



## **COVID-19 and philanthropy – open letter**

*23 March 2020*

### **The purpose of this letter is to:**

- Outline the situation of many philanthropists and grantmakers;
- Share principles that philanthropists and grantmakers are following; and
- Support those receiving philanthropic funds to have conversations with funders.

### **New Zealand's philanthropic and grant making sector contributes \$3.8b each year** (source: JBWere New Zealand Support Report).

Individuals donated just over half of this money, with organisations giving the rest. These organisations are diverse in their nature and include community trusts, community foundations, local government, iwi, energy trusts, family foundations and corporates.

These organisations all have different objectives, and rules that govern how they distribute money. This letter therefore cannot and does not speak for all of them. A list of Philanthropy New Zealand members who are funders can be found [here](#). Some members request not to be publicly listed.

### **Philanthropists and grantmakers acknowledge the growing impact of COVID-19 on those they fund, including that community organisations have:**

- lost income from cancelling fundraising events;
- are unable to deliver services they're contracted to deliver due to restrictions in place;
- are seeing, or expect to see, greater demand for their services; and
- often have few cash reserves to tide them over a tough financial period.

### **The impact on philanthropists and grantmakers includes:**

- declining returns on investments, that are the source of the funds they generate for community groups;
- declining returns on investment to support their operations and administration;
- Changes in the type of need and an increase in community need for funds.

Note that some funders 'spend down' the money they distribute until it's gone, while others are set up to give in perpetuity. Some of the latter group have rules that link their giving to their return on investment, making it likely that in a time of decreasing returns, they may need to give out less. Others have more flexibility or have built up reserves that can use for in the event of a downturn.



## COVID-19 response principles

The following are principles signatories to this letter agree with, and that Philanthropy New Zealand encourages all funders to consider:

- Proactively communicate with grant recipients any changes in giving and processes and explain why;
- Be accessible and responsive to requests for information and engagement from those they fund;
- Stay informed of Government support and activity to know what additional help their grantees may get or where there are gaps in support;
- Collaborate with other funders to identify ways to ease the burden on community groups needing to communicate with multiple funders;
- Consider what flexibility they can offer including:
  - Trusting not for profits that funds can go to the highest need, rather than necessarily spending it on the activity outlined in the contract;
  - Reducing reporting requirements;
  - Extending reporting and spending deadlines.

We encourage not for profits to contact their funder about their changing circumstances.

## Examples of funder best practice in the past week

Many funders have proactively communicated with those they are funding to let them know what they can expect. Here is a sprinkle of sector communication:

- Wellington Community Trust committing to the 2020/2021 granting <https://wct.org.nz/covid-19-our-commitments-to-you/>
- The Waikato Funders Network identifying organisations that will need more funding, implementing a one-application approach to local funders; and committing more funding for COVID-19.
- Rātā Foundation's page for COVID-19 questions, including its commitment to the 'long haul' <http://www.ratafoundation.org.nz/whats-on-in-news/covid-19-response>
- Vodafone Foundation seeking information from not for profits about the impact, assigning funds to cover extra needs, and softening reporting requirements <https://news.vodafone.co.nz/news/community/vfnzfoundationcovidresponse>

Ngā manaakitanga,

Sue McCabe, Philanthropy New Zealand Chief Executive

**Philanthropy New Zealand** is a not for profit, and the peak body for the philanthropic and grantmaking sector. Its purpose is to grow effective giving. Late last year it produced a guide to the sector preparing for and responding to a major event. Much of this information is relevant to the COVID-19 response. <https://philanthropy.org.nz/readiness-response-and-recovery-a-funders-guide/>



## **Signatories**

Vodafone Foundation

The J R McKenzie Trust

DV Bryant Trust

Bay Trust

Spark Foundation

Todd Foundation

Momentum Waikato Community Foundation

Len Reynolds Trust

Trust Waikato

Braemar Charitable Trust

The Fletcher Trust

Community Waikato

The GIFT Trust

Rātā Foundation

Rotorua Energy Charitable Trust

Keystone New Zealand Property Education Trust

WEL Energy Trust



**Philanthropy  
New Zealand**

*Tōpūtanga Tuku Aroha o Aotearoa*

Tauranga Energy Consumer Trust (TECT)  
The McLeod Family Foundation  
NEXT Foundation