

THE IMPACT OF COVID-19 ON THE GLOBAL PHILANTHROPIC SECTOR

Philanthropic Sector CEO Barometer Survey
and Deep-Dive Interview Results

COVID-19 IS CATALYZING A TRANSFORMATIONAL WAVE OF CHANGE ACROSS THE PHILANTHROPIC SECTOR AROUND THE GLOBE

Context and Objectives



Covid-19 has revealed new vulnerabilities and inequities worldwide, profoundly impacting foundations and their grantees



Dalberg initiated the Covid-19 Philanthropic CEO Barometer Survey and in-depth interviews to understand the impact of Covid-19 on the philanthropic sector, with a focus on foundations



Foundations and philanthropists are rushing to execute emergency plans, assemble resources, and reassess strategies, while managing disruptions to their operations



Our research aims to inform immediate sector decisions and serve as a starting point for reflection on longer-term implications – a conversation Dalberg looks forward to continuing

KEY RESEARCH FINDINGS



The majority of foundations have increased or are considering increasing their share of endowments disbursed in 2020 due to Covid-19, though the impact of these funding increases on net philanthropic giving is not yet clear



In the near-term, foundations are prioritizing sectors and areas that can directly mitigate the impacts of Covid-19, most notably health and economic support and recovery – at times at the expense of sectors and issues that are seen as less urgent or have longer-term impact horizons



In the long-term, foundations feel the need to “build back stronger” and address underlying issues of inequity and social injustice



Foundations report significant impacts of Covid-19 on their operations and grantees; greatest pain points are making decisions in a highly uncertain environment, ensuring the survival of existing grantees, and managing increased volumes of new funding requests



Foundations are worried about “mass-extinctions” of grantees and are drastically changing grant requirements (such as removing restrictions, extending grant timelines and providing top-up funds) to ensure the survival of existing grantees and rapidly support new ones



Beyond immediate insights on Covid-19 impacts, the crisis offers an opportunity for foundation leaders to reflect on longer term strategic questions that will shape the future of the philanthropic sector

OUR INSIGHTS PULL FROM A DIVERSE POOL OF FOUNDATIONS WORLDWIDE TO CREATE AN INITIAL UNDERSTANDING OF THE IMPACT OF COVID-19

75 SURVEY RESPONDENTS

42% RESPONSE RATE

15 DEEP DIVE INTERVIEWS

Total philanthropic assets of survey respondents¹

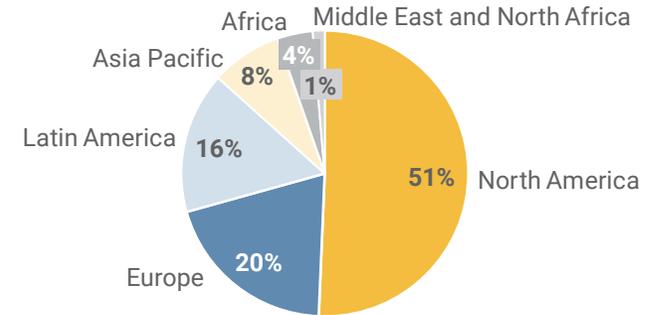
USD 171,8B

Annual programming budget¹

USD 10,6B

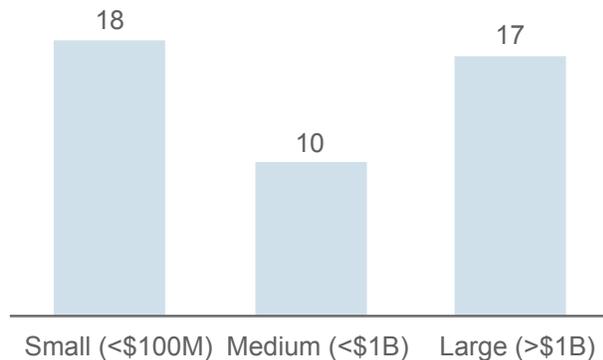
FOUNDATION HEADQUARTERS OF SURVEY RESPONDERS

PERCENTAGE OF RESPONDENTS (N=75)



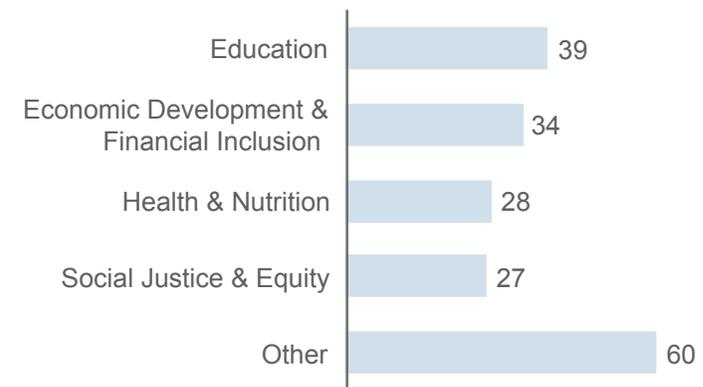
NUMBER OF FUNDERS BY ENDOWMENT SIZE

NUMBER OF RESPONSES (N=45)



SECTORS OF PROGRAMMING FOCUS²

NUMBER OF RESPONSES (N=75)



Notes: [1] Best estimates based on 45 out of 72 participants and an additional 20% estimate for remaining foundations where data was not available, [2] includes multiple responses.

Source: Candid's Foundation Directory, news reports, press releases, Dalberg analysis.

WE EXPLORED FOUR KEY DIMENSIONS OF COVID-19 IMPACT ON FOUNDATIONS

Covid-19 is impacting:

1

RESOURCES

How are philanthropic foundation funding levels evolving due to Covid-19?

2

PRIORITIES

Where are foundations directing their resources and attention as a result of Covid-19?

3

INTERNAL OPERATIONS

How is Covid-19 impacting internal operations?

and may lead to an overall shift in:

4

ROLE AND STRATEGIC DIRECTION

How is Covid-19 likely to impact the role of the philanthropic sector long-term and what cross-cutting strategic questions does this raise?

“Anecdotal evidence suggests that total giving by many foundations will increase as many are viewing the Covid-19 crisis as a “hundred-year storm” that calls for outside near-term investment into the response. Some categories of funders, such as corporate foundations, will certainly give less given pressure on profits and discretionary budget cuts.”

— **Regional philanthropy platform leader**

1. RESOURCES

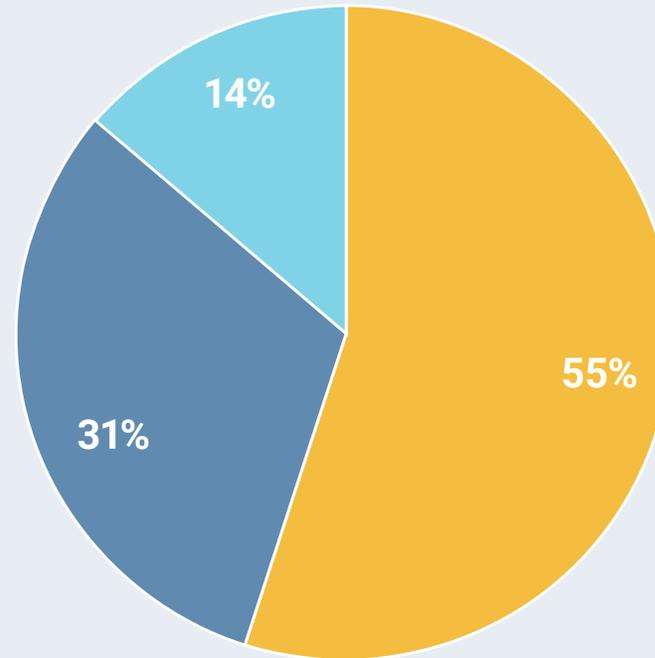
How are philanthropic foundation funding levels evolving due to Covid-19?



MOST FOUNDATIONS HAVE INCREASED OR ARE CONSIDERING INCREASING THE SHARE OF ENDOWMENTS DISBURSED IN 2020, BUT THE NET EFFECT ON GIVING IS STILL UNCLEAR

Is your foundation increasing the share of its endowment to be disbursed in 2020 in response to the pandemic compared to what had been allocated at the start of the year?

Percentage, (n=71)



- Yes, already increased or about to increase
- Have not yet decided
- No, will not increase total disbursements

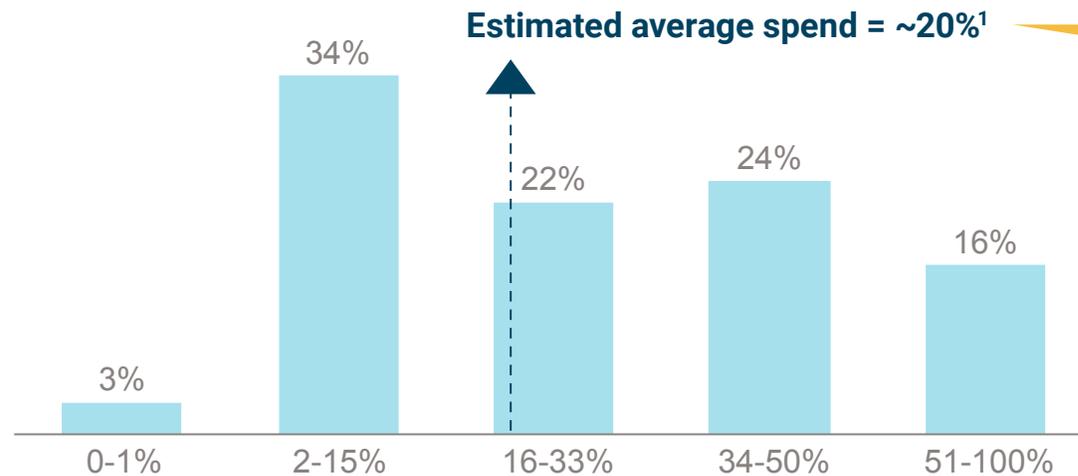
Increased allocations from endowments do not necessarily translate to increased overall foundation funding as the effect of market crashes has decreased endowment size by 10-20%.¹

Notes: [1]Alliance Magazine, "Covid-19 Crisis: Philanthropy faces a major dilemma as need increases but endowments shrink," April 2020.
Source: Covid-19 Philanthropy Survey responses, Dalberg analysis.

A FIFTH OF SURVEYED FOUNDATIONS' SPENDING IN 2020 WILL GO TOWARD COVID-19 RELATED GIVING

RESPONDENTS' 2020 COVID-19 SPEND

What percent of your 2020 spending do you anticipate will be allocated to Covid-19 response? (n=68)



Taking the estimated annual budget for foundations of nearly USD 150 billion,¹ foundations can be expected to **allocate up to USD 30 billion to Covid-19 response and recovery in 2020.**

Foundation spending patterns on Covid-19 response

- On average, **40% of foundations will spend more than a third** of their 2020 budget on response (~USD 2B from respondents alone)
- Respondents have committed **USD 400M** through **~1730 grants**

Notes: [1] Global Philanthropy Report: Perspectives on the global foundation sector. Hauser institute at Harvard University, 2018.

“We believe the greatest funding needs post 2020 should address this renewed affirmation that our economy, systems and people are **interconnected**. Funding groups that address **the structural and racial inequities** exacerbated by Covid-19 should receive more focus.”

– **Foundation leader**

“**Local philanthropy and support is key** since international aid mechanisms often take too long and the UN often depends on local actors to do this work anyway.”

– **Foundation leader**

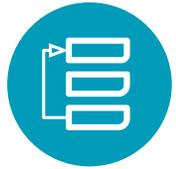
2. PRIORITIES

Where are foundations directing their Covid-19 related resources and attention?



IN RESPONSE TO COVID-19, FOUNDATIONS ARE PRIORITIZING HEALTH AND ECONOMIC RECOVERY FUNDING, IN SOME CASES AT THE EXPENSE OF OTHER PHILANTHROPIC ISSUES

SNAPSHOT OF COVID-19 FUNDING TRENDS



Re-prioritization of funding based on how directly areas link to Covid-19 response, recovery, or resilience building

Funding for health and economic recovery will increase substantially, while funding for culture & arts, energy access, climate & conservation, and education may decrease



An overwhelming focus on increasing the resilience of existing grantees

Foundations have provided supplemental grants and reduced funding restrictions to support grantees' survival and Covid-19 response



An increased focus on embedding equity and social justice within recovery

Foundations are more aware of higher health and economic risks low-income people, BIPOC, and women face, but they have little clarity on optimal pathways of engagement



A renewed focus on 'localism' (e.g., giving in areas where foundations are based)

Interruptions in key supply chains along with widespread economic disruptions in the "global North" are leading some foundations to increase funding for local recovery and immediate "backyard" communities as part of a broader geographic allocation

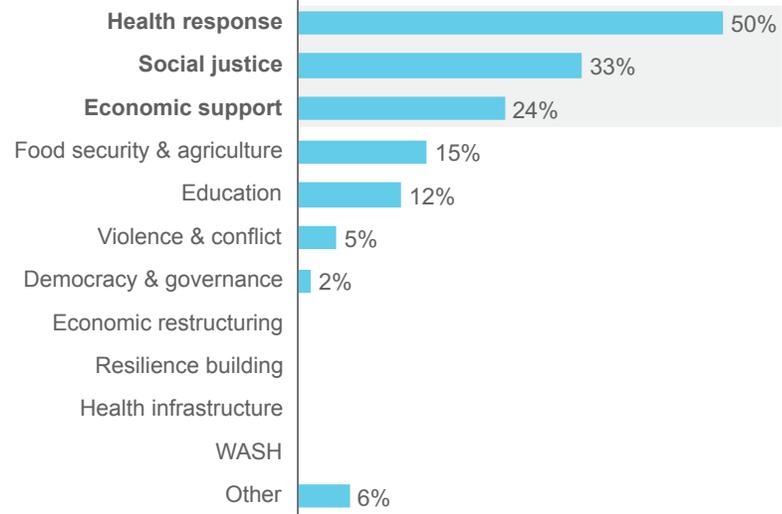
Note: Given the early stage of Covid-19 related recovery plans, many of these trends are hard to quantify; however, discussions with foundations point to these shifts clearly.
Source: Covid-19 Philanthropy Survey responses, Dalberg analysis.

FOUNDATIONS ARE FOCUSED ON MITIGATING DIRECT COVID-19 IMPACTS IN 2020 BEFORE TRANSITIONING TO REBUILDING AND STRENGTHENING SYSTEMS IN 2021

Independent of your own foundation's programming, what do you believe are the greatest needs for Covid-19 related philanthropic funding?

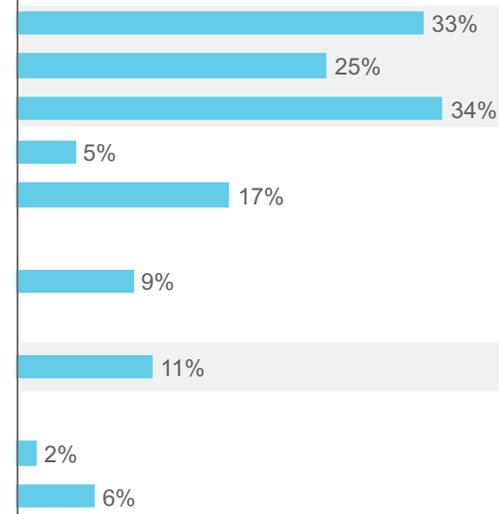
Near term focus is on **direct Covid-19 health** surveillance, response, and economic support

SHORT-TERM (0-3 MONTHS)



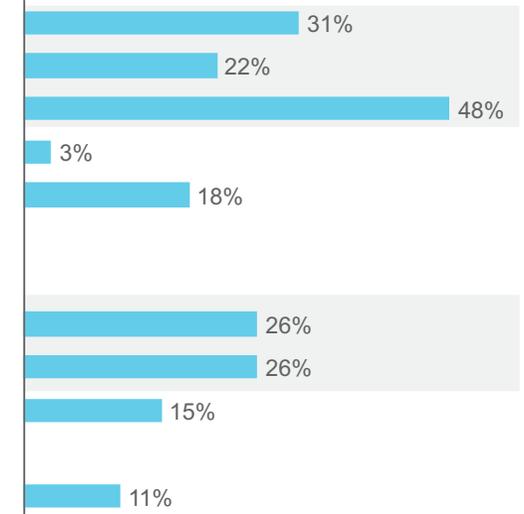
Mid-term focus emphasizes **mitigating the economic fallout** of Covid-19

MEDIUM-TERM (END OF 2020)



Longer-term focus on economic support continues along with focus on **building resilience and strengthening systems**

LONG-TERM (2021 & BEYOND)

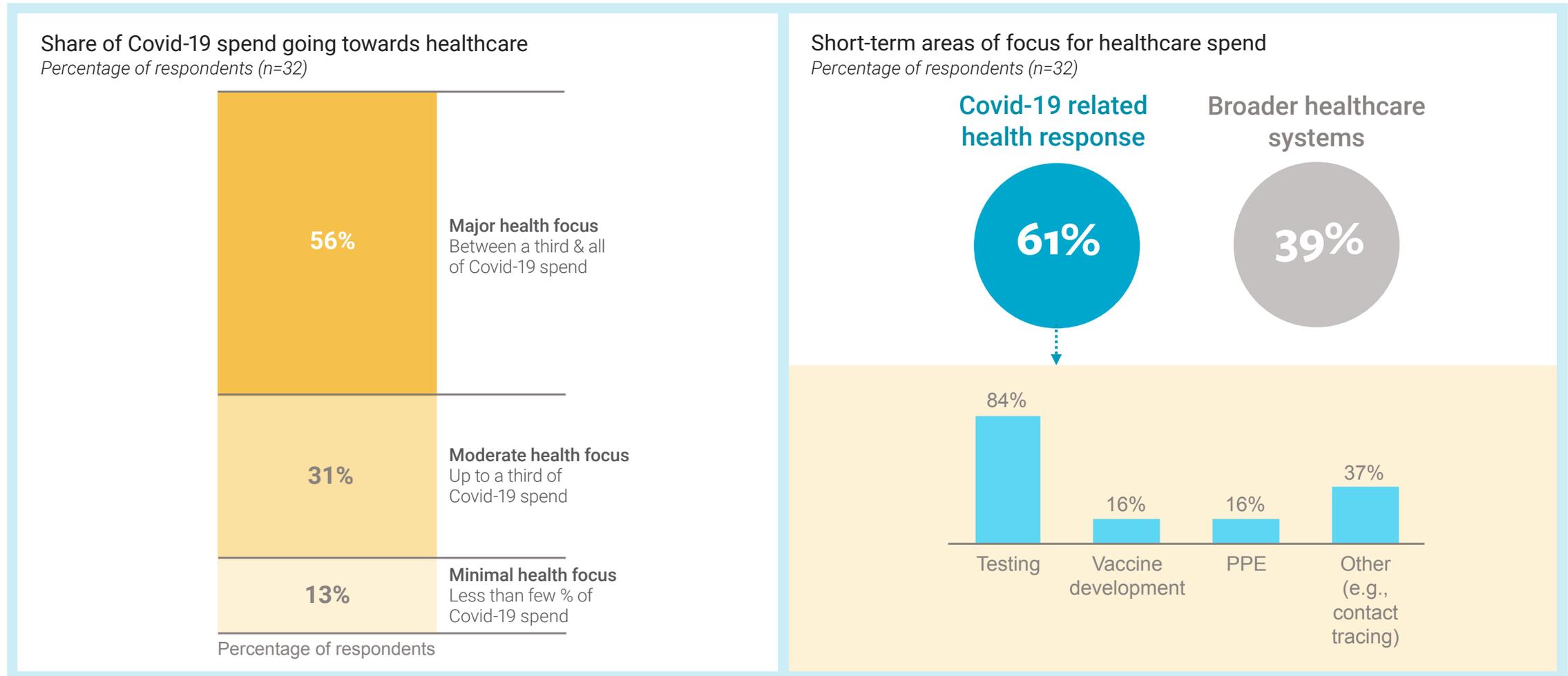


“There is an opportunity to use this crisis to **create a new social contract** and take advantage of the widening Overton window”
– Foundation CEO

IN-DEPTH SURVEY DATA AND INTERVIEW RESULTS ON EACH OF THESE PROGRAMMATIC AREAS ARE AVAILABLE UPON REQUEST.

Note [1]: Short-Term: (n=69); Medium-Term: (n=67); Long-Term: (n=68) responses.
 Source: Covid-19 Philanthropy Survey responses, Dalberg analysis through coding of qualitative open responses.

NEARLY HALF OF COVID-19 RELATED FOUNDATION SPENDING IN 2020 WILL GO TO HEALTHCARE, PARTICULARLY TESTING, VACCINE DEVELOPMENT, PPE, AND CONTACT-TRACING



Notes: [1] Weighted by size of annual budget; [2] Percentage of those who indicated health as a funding need in the short-term.
Source: Covid-19 Philanthropy Survey responses, Dalberg analysis through coding of qualitative open responses.

“This (crisis) gives us an opportunity at an organizational level **to change from within.**”

— Foundation CEO

“While we have not gone so far as to use grants for all overhead costs, we are looking at **making the grants more flexible.**”

— Foundation CEO

“The crisis is forcing us to look at every aspect of our operations, most notably thinking through how we **balance operational support for existing grantees vis-a-vis any new grantmaking.**”

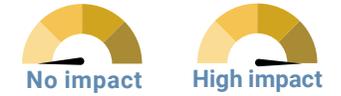
— Foundation CEO

3. INTERNAL OPERATIONS

How is Covid-19 impacting internal operations?



COVID-19 HAS HAD MAJOR IMPACT ON THE OPERATIONS OF FOUNDATIONS AND THEIR GRANTEES



Impact of Covid-19
(n=75 respondents)

Rating
(Scale 1-5)

BY SIZE¹

Small
(n=18)

Medium
(n=10)

Large
(n=17)

How much has Covid-19 affected your foundation?



How much has Covid-19 affected the financial stability of your grantees?



How much risk do you see to achieving your foundation's KPIs and implementing its strategy?



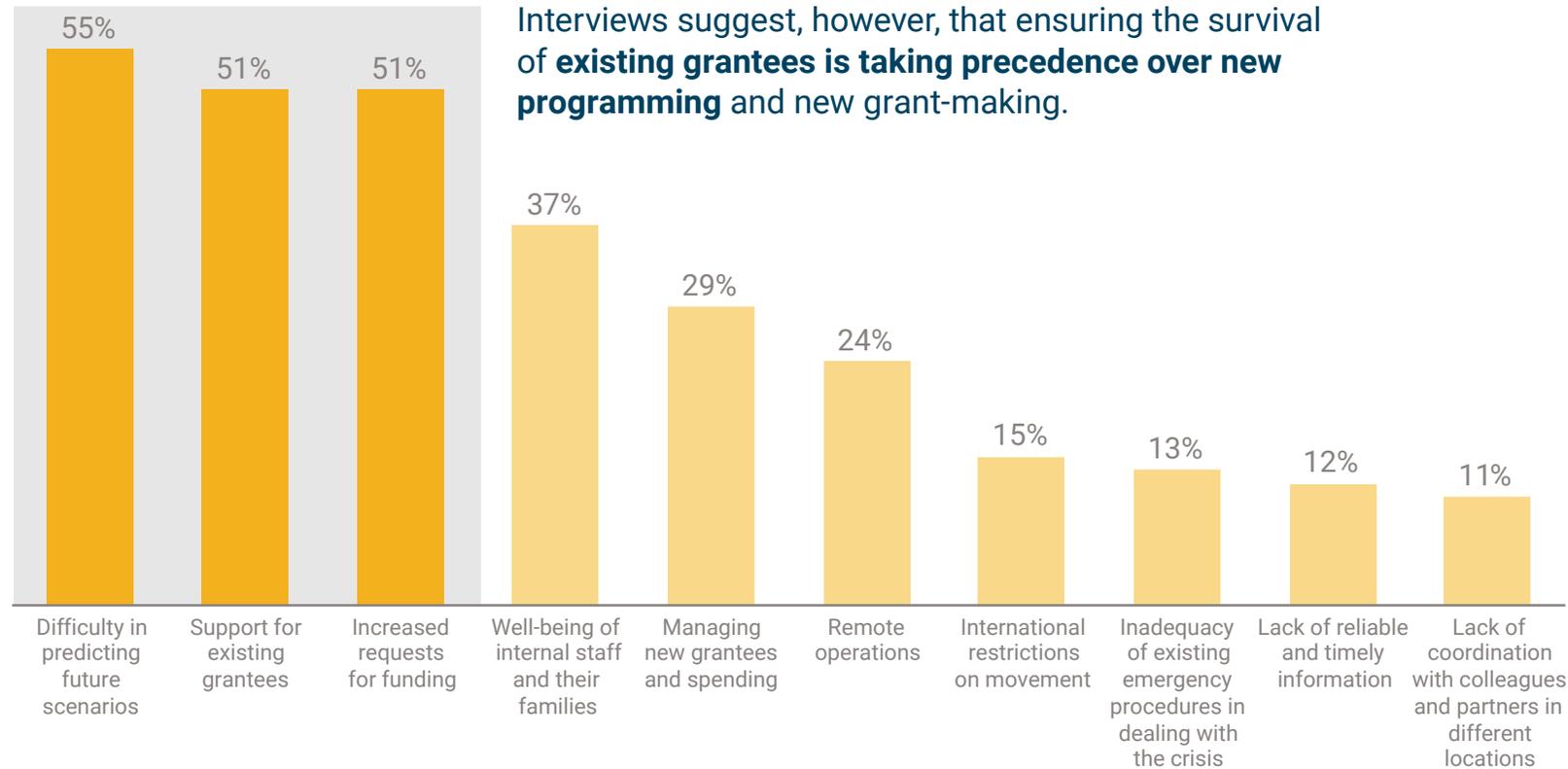
Grantees of small foundations are perceived to be at highest risk

Note: [1] The size segmentation excludes 30 foundations for which there was no size related data. Small refers to endowments <USD 10M; medium between 10M and 1B USD, large > 1B USD.
Source: Dalberg analysis.

FOUNDATIONS ARE FOCUSED ON ENSURING THE SURVIVAL OF GRANTEES—WHILE ALSO MANAGING NEW REQUESTS FOR FUNDING IN A HIGHLY UNCERTAIN ENVIRONMENT

What are the biggest operational pain points for your foundation right now?

Percentage of respondents, (n=75)



Interviews suggest, however, that ensuring the survival of **existing grantees is taking precedence over new programming** and new grant-making.

Other changes in foundation's internal operations



Foundations are **loosening grant restrictions**, allowing existing grantees to redirect grants, extend timelines, and revise KPIs/ objectives



Foundations are also **relaxing grant approval criteria** and applications to speed up disbursement of new grants

Source: Covid-19 Philanthropy Survey responses, Dalberg analysis.

“What is governments responsibility vs what should philanthropy do? I think governments should be buying PPE and tests, not foundations. ... Issues like vaccine production, on the other hand, seem like the sort of **important risks that only philanthropy can take.**”

— **Foundation leader**

4. ROLE & STRATEGIC DIRECTION

How is Covid-19 likely to impact the role of the philanthropic sector long-term?



HOW SHOULD THE PHILANTHROPIC SECTOR EVOLVE IN RESPONSE TO COVID-19?

Balancing short-term and long-term impact

Should foundations pivot to immediate needs or focus on existing issue areas?



Role of philanthropy

Should foundations step into new areas that were previously in the government's purview?



Maintaining diversity

What is the right balance between preservation and consolidation of implementers in the philanthropic sector?



Tackling inequality

Should foundations take on issues of structural injustice, inequity, and exclusion?



Supporting local issues and structures

Should foundations allocate more resources and/or power to local organizations and issues?



Moving to a systems approach

Should the philanthropic sector launch mechanisms for collective action to build resilience?



NEXT STEPS



Dalberg is working to partner with philanthropy forums around the world to conduct deep dives across different regions– some of these surveys are already underway



We welcome participation from your regional offices and look forward to creating new partnerships and working collaboratively on different initiatives



We would be happy to schedule conversations with your management teams to walk through the results or provide you with individualized peer benchmarking



As Covid-19's impact continues to ripple across the world, our focus has been on how we can help today, tomorrow, and in the future. We will continue to collect this data and share our expanded analysis and learnings in the coming months.

If you are interested in accessing more details of this analysis, including survey data, interview results, and program-level insights, please direct your query to:

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Questions & Comments

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