core area of focus at the moment. When applied to this phase, listening and learning will occur on developing new systems, theories of change, metrics and evaluation.

**Transforming governance.** Foundations will need to garner buy-in for moving toward reinvention. This might entail ensuring board and staff are on the same page. An intermediate step may include governance changes, such as adding greater diversity on boards – as is already occurring in reaction to racial justice movement.

**Strategic planning for reinvention.** Foundations have generally not started developing strategies around reinvention, as they are primarily still planning for the recovery phase. But, they appreciate that this will involve very different processes than in the emergency or recovery stages.

**Viable funding models / fundraising.** New approaches may require rethinking funding models and fundraising.



# Reinvention

## Key Priorities

**Implementing strategies for societal transformation based on research**  
**Reimagining systems; being nimble and flexible**

Most have not started thinking or action on reinvention yet as there is still too much uncertainty and immediate needs.

**Implementing strategies for societal transformation based on research.** Once foundations have concluded strategic planning, they may adopt and implement plans for reinvention. This would entail action toward systems change addressing the needs and social problems unveiled by the pandemic. Inequality, racial justice, and climate change are among the issues identified by foundations that may become focal points for reinvention.

**Reimagining systems; being nimble and flexible.** Where foundations enter a process of reinvention, they will put forward actions that reimagine the way social systems work. Doing so will require flexibility as well as the ability to incorporate ongoing learning. Reinvention will require new and different collaboration as well.





# The Pandemic in the Context of Racial Justice, Climate Change and WE Charity

## Racial Justice

COVID-19 has converged with the movement for racial justice, amplifying the imperatives of system changes. Panelists agreed that the philanthropic sector could – and should – do more to address racial justice. From July to September, 55 percent said they had taken new steps to address racism.

These measures include:

- Board and staff diversification
- Conversations (internally and with communities) to listen and learn
- Working with partners to support a broader DEI strategy/approach and to track data
- Providing unrestricted funding to BIPOC-led organizations

The Additional steps that public and private foundation could take include:

- 'Fixing their own houses,' through greater inclusion
- Learning and talking more about what needs to be done to shift power and make systems change
- Providing more equity-related grants and using an equity lens in their work
- Using their influence to shift systems and power

A lack of knowledge about BIPOC-led and serving organizations was cited as the main barrier to increased grantmaking. Because many community-based and BIPOC-led organizations are small, grassroots and may not be qualified donees under CRA regulations, they are not on foundations' radar.



## Climate Change

Action on climate change varies considerably among the panel. It is outside the mandate of many of the foundations, and is a high priority for a few. Most whose mandate might include action on climate change, are at early stages of developing strategies or initiatives, either in grantmaking or in their investments. While pre-occupied by COVID-19, the need to address climate change as part of recovery and reinvention is on their agenda.

## WE Charity Situation

When asked about the WE Charity 'situation,' there was widespread concern that it will diminish trust and confidence in the sector, and could limit federal funding to charities. Transparency and good governance are the main things that the sector and foundation might do to foster trust.

## Donor Advised Funds (DAFs)

For the foundations that hold DAFs, the foundation itself has little control over the granting choices of these donors. We probed more specifically the patterns of the DAFs. The general trends are:

- Donors have been contributing about the same amounts to their DAFs as pre-pandemic (75 percent), with 25 percent contributing more.
- 50 percent are giving more than before; and 50 percent about the same. There was a clear statement that the DAFs are giving above the 3.5 percent disbursement quota on foundations.
- About half of DAF holders gave more at the beginning of the pandemic and this levelled off; 25 percent have been steady throughout; for 25 percent of DAF sponsors there is no clear pattern across their account holders.

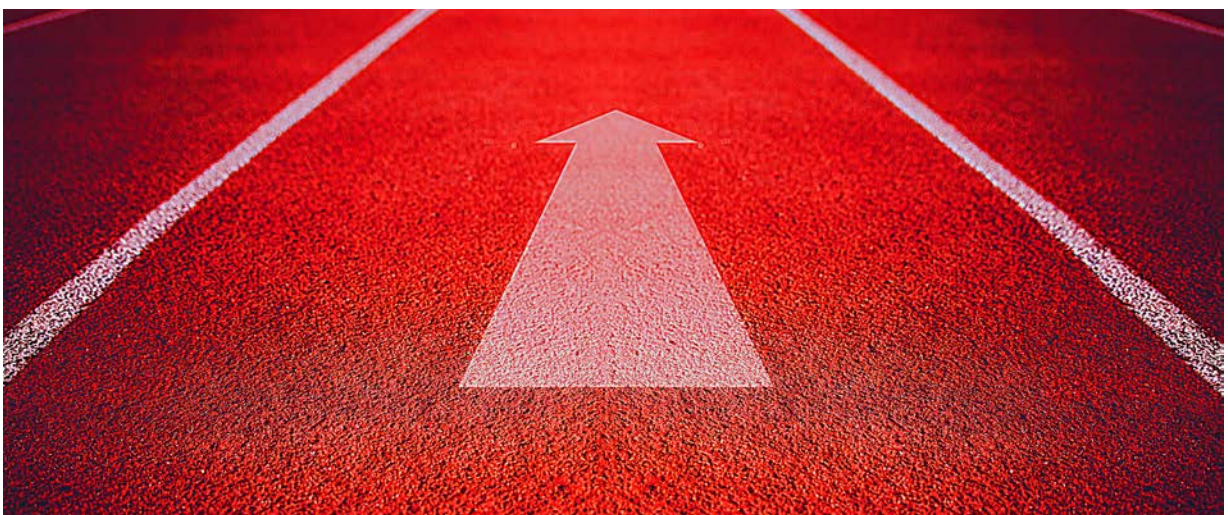
A trend to watch is that many already wealthy individuals and families who hold DAFs appear to be becoming wealthier during the pandemic, in part because spending has diminished. As a result, DAF assets may grow and their role in Canadian philanthropy may become even more significant than was predicted before the pandemic.



# Conclusions

Canadian foundations responded quickly and have adapted their responses to COVID-19. The immediate, emergency response was to significantly increase grantmaking and make it faster and more flexible, mainly to existing grantees. As they became accustomed to the volume, pace and technology of remote work during the emergency stage, most foundations began to consider what needs to be done in the next phases of recovery and reinvention. Some have already developed plans and begun initiatives for these next stages, including funding different organizations and causes. But, they also recognize that this will not likely be a smooth or linear process as a second wave might set back this work. A focus on systems change and 'shifting power' has been accelerated by the racial justice movement, and most of the panelists are in the process of learning how they can effectively engage this work.

The foundation response to COVID-19 and racial justice seems to be entering a critical phase: how to move beyond emergency, flexible grantmaking – a familiar process to foundations -- to more change-oriented strategies and engagement. Collaboration, particularly with other foundations, is extensive and valued. To the extent that such collaborations are concentrated in the same city or region, there may be a growing place-based difference in the work of the philanthropic sector – a possibility that needs to be tested more thoroughly.



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## Questions or feedback?

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