

Philanthropy Responds to COVID-19

3rd report COVID-19 Data Mapping Series November 2020

Highlights

Philanthropy in Canada is undergoing a major shift in response to the COVID-19 pandemic. Charities and non-profits are struggling to stay afloat and have seen drastic drops in revenues. Canadian governments are mobilizing funds towards sustaining the country's economy and keeping people safe. Foundations are adjusting their grantmaking practices to support grantees and to serve their communities, especially the most vulnerable populations.

This research report, which incorporates additional sources of research from colleague organizations and academic institutions, aims to provide relevant data and identify measures that can assist the philanthropic and charitable sector in effectively responding to the crisis and in the rebuilding that will follow.

Highlights

- Funders have channelled over **\$172M** into the response to COVID-19 in Canada.
- For the first six months, **social services, health and charitable sector development** have remained the most prioritized areas.
- Funders are **easing and simplifying conventional practices** to allow for faster and more flexible grantmaking.
- Foundations have begun to address **anti-racism and climate change** in their programming.



Contents

Highlights	1
COVID-19 Guiding Principles	2
Introduction	3
State of the Sector	3
Key Findings	4
Lessons Learned	7
Responding to the Emergency Phase	8
Looking Forward	8



Philanthropic Funding and COVID-19 Guiding Principles

With input from the charitable sector, PFC and its partners identified [5 guiding principles](#) to assist foundations in supporting and sustaining their grantees through the pandemic. The survey data, as well as the Foundation Panel and case studies, suggest that funders' responses to COVID-19 are aligning with the five guiding principles. Here's how foundations responding to the Funders Survey have been incorporating these principles:

PRINCIPLE 1: **Be flexible, pragmatic and proactive in grant-making**

Funders are loosening restrictions, accelerating payment schedules, simplifying application guidelines, and protecting the operational capacity of partners.



62% Modified reporting procedures and deadlines



62% Allowed reallocation of existing grants to COVID-19 related activities



56% Removed restrictions on existing grants



39% Advanced payments on existing grants



35% Modified application processes

PRINCIPLE 2: **Collaborate on or contribute to emergency funds at the community and national levels**

By reaching out to partners and looking for practical ways to enhance funding in communities, funders are working to avoid redundancy and simplify procedures.



227* Funders provided funding to support COVID-19 response



42% Modified payment schedules and other banking procedures



18% Contributed to pooled funds

PRINCIPLE 3: **Protect the capacity and resilience of non-profit and charitable organizations**

As charities and non-profits struggle to stay afloat in the wake of significant drops in revenue, funders are looking to offer their expertise and resources to sustain operations and bridge service gaps during the crisis.



45% Supported charitable and volunteer-sector development

PRINCIPLE 4: **Support advocacy in equity-seeking groups**

COVID-19 continues to magnify pre-existing health and social inequities. The philanthropic response is seeking ways to support community-based and equity-seeking organizations.



26% Provided in-kind support or pro bono services



23% Supported Indigenous organizations



17% Provided funds to non-qualified donees

PRINCIPLE 5: **Take the long view and stay engaged**

Funders are looking to the future to periods of stabilization, recovery and rejuvenation.



74% Are open to collaborating with other funders

* From Funders Survey and ECSF data.

Introduction

This is the 3rd report in **PFC's COVID-19 Data Mapping Series** on the Canadian philanthropic sector's response to the ongoing COVID-19 public health crisis, and it is the most comprehensive to date.

Two university-based research teams incorporated findings from their respective COVID- and philanthropy-related research to build on the findings of the COVID data mapping survey. The objective of this three-pronged approach is to document, both quantitatively and qualitatively, the actions taken by private, public and community foundations since the arrival of the pandemic in Canada.

About the Emergency Community Support Fund

The Government of Canada's \$350 million Emergency Community Support Fund (ECSF) aims to help charities and non-profit organizations adapt and increase frontline services for vulnerable populations during COVID-19. The Fund's three intermediaries – Community Foundations of Canada, the Canadian Red Cross and United Way Centraide Canada – combined their national reach and local expertise to flow money quickly to where it was most needed.

"Charities and nonprofit organizations are at the heart of our communities, helping the most vulnerable Canadians during the COVID-19 crisis. The Government of Canada is pleased to support these organizations through the Emergency Community Support Fund so that they can continue their invaluable work."

— The Honourable Ahmed Hussen
Minister of Families, Children and Social Development

This report is based on data from the following sources:

- **The Philanthropy Responds Funders Survey:** An [ongoing survey](#) – conducted by Philanthropic Foundations Canada (PFC) in collaboration with Community Foundations of Canada (CFC), Environment Funders Canada (EFC) and The Circle on Philanthropy and Aboriginal Peoples in Canada (The Circle) – invited funders in Canada to contribute timely information about their organizations' responses to COVID-19. This report is based on survey responses submitted by 66 funders, comprised mainly of private and public foundations, and supplemented by data provided by CFC on the first round of disbursements from the Emergency Community Support Fund (ECSF), administered by 171 community foundations.¹
- **The Foundation Key Informant Panel:** A [panel of 22 private, public, community and corporate foundations](#) from across the country participate (anonymously) in online discussions every six weeks on how their work has evolved since May 2020. Conducted by Drs. Susan Phillips, Paloma Raggo and Kristen Pue (with Callie Mathieson) of the [Philanthropy and Nonprofit Leadership program](#) at Carleton University, this iterative 'delphi' approach aims to assess some challenges and adaptations in the work of foundations.²
- **The Case Studies Series:** A series of [in-depth case studies](#) led by Dr. Jean-Marc Fontan of the Université du Québec à Montréal (UQAM) and the [PhiLab philanthropy research network](#). The six case studies to date document specific initiatives undertaken by foundations in response to COVID-19, providing closer investigation of some of their innovative approaches.

State of the Sector

Both the community and philanthropic sectors responded to the call to provide essential services in various areas, notably: food security, shelter and support for people in situations of social isolation.

The challenge for grantmaking foundations was twofold:

1. to rapidly allocate a portion of their funds to the health emergency and;
2. to review their operating methods to maximize effectiveness and efficiency.

These challenges were in addition to the foundations' responsibilities for maintaining and adapting their ongoing funding activities, adjusting to working remotely and looking ahead to addressing the causes of the pandemic and preparing for recovery.



¹ Please note that not all ECSF data fields directly corresponded to those in the mapping survey and may have been omitted from certain datasets for this reason. This data only represents a subset of ECSF grants administered by CFC. The survey data include cumulative and updated responses submitted between May 20 to November 9, inclusive. Participation in the survey is voluntary, and foundations are encouraged to complete and update their survey responses on a monthly basis.

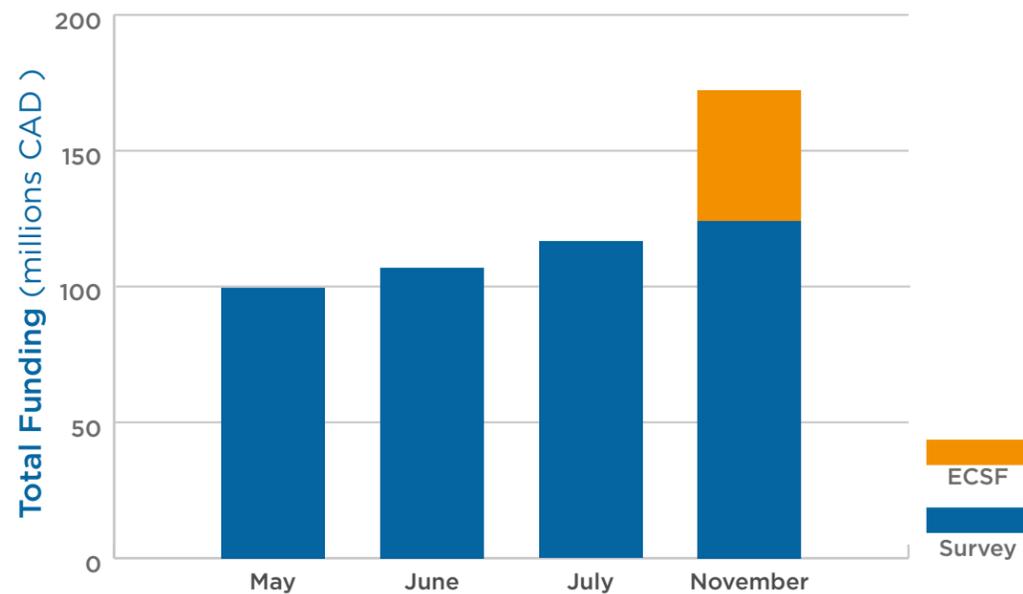
² This report includes information from the first three sessions (May to September).

Key Findings

Key Finding 1: Funders Responded Quickly

Foundations of all types quickly stepped up and have continued to support the charitable sector over the first six months of the COVID-19 crisis. Most foundations rapidly created new emergency COVID-19 response funds. As Figure 1 shows, there has been an upward trend in total funding tracked through the survey and ECSF, from about \$99M in May to over \$172M in early November (as reported in the Funders Survey). Approximately \$51M was disbursed by CFC as part of Round 1 of the ECSF.

Figure 1: COVID-19 Response Funding¹



Available data shows community foundations are primarily focused on disbursing the ECSF funds. Of the grants made by other foundations,² 67% were reallocated from other priorities to COVID-19 support and 56% were made from their endowments.

The response of increased grantmaking holds across all sizes of foundations. About 30% of the survey are small foundations (assets under \$10M); 22% have assets of \$10M - \$50M; 19% \$50M-\$100M; and 30% are larger foundations with assets over \$100M.

¹ Based on Funders Survey and ECSF records.

² Including a small number that are public foundations (but excluding community foundations).

Key Finding 2: Social Services and Health are Top Two Targeted Sectors

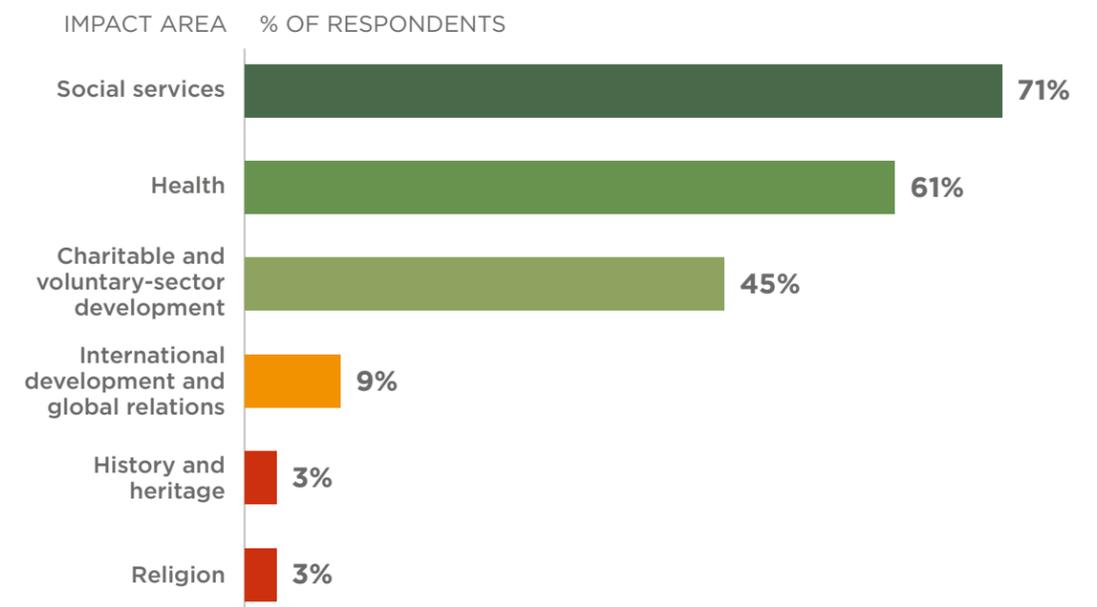
During the containment, emergency, and control phases, foundations did not dramatically change the causes and types of organizations they support. Most were already funding health and social services – the services that were on the front end of the pandemic response – and they continued to prioritize support for these causes.

For the first six months, social services, health and charitable sector development have remained the most prioritized areas (see Table 1).

The case studies indicate that funding went to support frontline activities, either through emergency funds managed by other organizations or through emergency funds set up by the foundation. These funds were primarily earmarked for basic community needs or to support the operations of frontline organizations.

These case study observations concur with Funders Survey results, which indicate that **77% of funders directed grants toward direct service provisions, 56% to providing equipment and 52% to training and education.**

Table 1: Funding Areas³



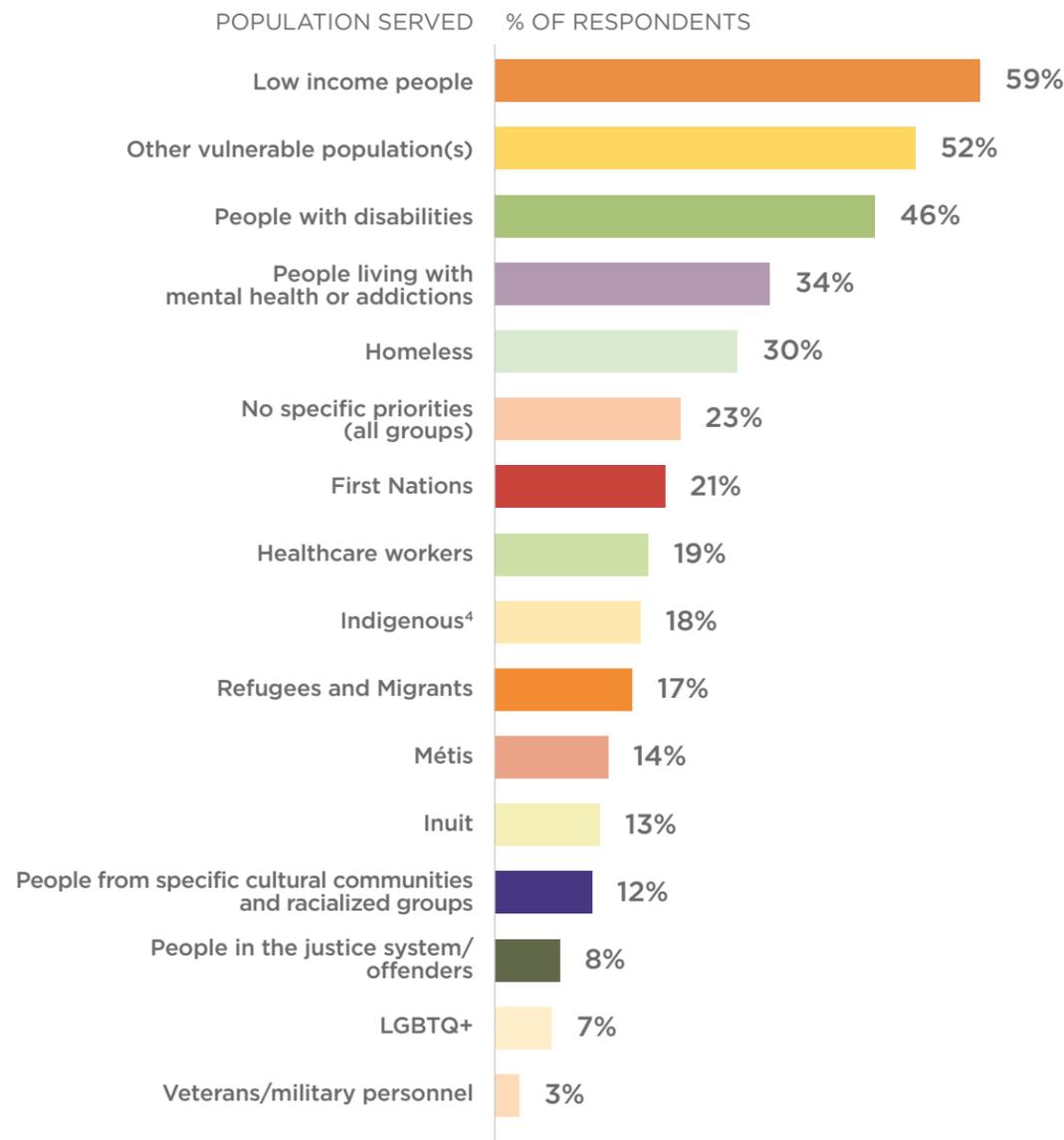
³ Based on Funders Survey.

Key Findings

Funders are also supporting vulnerable populations with a large share of respondents' grantmaking targeting **low income people** and **people with disabilities**.

While the mandate of the ECSF is to support vulnerable communities, other foundations are following suit; particularly for low income and Indigenous communities. In addition, **69%** of funders support two or more **equity-seeking populations**,¹ suggesting an **intersectional approach** to grantmaking.²

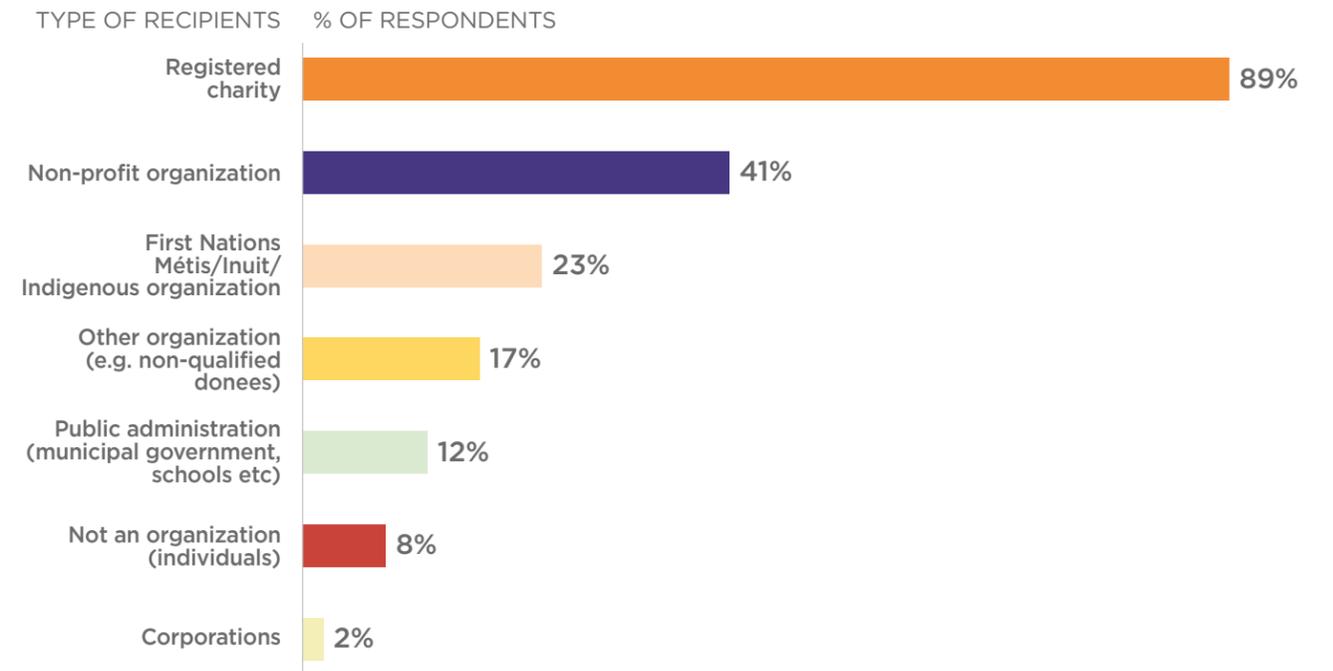
Table 2: Populations Served³



¹ Two or more of the populations listed in the Table 2, excluding responses for general population.
² The data shows only the main prioritized populations being supported by funders. Responses may be intersectional and can serve multiple communities simultaneously. These data show the number of funders supporting each target population – not the amount of funding received.
³ Based on Funders Survey and ECSF records
⁴ Indicates an Indigenous funding priority with no specific target population.
⁵ Based on Funders Survey.

The majority of funding is directed to **registered charities** followed by **non-profit organizations** and **Indigenous organizations**. This is consistent with previous mapping reports.

Table 3: Organizational Types receiving Funding⁵



While funding for emergency needs was rapidly mobilized and substantial support was provided to vulnerable communities, the participants in the Foundation Panel indicated that it was often a challenge to determine the 'right' role for philanthropy. A lack of information often made it difficult to identify the initiatives that would best support what communities needed and to avoid duplication with other funders, or within the sector. **This points to the benefits of ongoing engagement with communities to understand who is doing what, and to the need for better data and data tracking.**

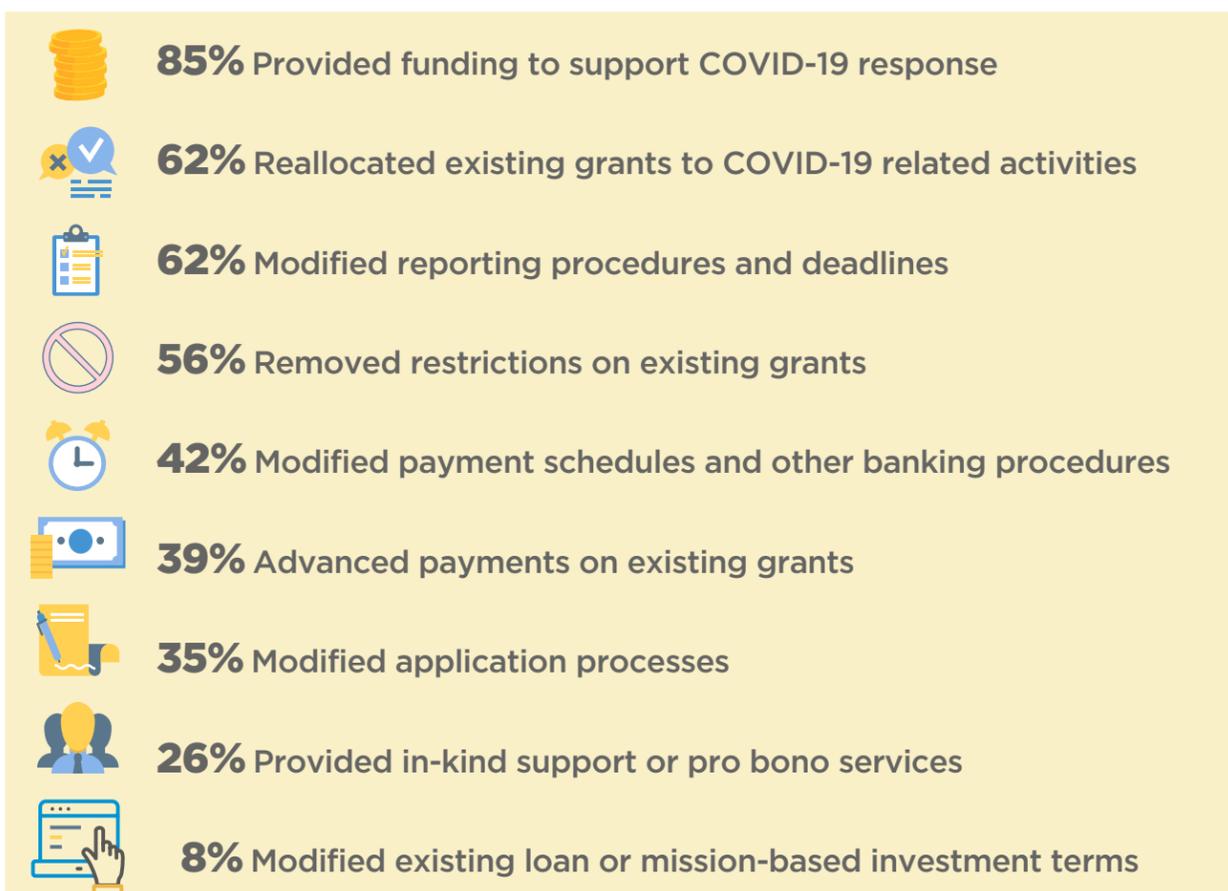


Key Findings

Key Finding 3: Funders are Changing their Practices

Funders addressed the urgent need for emergency funding by easing and simplifying conventional practices to allow for faster and more flexible grantmaking. As reported on the Funder Survey, **62%** of funders have **modified reporting procedures and deadlines**, and **56%** having **removed restrictions on existing grants**, permitting support for core operating costs to a much greater degree than previously.

Table 4: Changes to Funding Practices¹



The initial shock of the pandemic was dramatic, creating major challenges of working remotely, managing work-life balance and mental health for staff, working under enormous uncertainty, and missing the personal meetings with donors and stakeholders, as heard in the Foundation Panel. Overall, foundation leaders feel that their organizations have adapted well: 53% of the members of the Foundation Panel **rate their adaptiveness 8 or above on a 10-point scale.**

¹ Based on Funders Survey.

Key finding 4: Funders are Collaborating

The pandemic has led to greater collaboration by foundations – **74%** of surveyed funders expressed an **interest in collaborating** as part of their response to COVID-19. The Foundation Panel indicates that even in the early stages, from May to July, **40%** of foundations **had already increased the extent of their collaboration**, and most engaged in multiple collaborations (over half are involved in more than 5 collaborations, about a third in more than 10). This tendency for innovative collaborations between funders is confirmed by the case studies.

The main motivations for greater collaboration are:

- mutual learning and swift exchange of information so as to avoid duplication;
- rapid response and innovation, in a complementary way to public action;
- opportunities to align and pool funds, and share risks to achieve a more substantial impact;
- reducing administrative, management and governance time for decision making and delivery of funds, and;
- providing thought leadership into the recovery stage.



“Everyone wants to collaborate and avoid duplication, but it is hard to find the right projects to bring us together, and there is an issue around organizations giving up decision making power or exploring deeper collaborations and governance structures that can sustain them.”

–Foundation Panelist

“It’s one thing to say “this is a marathon” back in April but six months in, it feels more like this way of working is here to stay, and that we’ll be running forever.”

–Foundation Panelist

Key Findings

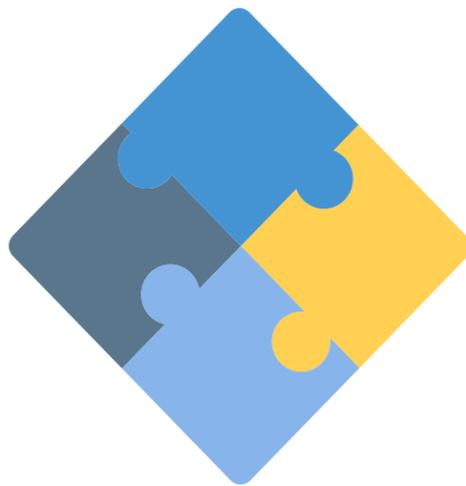
Key finding 5: Funders are beginning to think about systems change

The convergence of the racial justice movement with COVID-19 – and the continuing implications of climate change – have amplified the need to pursue systems change. The work needed to be successful in rebuilding the sector and advancing systems change agendas will be quite different, and more difficult, than responses during the emergency phase. Respondents recognize this will take more than increased and flexible grantmaking – as important as these steps were during the initial onset of the pandemic in Canada.

The broader change agenda will require foundations to develop different ways of working with and supporting grantees and the charitable sector as a whole.

Responses from the case studies as well as the Foundation Panel reveal that foundations are beginning to think about and take some action on systems change, although this is at very early stages. The case studies reveal a tension, however, between balancing short-term emergency responses with long-term strategic concerns. Different approaches have been used to ease this tension (e.g. a phased approach vs. a fast-tracked strategic approach).

67% of Panel participants said that their organization has taken recent steps to **address racism** or to **promote anti-racism**.¹



Lessons Learned

We are still in the early stages of a global pandemic, which has demonstrated the uncanny ability to hit us with renewed vigor. Nonetheless, several lessons emerge from the experience to date, which are instructive as we look ahead to the next phases:

- **Routine operations and granting** can be done differently. A constant theme is the value of fast, agile responses by streamlining application requirements, speeding up decision times, and being more flexible in reporting requirements.
- **Unrestricted funding** (that support core operations) and longer-term funding horizons promote flexibility and innovation, without compromising accountability. Early evidence points to the benefits of unrestricted funding for enhancing resilience and innovation.
- **Crises require risk taking**, and preparation reduces risk. Engaging with communities and other stakeholders on an ongoing basis to understand needs, strengths, and who does what is a valuable part of such preparation.
- **Data** mitigates risk and supports strategic decisions and responses. The philanthropic and charitable sector need better data; organizations need to seek out data more extensively and be able to use it more effectively. Going forward, a much deeper, evidence-based understanding of resilience and vulnerability factors will be required.
- **Inclusion** (on boards, staff and among grantees) mitigates risk, increases community knowledge, advances strategic responses, and is key to public legitimacy.
- **Collaboration** facilitates a stronger response, through greater awareness and the impact of pooled resources. Collaboration with governments and the private sector could be stronger.
- **Infrastructure organizations** are important sources of information, leadership and coordination.
- **So much depends on public policy**, both in the short- and particularly the long-term. Foundations are engaged in public policy development and shaping public discourses, but generally to a limited extent.
- **Foundation staff have been key** to the emergency response and have been remarkable in their responsiveness and endurance. In the next phases of rebuilding, they may require additional staff, new skill sets and talent development.
- **Boards need to provide strategic direction**, and the evidence is so far mixed on how strategic most have been. A better assessment of the role of governing boards is needed.
- **Building resilience** and rebuilding the sector into the long-term requires investing in the capacity of grantees and the sector as a whole, and an assessment of which investments make a difference.
- **Supporting vulnerable communities** into the future involves greater support for frontline organizations serving, and led by, vulnerable groups.
- **Transparency** supports learning and public credibility.

¹ Including conversations with board and staff, planning for more inclusion in hiring, and new initiatives to support anti-racism and more funding to organizations serving and led by racialized people.

Responding to the Emergency Phase

Foundations reacted quickly and with flexibility to support Canadians and charities when the pandemic took hold in March 2020. Many indicate that they have funded at levels well beyond the mandatory disbursement quota of 3.5%. However, it still is very difficult to quantify in concrete terms the number of foundations that have actually increased their disbursement quota, and by how much.

The research shows that foundations have increased their level of collaboration. There are many outstanding questions, however, about the depth and impact of these collaborations. In what ways have these collaborations made it possible to reach new organizations or populations? How have these collaborations represented an investment that goes beyond the pooling of funds? In what ways have these collaborations really helped to rethink the relationship between donors and beneficiaries?

Foundations are learning from the health crisis. This can be seen in the incremental changes that have been made: teleworking, leaner governance, simplified processes and faster decision-making. But we do not know if and how this learning will be used to change behaviours, attitudes and ways of working and thinking about philanthropy.



Looking Forward

We are in a hurry. The health crisis has highlighted the need to adapt our institutions. Will the philanthropic sector be able to sustain some of the practices developed during the crisis? We can expect the least disruptive and most accommodating practices to continue, such as teleworking, implementing new technologies, basic collaborations, more flexible processes, and less restrictive reporting requirements. For more structural changes – the kinds of changes needed to rebuild and reinvent the charitable sector, achieve racial justice, create more inclusive economies and mitigate climate change – what will be required from foundations will be different and more difficult than in the emergency phase of COVID-19.

So far, it is not clear that the deep learning needed to support this work has or will emerge. If this learning is to occur, it will likely take time and continued cooperation from foundations to provide us with said lessons, through various research efforts with key information about what foundations are doing, what they are learning, and what challenges they are encountering.

Regardless of how Canadian foundations are assessed by researchers, their peers and the public, during the emergency phase of COVID-19, we can expect that philanthropy and foundations will continue to be under great scrutiny for years to come. Increased income inequality, critiques of being out of touch with community, concerns about lack of transparency, 'license to operate', and questions of impact, already existed prior to the pandemic, and will continue to be important issues facing philanthropy moving forward.

Canadian philanthropy is evolving. Many foundations are becoming more engaged with their partners. The path forward for increased impact, relevance and legitimacy will require deep, inclusive, and challenging conversations and continued experimentation.



Philanthropic Foundations Canada (PFC) is a member association of Canadian grantmakers, including private and public foundations, charities and corporations. We seek to support our members and organized philanthropy by encouraging public policies that sustain the sector, by increasing awareness of philanthropy's contribution to the well-being of Canadians, and by providing opportunities for funders to learn from each other.

To learn more, visit: pfc.ca

PFC wishes to thank Prof. Susan Phillips of Carleton University (Master of Philanthropy and Nonprofit Leadership) and Prof. Jean-Marc Fontan, Director of PhiLab at Université du Québec à Montréal (UQAM), for their contributions to the report, as well as Prof. Rachad Antonius (UQAM) for assisting with data analysis.

This report was co-authored and edited by Tim Ellis, Research Coordinator and Liza Goulet, Director Member Relations and Research at PFC.



Philanthropic Foundations Canada
615 René-Lévesque Blvd. West, Suite 720, Montréal, Québec
T 514.866.5446 | www.pfc.ca

©PFC, November 2020