

Impacts of COVID-19 on funder distributions and funding practice

Survey findings

November 2021



**Philanthropy
New Zealand**

Tōpūtanga Tuku Aroha o Aotearoa

Key findings

In November 2021, Philanthropy New Zealand | Tōpūtanga Tuku Aroha o Aotearoa (PNZ) surveyed its philanthropic and grantmaker member organisations (funders) to explore the impacts of COVID-19 on their distributions and funding practice over the last couple of years. Fifty-three PNZ funders responded.

In our November 2021 survey of funder members (with 53 respondents), we found that:

- Around half (49%) saw their funding distributions increase in their last financial year (nearly two thirds of funders said by 10-20%). An additional 21% stated that their funding had stayed at the same level.
- The most common reasons for increased distributions related to funders responding to community needs arising from COVID-19 and/or that increased investment returns or income enabled greater spending.
- For their current financial year, around 86% of respondents expect that their funding will either stay the same as the last reporting year (45%) or increase (41%).
- The results show an upwards trend in funders making proactive approaches to fund community organisations working with those in greatest need and in offering non-financial support to organisations (from our 2020 survey) and around a third of responding funders noted that they have been working more closely with other funders in their region or area of focus.

Background

Our 2021 survey

In the last two weeks of November, we heard the views of 53 of our funder members via our latest survey exploring the impacts of COVID-19 on their distributions and funding practice over the last couple of years. This survey was a follow-up to the research we undertook during May 2020 which explored the early impacts of COVID-19 and the emerging response within an uncertain economic context and Government response.

This year's survey results provide an insight into the current situation of a range of funders within our membership. In both years family and private trusts, Community Trusts and corporate foundations made up around 60% of the sample (See **Appendix 1**). We note that the lower response rate this time around (53 versus 82 responses in 2020) with less from smaller family and private foundations may mean that direct comparisons with 2020 are limited at times. However, we acknowledge that this research was undertaken in a demanding context where extensive restrictions remained in place in some regions and we are very grateful to the 53 funders who were able to participate and provide information on their current situation.

Our 2020 survey

The 2020 [survey report](#) showed that 65% of funders said they expected to fund at the same level or increase their funding in the 12 months ahead whilst 21% of funders felt they were likely to decrease their funding and COVID-19 was either a factor or the sole reason given for most of the anticipated decreases.

The report also showed that many funders had responded rapidly to the changing environment and emerging needs, using strategies such as earmarking funds to particularly tackle the impacts of COVID-19, adapting agreements with grant holders to introduce more flexibility (nearly half of all respondents) and taking more proactive approaches to fund community organisations working with those in greatest need. Of note also was the significant collaboration amongst funders with a large proportion sharing intelligence about funding needs, and/or working with other funders to identify community organisations in need. Some also set up joint funds and application processes as the year progressed.

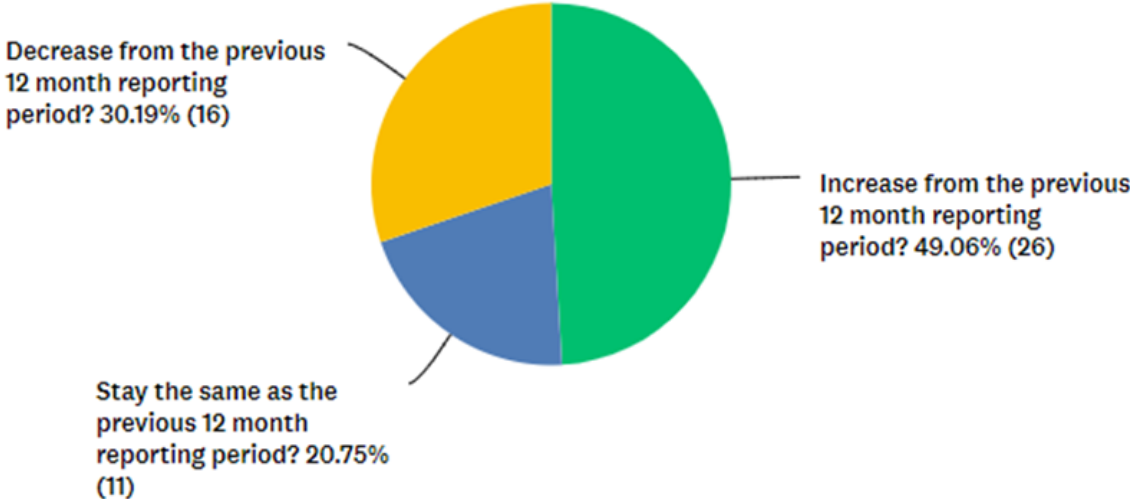
One and a half years on, the impact of COVID-19 on funding focus and approaches remains significant. The operational environment is changing however as the research shows some approaches that were favoured in 2020 have now been incorporated into business as usual.

Main findings 2021

Overall, distributions increased over funders' previous financial year

Around half (49%) of those who responded in November 2021 saw their distributions increase in their previous financial year (nearly two thirds of funders said by 10-20%). An additional 21% stated that their funding had stayed at the same level. This is close to what was estimated in our 2020 survey, where 65% of funders believed their funding would stay the same or increase in the 12 months ahead.

Chart 1: Funding levels over previous financial year



The most common reasons given for increased distributions related to funders responding to community needs arising from COVID-19 and/or that increased investment or income returns enabled greater spending.

Where distributions had decreased, many reasons related to the COVID-19 environment where investments hadn't done so well, funding had to be delayed and some forms of income generating activity were restricted.

Positive outlook for funders' current financial year

For their current financial year, around 86% of respondents expect that their funding will either stay the same as their last financial year or increase. In particular, 45% predicted that funding will stay around the same and 41% predict an increase.

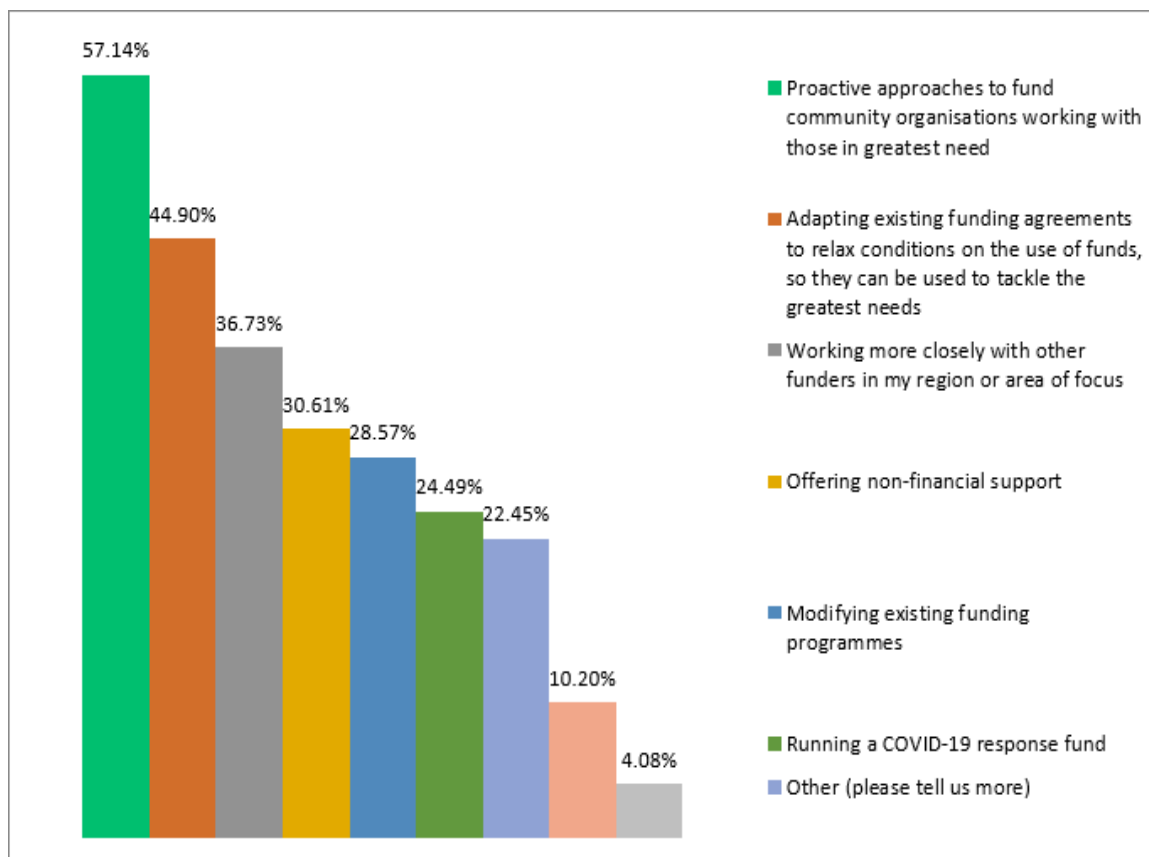
There is a variety of reasons given for the upwards funding distributions. These include increased generosity, strong investment returns and more certainty over investment outcomes meaning that grant funds have been brought back to usual levels (given some funds were initially held back in the uncertain environment of 2020).

Whilst the survey shows greater funds to distribute, some funders did observe (and we have separately heard) that the pressure on funding teams should not be underestimated, given increased workloads and community need at what has been a challenging time in peoples' lives. This is likely to be an ongoing dynamic in an Omicron environment.

Shifting funding practice

We asked funders what funding approaches they employed with the arrival of COVID-19 in 2020, that they are still continuing with at this time (acknowledging that some may have been using some of the practices pre COVID-19).

Chart 2: Funding approaches continued in current COVID-19 context



The results show an upwards trend in funders making proactive approaches to fund community organisations working with those in greatest need, with 57% taking this approach (versus around 47% in the 2020 survey) and in offering non-financial support to organisations (31% this year up from 26% last year).

One funder observed that the increased government funding for emergency and short-term needs:

“presented an opportunity to think about how we can look at addressing underlying issues of inequity through strategic funding. We are also looking at how our funding can be used to maximise the impact of other funding available.”

Over a third of the 49 funders who responded to this particular question also noted that they have been working more closely with other funders in their region or area of focus. One noted:

“COVID-19 was a catalyst for working closely with other funders - this is now becoming a standard practice.” and that *“PNZ provided an invaluable forum to share ideas and good practice with other funders nationally – for example we based our COVID-19 Response fund on what others were doing - even adapting their policies and application forms”*.

As we might expect, there is a downwards trend in establishing a specific COVID-19 response fund as the context likely becomes more known and catered for within budgets, but flexibility has still been required in modifying funding programmes and adapting funding agreements. Funders noted the many requests to extend time frames to deliver work, carry over funds, and where loans have been granted more flexibility requested in repayment.

Although we didn't explore changes to funding focus in the survey, feedback was provided from some around their need to increase their focus on wellbeing and post-trauma support as well as local food sovereignty and resilience. Other funders reported setting aside resources to provide additional support to areas and community groups most likely to be impacted by COVID-19.

One funder shared their innovative example of providing some microgrants to individual COVID-19 response champions so that:

“they could enjoy a little time out - as many are tired and under attack by people opposed to what they are doing”.

The demands of a changing operating environment for funders were also observed. One funder noted:

“We don't have the person resources to significantly change our funding method for a long period.”

Another funder reflected:

“The pressure to have current funds create impact is higher. We are designing a measurement tool for impact to help us determine funding priorities.”

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Philanthropy New Zealand | Tōpūtanga Tuku Aroha o Aotearoa is the peak body for philanthropy and grantmaking. We support generosity, effective giving, and a strong philanthropic eco-system.

We provide training, share best practice, data and research, and connect our members to enable collaboration. We offer guidance for anyone with an interest in giving to make the world a better place.

Our purpose is growing effective giving.

Our mission is to

- Support better giving
- Inspire more giving
- Build a stronger sector

Acknowledgements

We are grateful to all our members who completed this survey. We hope that the results help place individual experiences in a wider context.

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Appendix 1 – Sample of survey respondents

Chart 3: Philanthropic segments in the 2021 sample (total responses = 53)

