



July 31st, 2020 | No.2

FOUNDATIONS DURING COVID-19 PANEL

REFLECTIONS ON SESSION 2 [JULY, 2020]

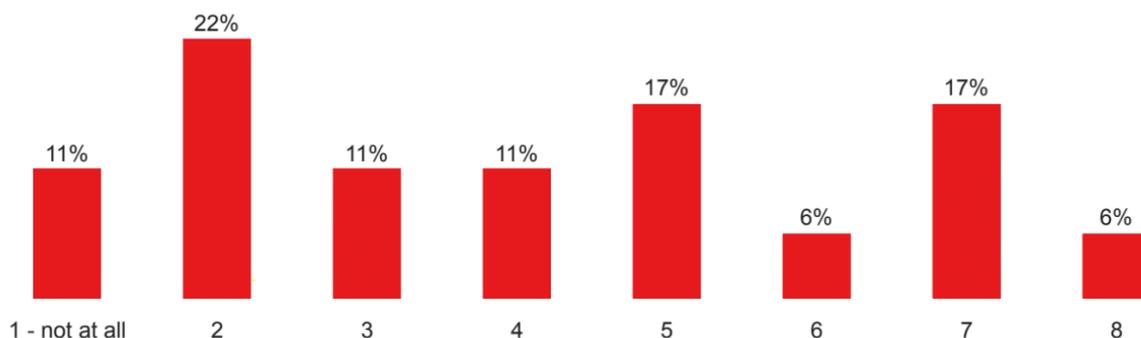
The monthly participation of 22 foundation leaders (from private, community, corporate, public and DAF sponsor foundations) in this online study of their work in response to COVID-19 is greatly appreciated. The aim of this Delphi study is to understand the evolving challenges and adaptations of foundations during this time of enormous societal and economic turbulence. By providing regular feedback, the intent is to foster learning to assist the work of foundations, their grantees and collaborators.

In each session we track key aspects of philanthropic work to assess how they might be changing over time. We also follow evolving understandings of how COVID-19 will influence the future of the charitable and philanthropic sectors. This process allows us to take a deeper dive into a particular dimension that has emerged as important in the previous session. Collaboration was the emerging focus of the July session.

Foundations are adapting to change

Since the pandemic began, foundations have experienced major change in their work: on a 10 point scale (10 being 'a great deal of change'), 25 percent rated the degree of change to be 8 or more (roughly the same as when we asked this question in the first session in late May). While COVID-19 brought a sudden big shock to their work, foundations have adapted over the past month. In assessing how much the work has changed since late May, 72 percent rated the change less than 5, and only 6 percent gave it an 8 or more.

Since the last session - in late May - how much has the work of your foundation changed?

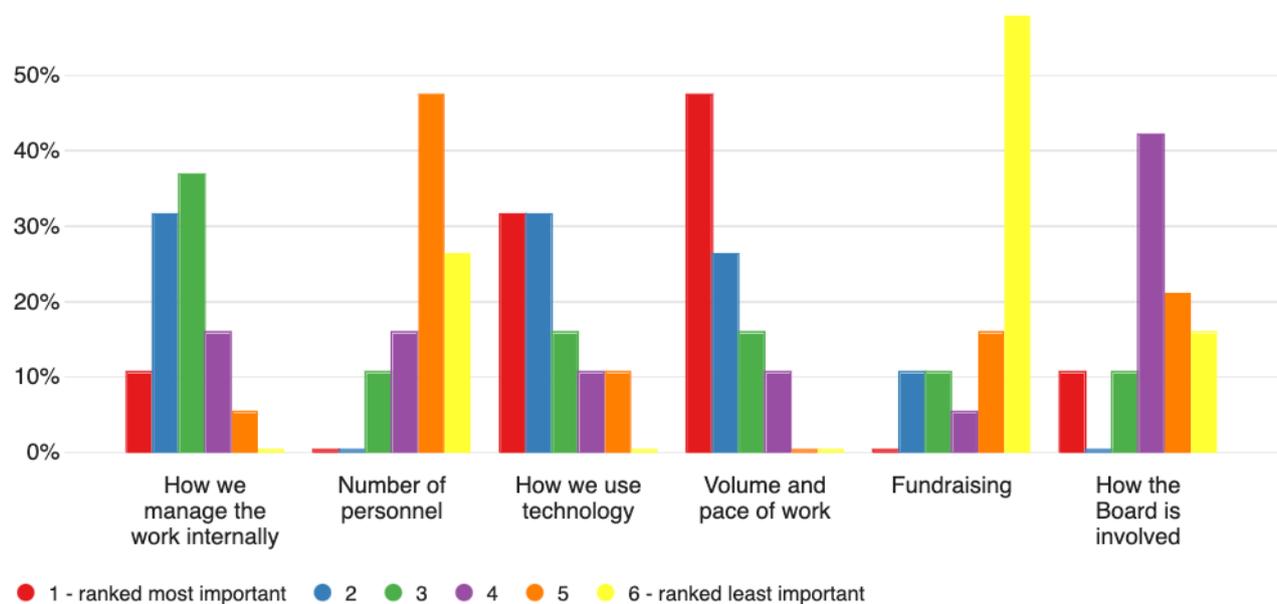


The greatest changes have been experienced in 1) internal operations; 2) collaboration; and 3) grantmaking. There was a lot of variability on changes to investments. The main changes were drawing down endowments for the COVID-19 responses and managing assets. The least change has occurred in policy work, but this may be because almost half (45%) said that in ordinary times' their foundation does not interact with governments.

Donor advised funds (DAFs) are held by 40 percent of foundations in the panel. For the holders of DAFs, the response to COVID-19 was quick – making new or larger gifts in the first month or so – and has since been quite stable. In our first round late May, the change in DAFs was rated as 6 or 7 by 28 percent of DAF sponsors, but there has been relatively little change since (2/3 rated it as 0 or 1 since late May). The foundations holding DAFs note that they are being more strategic about receiving new donations and paying greater attention to estate and gift planning.

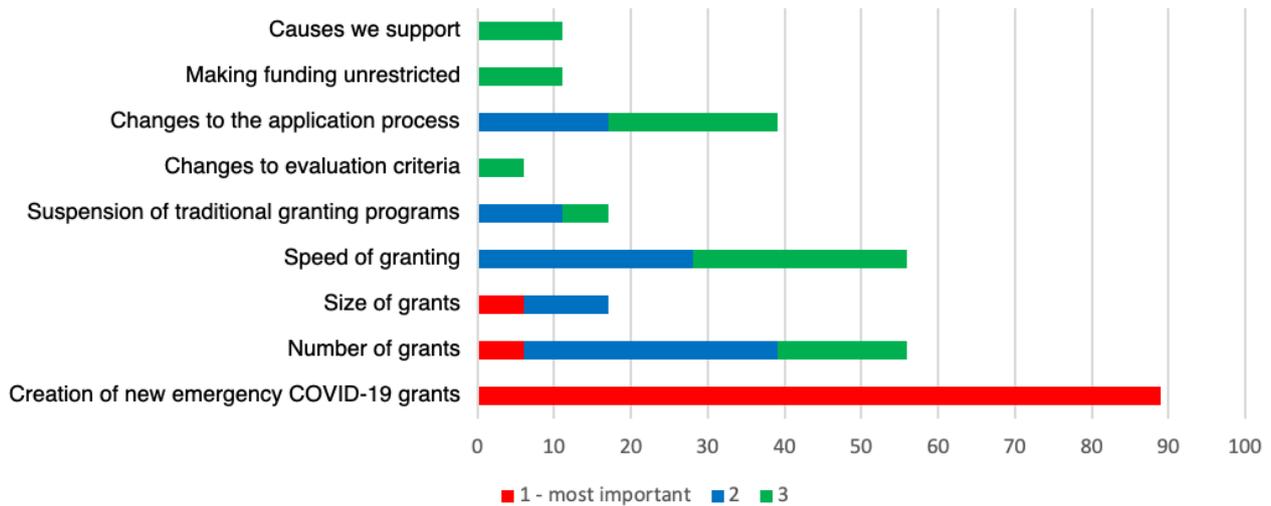
Internal Operations

Internal operations - how we work: The volume and pace of work and managing technology continue to be the greatest sources of change in the internal operations of foundations. There has been little change or reduction in the number of personnel and only slight change to the involvement of the board.



Grantmaking

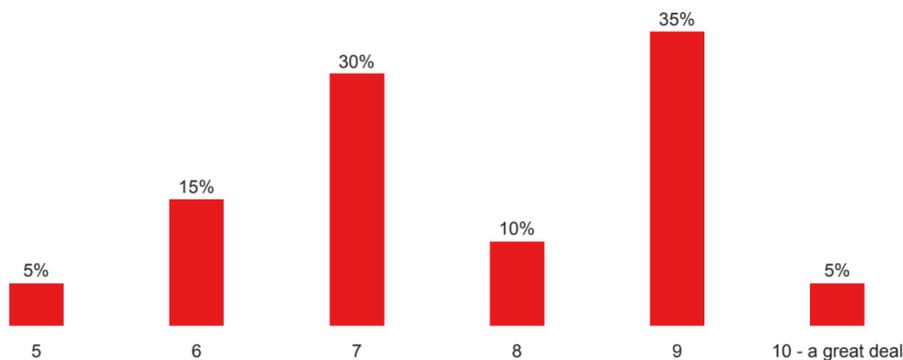
Grantmaking and direct programming: The most important changes in grantmaking have been the creation of new emergency funds (ranked as the top priority, out of 12 options, by almost 90 percent of panelists). Increasing the number of grants, speeding up the application and approval processes, and providing greater flexibility, including providing some unrestricted funding, are also ranked as important. There is beginning to be some shift in the causes and organizations supported, although not a top priority at the moment.



For the 40 percent of foundations that operate programs directly, 62 percent said they have adapted existing programs, while 31 percent have added new programs; 8 percent have made no change and none have ended existing direct programming.

Overall, panelists feel that their foundations have been adaptive in responding to the pandemic with 50 percent rating their adaptiveness as 8 or higher, and none rating it less than 5.

Overall, how adaptive would you say your foundation has been in responding to the COVID-19 pandemic?



Some of the greatest challenges, in addition to the volume and pace of work, are: 1) moving the sector to reinvention; 2) managing uncertainty; and 3) data tracking, although the specific challenges vary considerably across foundations

Emerging Trends

While still actively engaged in direct, emergency response to COVID-19, many panelists noted that they are thinking about the medium term of rebuilding the charitable sector, and are in the process of learning how best to support recovery by engaging more with community organizations. Very few, however, are engaging in advocacy as something new. Note that these are listed as ‘new,’ and foundations that were already engaged in these actions may not have listed them as new.

New changes to your foundation’s work since Session 1 [late May]	
Areas	% of panelists
Thinking about the future/recovery	37
Collaborations	11
Listening to fundees, engaging with communities	14
Engaging with racial justice	7
Advocacy	3

-“Anticipation de la sortie de crise. Évaluation de l’impact économique”

-“More focus on forward looking opportunities for recovery and rebuild...engaging community partners and donors”

-“Getting greater clarity on how the system is changing and what we need to focus on going forward”

Information & Guidance

In this session, we discussed the types of information, evidence and guidance that foundation leaders value and what, if any, information was difficult to obtain. The most important types are: better information on the needs of community and on government initiatives. Philanthropic leaders also value the advice and guidance of experienced peers or partners. For about a quarter of the panelists, the existing information is adequate and several indicated the problem is information overload. The main gap is knowledge of what other foundations (and government) are funding so as to avoid duplication and enhance impact.

Most important	% of panelists	Unable to attain	% of panelists
Needs of community/ hearing from vulnerable/ marginalized communities	31.8	What other funders are supporting	18.2
Government funding/initiatives	18.2	Organizations/needs in the community	13.6
Advice from partners/similar experience	13.6	Pandemic data (e.g. socio-economic/gender related to spread)	9.1
Public health data	9.1	Information is adequate, for this stage	22.7
PFC/CFC seminar	4.5	Information overload	13.6
DAF Sponsor Foundations			
Information for donors on what to fund	57.1	Information adequate, provided by host/DAF holders not seeking information	57.1
		Specifics on socio-economic/gender/specific needs of community	14.3

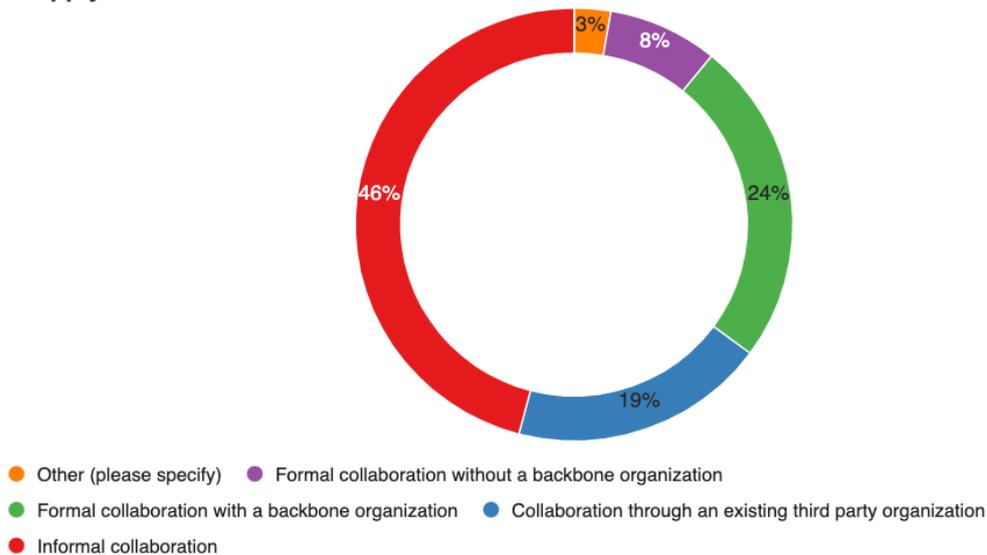
Collaboration

In the response to COVID-19, foundations of all types are engaging in more collaborations. Since the May session, 40 percent of the panelists said their foundations have increased the extent of their collaboration; only 5 percent have undertaken no new collaborations. The main motivations for undertaking new or greater collaborations are:

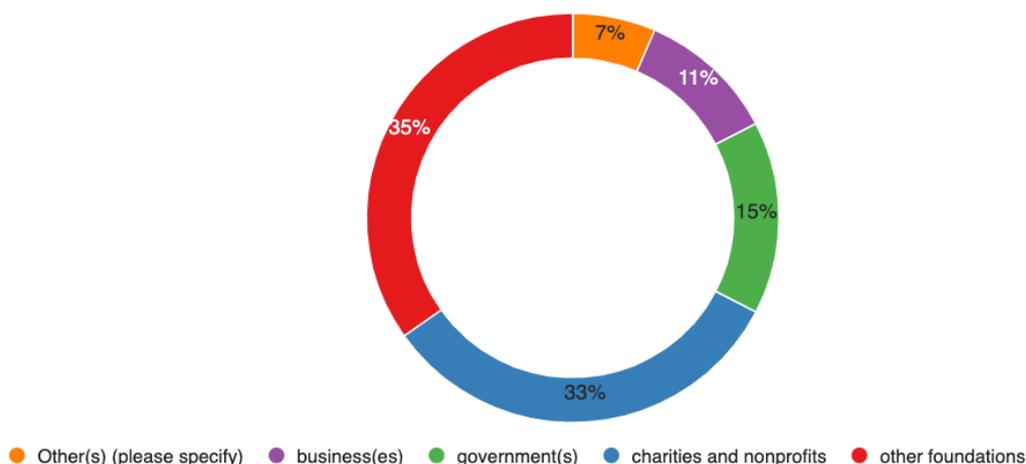
- Sharing information, avoiding duplication, better knowledge of community (55% of panelists)
- Aligning or pooling grantmaking (25% of respondents)
- Providing thought leadership in recovery (10% of respondents)

About a third of the collaborations are with other foundations, a third with charities and nonprofits, 15 percent with governments, and 11 percent with businesses

In your COVID-19 collaborations, which of the following formats are you using? Please select all that apply.



For the collaboration that is most important to your foundation, who is involved? Please select all that apply.



Most foundations engage in multiple collaborations, while: 58 percent are involved in more than 5 (37 percent in more than 10). Roughly half of these are informal, and half are more formal in structure (through a backbone or third party organization).

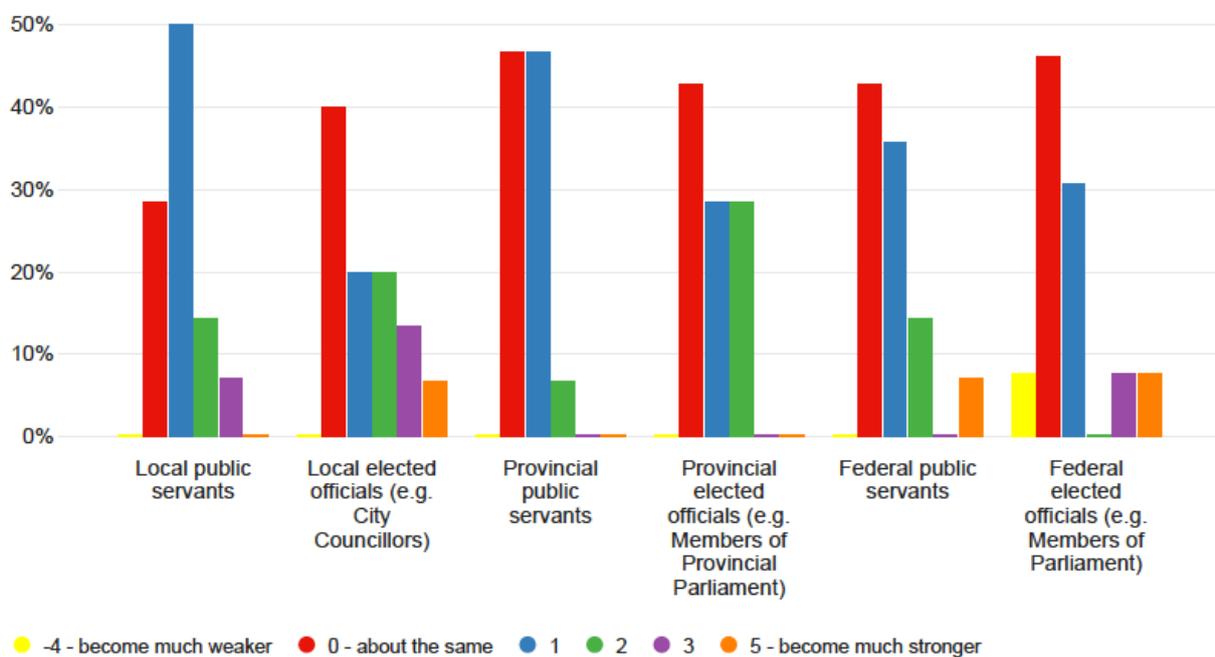
The advantages of informal collaborations are that they can happen faster and can be more agile in response to rapidly changing needs. A positive aspect of the need for foundations staff to work from home, is that are talking to each other more, in more “relaxed” and informal ways, resulting in more genuine, ‘honest’ conversations.

Advantages [of informal collaboration]: *"wanting to understand the system so we can change it!"*
Drawbacks: *"not sure how we'll move the work forward"*

Most of the collaborations are within the philanthropic sector: foundations working with other foundations. The relationships with business have changed very little during the pandemic – 65 percent said no change at all. The few who have stronger working relationships with business note that business can take risks and that by working with business the foundation is building a longer term basis of support that is likely to last beyond the pandemic. Is working more closely with business a missed opportunity for others?

About half the panelists engage with governments, roughly equally with federal, provincial and local governments, and roughly equally with public servants versus elected officials. So far, these relationships have not changed much during COVID.

During the COVID-19 pandemic, how have your organization's relationships with the following government actors changed?



Not one moment of change, but two

The convergence of the racial justice movement with COVID-19 has amplified the significance of the extent of systems change that Canada and the philanthropic sector is experiencing – a point made in our first session. We thus included some questions about how the panel foundations might be addressing issues of racial justice.

In the last month, has your organization taken new steps to address racism or to promote antiracism?

67% of panelists said that their organization has taken new steps to address racism or to promote antiracism

The most common actions are conversations – with staff, the board, grantees and partners – and outreach in communities to learn more about effective responses. Some foundations indicated they have established new anti-racism, BIPOC-led funding initiatives and/or have prioritized COVID response funding to community-based charities that serve and are led by Black/Indigenous/LGBTQ2+ members of these communities. Some foundations are also reviewing or changing their internal operations and policies, including hiring practices, board recruitment and diversity/inclusion audits. A few have issued public statements and 4 percent are funding data collection. While it will be important for foundations to translate conversations into action to affect meaningful change, most are still at the learning stage.

When asked if the philanthropic sector should do more to support anti-racism, all of those who responded said yes.

"The sector needs to take steps to listen, learn and understand racism and the role of white privilege and the accumulation of wealth as a path to investing in efforts that support anti-racism and equality today and for future generations."

"For our foundation, apart from funding organizations who happen to work deeply in these areas, we have not yet looked in the mirror at our own practices and policies when it comes to race, gender, ability etc. We have educated neither ourselves as an organization, nor our donors. We have not made our own grants specifically addressing such issues. We need to do more."

Looking to Future

In spite of the devastating effects of COVID-19 on charities during this acute phase, the panelists were quite optimistic about the state of the organizations they fund and the sector in five years.

- For fundees, 55 percent rated the future prospects as 7+ (with 10 being very optimistic); 25 percent rated this 5 or less (0 being very pessimistic)
- For the charitable sector as a whole, 60 percent rated the future 7 + and 25 percent 5 or less.

Panelists said that their funded organizations are anticipated to make much greater use of technology (70 percent) and be more diverse and inclusive (35 percent). They are also expected to be somewhat more resilient (noted by 75 percent of panelists) and more collaborative (65 percent).

The charitable sector as a whole is expected to be much more focused on climate change (41 percent), have a focus on Indigenous communities (37 percent) and be BIPOC led (39 percent). The sector is also expected to be somewhat more agile, inclusive, entrepreneurial, engaged in cross-sector collaborations and have strong leadership. The most common expectation is that there will be organizational mergers, resulting in fewer charities.

How might the work of foundations be different in five years?

60 percent expect their foundations to fund in different topic areas. A much smaller percentage (27) said they are likely to fund in different geographic regions, which is not surprising given that the panel includes community foundations. For those that expect geographic change, it is mainly to expand their reach further to become even more national in scope.

"I expect "bigger, faster, stronger". . . focus systemic, sustainable change and social infrastructure investment."

"We have a mandate that clear; it's the evolution of the mandate to include more communities."

"More innovative activities rather than the traditional programming. . . [t]he time is now for positive change."

The more significant change is expected to be in how foundations work: making much greater use of technology (70 percent) and impact investing (61 percent), being more inclusive (60 percent) and aware of racism (55 percent), and being much more collaborative (50 percent) and strategic (45 percent).

Future topics

Some of the issues panelists suggested we address in future sessions include:

- Implications of the WE Charity ‘scandal’ for philanthropy
- Role of philanthropy in systems change and rebuilding the sector
- Involvement of boards
- Effectiveness – using data and evidence
- COVID-19 as precursor to climate change response
- DAFs and community foundations as distinctive from private foundations

Conclusions

Following the initial shock of COVID-19 that suddenly required staff to work remotely and greatly accelerated the pace and volume of work. Foundations adapted quite well. Still, the pace of work has required ongoing adjustments. There was little need to layoff personnel; interestingly, the involvement of boards has not changed much – a topic that panelists want to take up in future sessions.

Emergency COVID-19 response funds have been established and the number of grants increased with greater speed and flexibility in the process. Although the causes and organizations funded has not changed significantly, there is some movement to support new or different ones.

Collaborations, which are mainly informal and primarily with other foundations, have increased substantially. There is a sense of being able to have more ‘honest conversations.’ In addition, a few are working together to align and pool their grantmaking.

With ongoing adaptation to the current environment, foundations are looking ahead to rebuilding and reinventing the charitable and philanthropic sector, as well as and the way in which they work – which is expected to be quite different in five years. Although in early stages, panelists indicated the need to start planning now. There is also a widespread recognition that Canada is at a dual moment of change with the convergence of COVID-19 and the movement for racial justice. Most foundation leaders have taken action on anti-racism, mainly by having conversations internally and with their communities to learn how to effectively respond.

Thank you for your participation, and we look forward to Session 3.

Any questions?

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