

# The impact of Covid-19 on the non-profit sector

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There are more than 220,000 non-profit organisations (NPOs) registered with the Department of Social Development, and many are at the coalface of the Covid-19 response as they provide relief services, including food, water and medical supplies, to millions of vulnerable citizens. With these NPOs dependent on funding and donations to bolster their operations, a significant challenge lies ahead, particularly amidst a struggling economy. Many NPOs are experiencing or anticipating funding cuts, even as demand for their assistance increases.



On 14 May 2020, responsible business consultancy Trialogue hosted a webinar discussion on the impact of the pandemic on the non-profit sector and profiled how three NPOs were adapting to and navigating this new and more challenging funding and operational landscape.

## Leveraging the core mission of an organisation

Andy du Plessis, the managing director of FoodForward SA, emphasised the scourge of food insecurity in South Africa. He noted that it will likely persist long after lockdown has been lifted, with retrenchments and growing unemployment exacerbating the problem. While almost R40m in funding has been raised within a six-week period (double the organisation's last annual budget of R20m), protracted support for marginalised communities will be a priority in months and perhaps years to come.

FoodForward receives funding from many companies and its partnerships are predicated upon a shared vision. "We do not partner with funders who expect us to use funds for purposes inconsistent with our mission," he asserted. "We would not change our business model to suit funders as our mission is judicious and our aim is to make a developmental impact. We are pleased to report that all funding we have received during this period has been unrestricted."

Some 75% of the organisations that FoodForward partners with have a developmental focus – a crucial component of their long-term business model. "We typically partner with organisations that focus on education, skills development, youth upliftment and care for abused women," Du Plessis said. "Food is an enabler and a catalyst for social change in communities."

FoodForward is currently accelerating its programmes to enable it to start operating in provinces where it does not yet have

a presence – it will start operating in Mpumalanga within the next three months instead of next year, as planned, and the Northern Cape within five months (as opposed to 2022). Prior to Covid-19, it supported 670 registered NPOs with its food-banking model. It is now working with more than 1,000 beneficiary organisations, reaching 412,000 people and their households. The organisation has also pivoted to supply food parcels – something it has not traditionally done.

“There has been a shift – corporate funders have become sensitised to the fact that food security is a key component of sectors like education, and they see the long-term value of the multiplier effect of our food-bank model,” Du Plessis pointed out. “Three months ago, it was difficult to have conversations with funders about operational costs and food delivery; now they are asking us which challenges they can support us with.”

### Finding new ways to innovate and manage risk

Craig Kensley, head of business development at Community Chest of the Western Cape, identified three main challenges to non-profits during this time: traditional funding rhythms have been disrupted, modes of response need to shift in the face of obstructions to programme delivery and funder systems are not always positioned to absorb innovation readily.

With organisations forced to operate in a new landscape – a low-touch economy reliant upon digital innovation – it is important to build and communicate new business cases that can translate into funding. “Funders don’t owe us anything and we have to reposition so that our solutions share value with them,” Kensley said. “We cannot just rearticulate a need; we must create platforms that showcase innovation, enabling funders and organisations to move towards each other.”

He added that civil society is innovative by nature – a requirement when working with communities on the ground – but that funders do not necessarily have access to types of funding innovation vehicles. He suggested that funders should support platforms that showcase innovative solutions emanating from the non-profit sector like the Community Chest Impumelelo Social Innovation Awards.

With operational funding an urgent need, Kensley said NPOs should be brave and humble enough to reach out to funders and each other, to help manage the crisis. “Funders are open to having conversations, contrary to what we may believe,” he said, adding that having ‘genuine, human’ engagements with funders presents an opportunity for conversations about social justice. “Our convening power is so much greater now that we can come together online,” he said.

Finally, he pointed out that Community Chest is looking at repositioning its pool of funds, coming together with other NPOs to de-risk propositions and crowd in additional funding through innovative financing models. “There are tools and research on how to attract more investment and support, but this can only be fuelled by partnerships,” he concluded.

### Funders continue to support education

Tumelo Mabitsela, CEO of Kutlwanong Centre for Maths, Science & Technology, said a key challenge has been to move away from a face-to-face methodology – under normal circumstances, approximately 6,000 learners attend Promaths centres around the country for additional tuition in maths, science and technology. Despite physical distancing halting classes, Mabitsela said that funders had continued to support this vital educational programme.

“For the past 15 years, we have enjoyed support from our funders, and they are supporting us during this time,” he said. “We are taking the Promaths programme online from 22 May onwards, focusing on maths and science because these are gateway subjects, and concentrating on Grade 12 learners in the first phase of the rollout. Tuta-me will manage the Promaths online platform, where virtual classes will be held, and Investec CSI has invested an additional R2m as part of its Covid-19 response to cover platform development, teacher training, project management costs and data for learners.

With regular classes being taken online, learners will be able to engage with their usual teachers via text, voice note or video. Of the 1,968 grade 12 learners enrolled in the programme, 1,380 have access to smartphones. However, Kutlwanong is investigating methods to assist learners without internet access and suitable devices.

Mabitsela said that key learning is that Kutlwanong is likely to continue their online outreach once the crisis is over. “The huge investment in this platform will not go to waste,” he said. “One of the philosophies of Kutlwanong is spending time on tasks. Even if learners go back to school soon, we will use the time to reach them during the week, so they can spend more time on their lessons. We won’t just abandon the online model, especially in light of the fourth industrial revolution.”

### How to emerge stronger from the crisis

Non-profits will be faced with unprecedented challenges in the months and years ahead and have thus far not received any funding relief from the government, although advocacy in this regard may bear fruit.

Dialogue offers the following advice for NPOs that wish to emerge stronger from the crisis:

- Understand needs on the ground through ongoing consultations with beneficiaries
- Keep new interventions aligned with your organisations’ current focus areas and/or geographies
- Communicate with donors, transparently and repeatedly
- Approach existing donors for financial and non-financial support with a Covid-19-specific response
- Build on existing or develop new, digital fundraising channels
- Leverage existing partnerships and consider new ones – collaboration is key
- Advocate for new forms of support and policy shifts within your focus areas
- Consider participation in multi-stakeholder responses
- Plan for the medium and long term, considering how you can contribute to your focus area once the pandemic has eased

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