



The impact of COVID-19 on non-profit organisations

Tshikululu Social Investments NPC
Reg. no. / 1998/010772/08
VAT no. / 4900175078

8 Hillside Road
Metropolitan Office Park
Block B, Ground Floor
Parktown, 2193

Private Bag X125
Braamfontein, 2017
South Africa

Analysis and reporting by:
Mandisa Diza
Tamika Mteghe
Graeme Wilkinson

Edited by:
Haley Abrahams

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For questions about this report, please contact us at:

Telephone: +27 (0) 11 544 0300
Facsimile: +27 (0) 11 484 5997
E-mail: info@tshikululu.org.za
Web: www.tshikululu.org.za

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Findings from a snap survey of non-profit organisations undertaken in May–June 2020

CONTENTS

1. Executive summary	4
2. Introduction	6
3. Methodology	8
4. Findings	9
4.1. Organisational profile	9
4.2. Impact on incomes	11
4.3. Impact on donor relationships	13
4.4. Use of reserves	15
4.5. Financial relief	16
4.6. Donor responses	18
4.7. COVID-19-specific funding	19
4.8. Impact on staff	23
4.9. Perceptions	23
4.10. Ways of working	24
4.11. Resilience index	26
5. Analysis	28
6. Recommendations.	30
Appendix A: Resilience index criteria	39

1. EXECUTIVE SUMMARY

As part of our role in supporting the development sector, Tshikululu circulated a survey to non-profit organisations (NPOs) to better understand the nuances of how the COVID-19 pandemic has specifically impacted on them during this time.

The survey was sent to a total of 302 NPOs, and 179 responded. The 59% response rate indicates a desire in the NPO sector to be heard, and a commitment to collectively contribute to understanding the effects of COVID-19 on the sector. This report identifies trends and insights drawn from the information shared by the NPOs.

Unsurprisingly, the effects of the pandemic have been significant for organisations, and the subsequent lockdown further perpetuated the challenges. While 66% of respondents have seen a decline in income since lockdown and anticipate things to be tough for the next 18 months, only 2% of respondent organisations reported losing more than 75% of their income since lockdown and having secured little to no income. Organisations with operations in more rural provinces appear more likely to have suffered a decline in income during the COVID-19 lockdown, than those with operations in more urban provinces.



In terms of the impact on people employed by respondent organisations, the majority of organisations reported fearing COVID-19's impact on their staff. Only about 35% have taken steps, such as temporarily laying off staff or reducing working hours, to reduce their monthly salary bill since the pandemic began. Only 10% reported retrenching staff.



Despite the clear effect the pandemic and lockdown has had on organisations, the majority (approximately 60%) of organisations reported that they did not apply for relief funding from either the public or private sector. Qualitative responses indicate that this may be due to organisations being unaware of available relief funding opportunities. Organisations did, however, report receiving some relief in the form of flexibility from donors (social investors) on budget allocations and grant conditions, or in granting top-up funding, as well as being awarded funding for COVID-19-specific interventions (for which 67 organisations reported having received a total of R37 305 062).



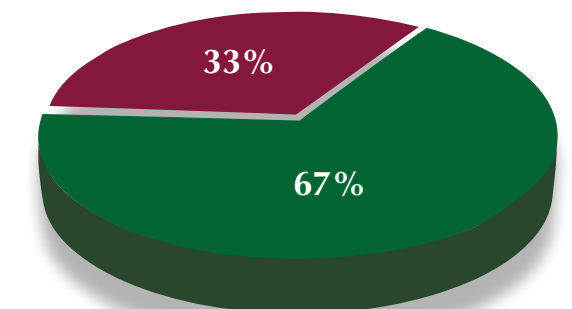
Although the organisations have been negatively impacted by the pandemic, findings indicate that respondents are hopeful about the long term and their ability to counter the damage: 60% of respondents expect income levels three years from now to return to 2019 levels, or better, and 61% of respondents responded that they believed the damage from the pandemic could either be partly or fully countered. Overall, 40% of respondent organisations reported an optimistic outlook regarding the medium term, while 25% reported a pessimistic outlook.

Organisations have also reported embracing innovation and/or adjusting to new ways of working to continue serving their beneficiaries.

Based on the survey results, Tshikululu developed a resilience index that summarises the overall state of organisations, and the impact of the pandemic and subsequent lockdown on them.

Overall, 33% of respondent organisations indicated a high level of resilience.

The remaining 67% of respondent organisations indicated that the effects of the pandemic have been somewhat or threateningly significant to their resilience.



- Organisations indicating a high level of resilience.
- Organisations indicating effects of the pandemic have been somewhat or threateningly significant to their resilience.

2. INTRODUCTION

The world has changed fundamentally. The change has been rapid and ubiquitous, and it has required new levels of resilience from individuals, communities, companies and organisations alike.

As one of Tshikululu's core values, **resilience** refers to the ability to respond to competing priorities with mindfulness, optimism and energy. It is the ability to adapt and succeed, regardless of the circumstances. We know we are being resilient when we see people striving to do better every time, pulling together and persevering when the going gets tough. As a nation, such resilience has been needed like never before in 2020.



President Cyril Ramaphosa declared the COVID-19 pandemic a National State of Disaster on 23 March 2020, and the government subsequently instituted a national lockdown to stem the rate of infection and to protect lives. The COVID-19 pandemic has seen the largest public health intervention in the country's history. No one has remained unaffected by the pandemic and its socio-economic consequences.

While the business sector faced financial pressures, impacting both large and small enterprises, it could be argued that the social impact sector was dealt a double blow. Not only could non-profit organisations (NPOs) expect a dramatic downturn in income, threatening their ability to sustain normal operations, but they have simultaneously been expected to ramp up their work to respond to the consequences of the pandemic.



At Tshikululu, we are keenly aware of this twin burden of financial survival in the midst of increasing (and overwhelming) need. As part of our role in supporting the sector, we wanted to understand the nuances of how the COVID-19 pandemic has specifically impacted on NPOs during this time. We also wanted to give these organisations an opportunity to share with us, and the broader social investment community, how they were coping with the challenges that COVID-19 presents. Therefore, we circulated a survey to the organisations that Tshikululu and our clients support, focused on the following components of organisational resilience:



This report provides a summary of the findings of this survey, and insights into the impact of COVID-19 on NPOs in South Africa at the height of the lockdown. We hope that it proves useful to social investors, donors, regulators and any stakeholder that engages with and/or depends on the non-profit development sector. Greater insight into the current context of NPOs in South Africa affords social investors an opportunity to review their strategies and funding approaches to respond to the current situation. The NPO sector has risen to the challenge in our young democracy's darkest hour, and it is critical that the sector is supported and strengthened during this time.

We also hope that the report proves useful to local development organisations – not only in that it offers data for NPOs to better understand themselves, but also to acknowledge the importance of their role in strengthening the fabric of society. Especially in times of national disaster.

3. METHODOLOGY

The purpose of the survey was to gain a better understanding of how the COVID-19 pandemic has impacted NPOs supported by our clients.

An online survey was sent to 302 NPOs. The study employed a random sampling approach, drawing on the current database of all organisations that had received social investment funding over the past year from one or more of Tshikululu's clients. As the study aimed to focus on NPOs only, universities and individual bursars were excluded from the sample. However, public primary and secondary schools were included in the sample.

In total, 179 organisations responded to the survey, resulting in a 59% response rate.

The survey consisted of 31 questions. These were a mix of closed- and open-ended questions. The survey took about 15 minutes to complete and was open for three weeks (26 May 2020–15 June 2020). Participation in the survey was entirely voluntary, and participants could withdraw at any time. Anonymity was permitted but not enforced – most respondents elected to disclose their organisation's names, although identifying information was excluded from the analysis.

Quantitative data was analysed using Microsoft Excel and Stata (statistical software), while qualitative data was organised and grouped according to emerging themes.

The resilience index was subsequently developed, and is explained in more detail in section 4.11.

179



Organisations responded

59%

Response Rate

4. FINDINGS

This section reports on the findings of the survey. It starts by briefly detailing the profile (including sector and provincial spreads) of the respondent organisations. More detail is provided on how the pandemic has impacted on respondent organisations financially, including a section on the degree to which funding relief had been relied upon at the time of the survey. The report also examines how the pandemic has impacted on organisations' staff, before outlining a brief discussion on the perceptions that organisations have about COVID-19. Finally, Tshikululu has collated all responses provided into a resilience index, which concludes this section.

4.1. Organisational profile

Of the 179 organisations that responded to the survey, the majority of organisations:

- **Were established after 1990 (30-years old or less)**

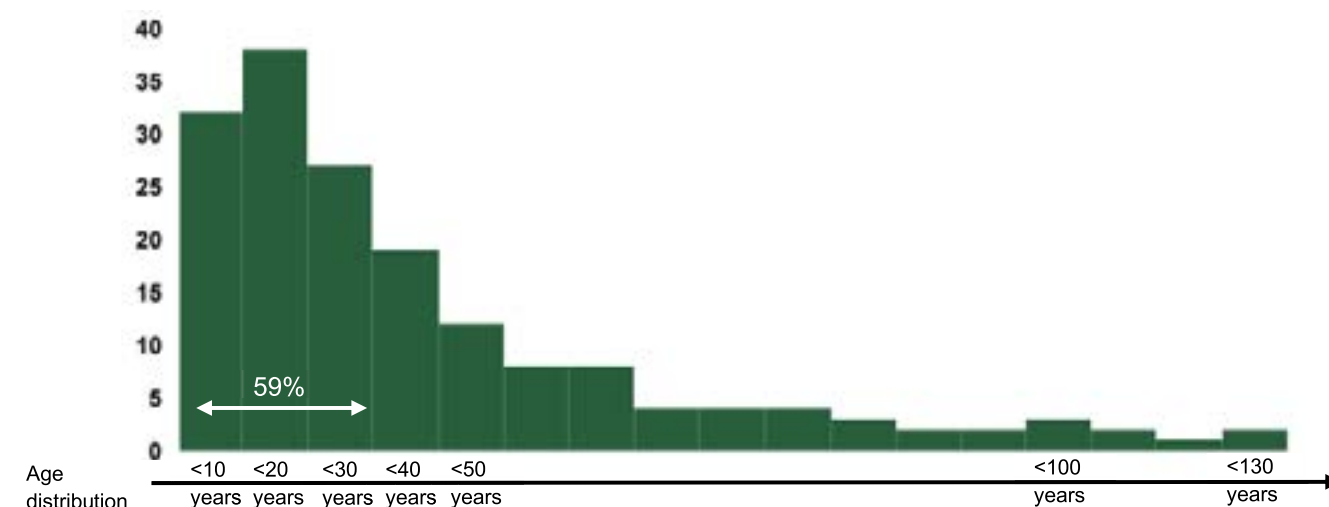


Figure 1: Number of respondents organisation by age range

- **Employ fewer than 100 employees**

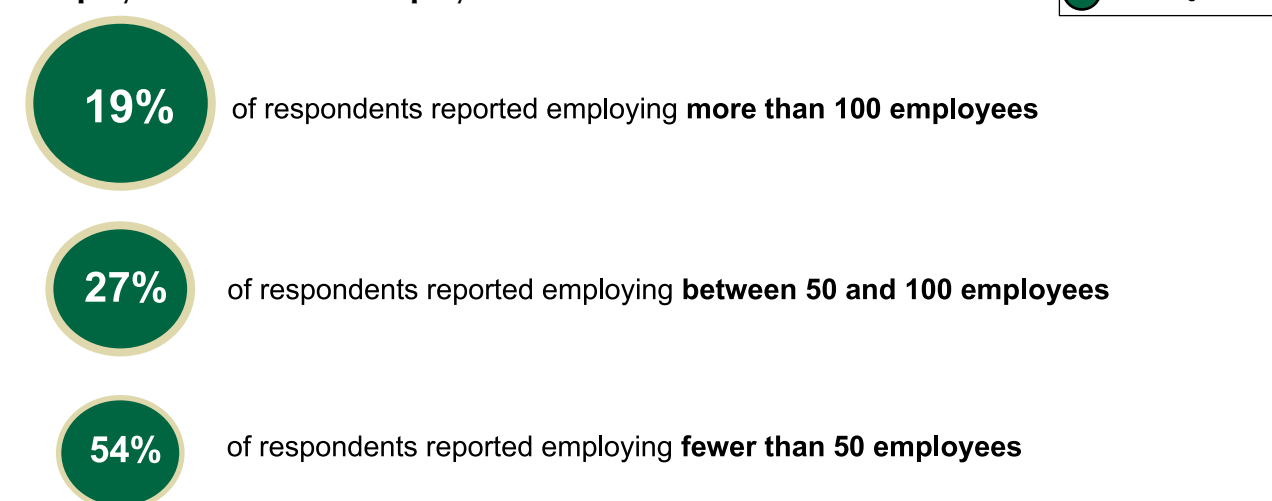


Figure 2: Number of employees in respondent organisation

- Depend on volunteers, where their volunteers are unpaid or are paid a stipend¹

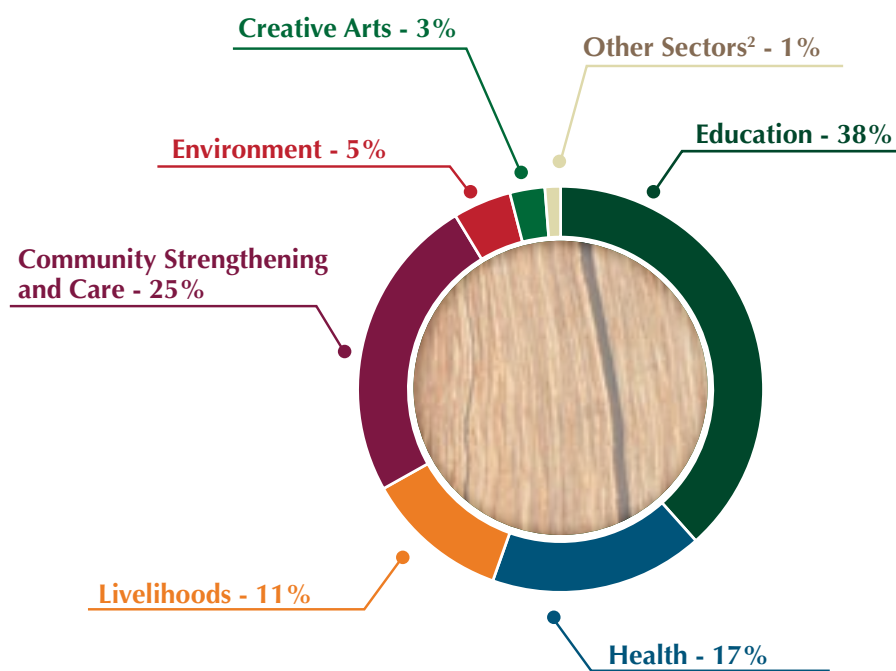
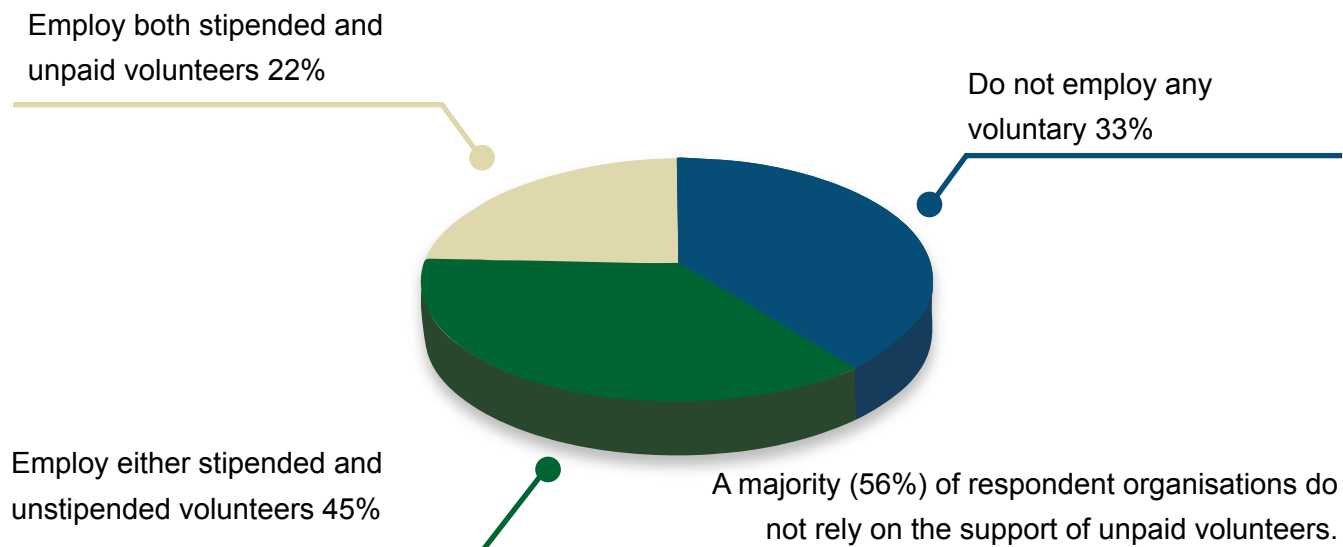


Figure 4: Sectors in which respondent organisations operate

¹ Volunteers were differentiated in the survey questions from salaried full-time or part-time staff. It is Tshikululu's understanding that respondents may have included people who earned a monthly stipend (or honorarium) considered far too small to be a salary, under "stipended volunteers".

² Other sectors specified by respondents included school sports and law, and 82 respondent organisations (46%) reported operating across multiple sectors.

- Are more likely to have operations in Gauteng and/or KwaZulu-Natal

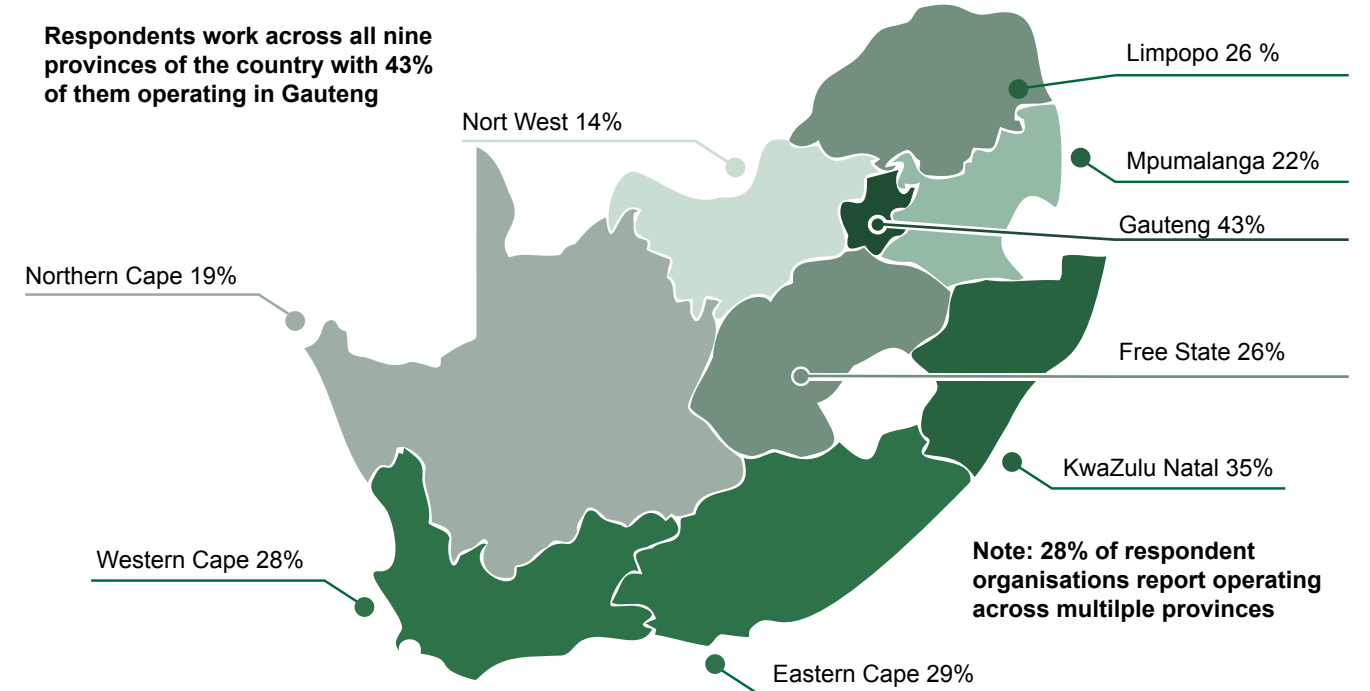


Figure 5: Provincial distribution of respondent organisations' operations

4.2. Impact on incomes

The impact COVID-19 has had on respondent organisations' incomes, reserves and donor relationships are explored in this section.

Two thirds (66%) of respondent organisations reported that their income had declined since the lockdown. In addition, 40% reported that they had experienced difficulty raising funds to carry out their operations throughout lockdown. This means that organisations' finances have been negatively impacted by COVID-19.

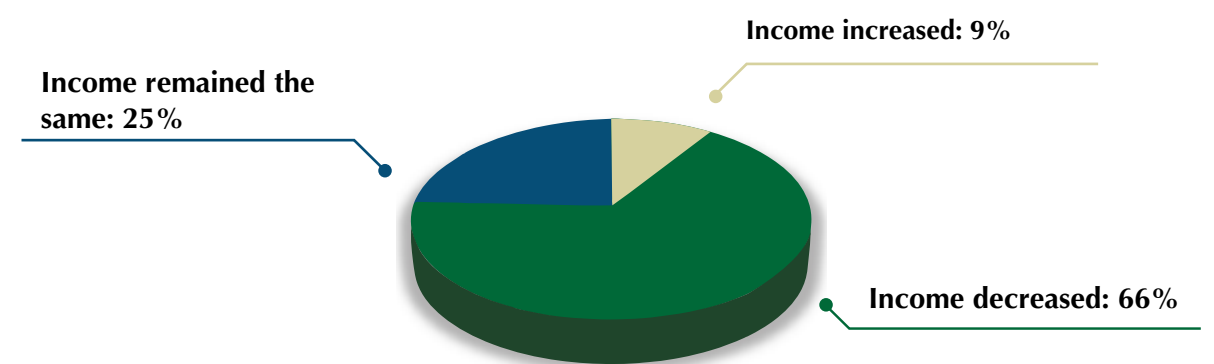


Figure 6: Impact on respondent organisations' finances

- The majority of organisations that are most likely to have experienced a decline in income have operations in Limpopo, North West and KwaZulu-Natal, of which Limpopo and North West are commonly undersupported by social investment funding.

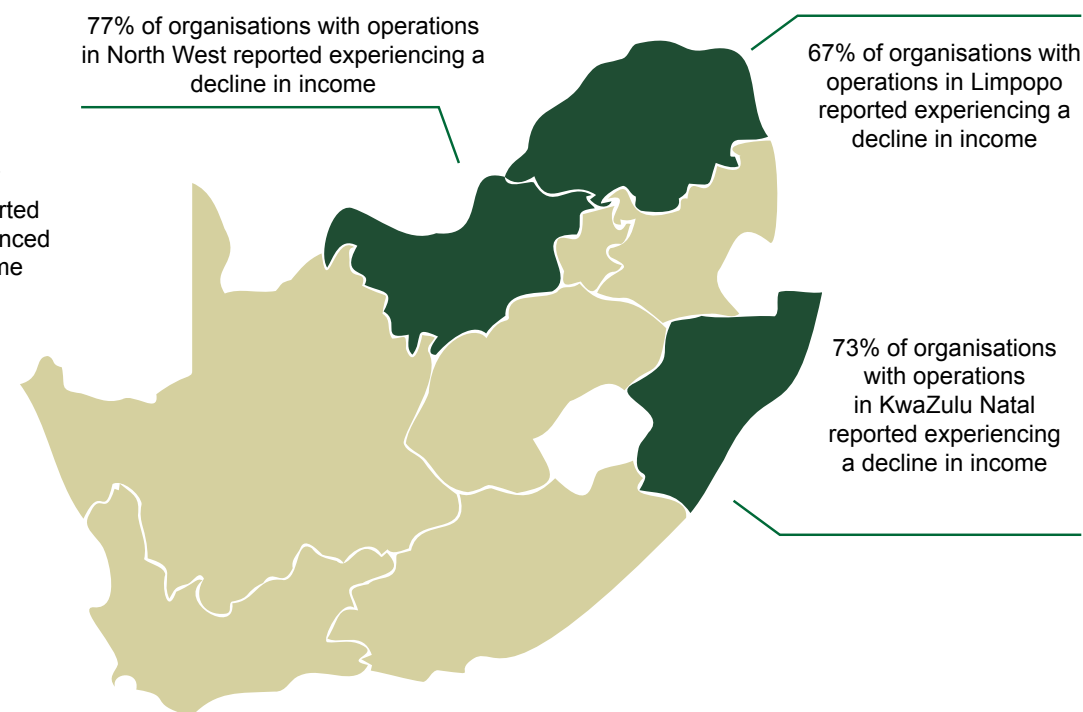


Figure 7: Impact on respondent organisations' finances by province

North West received less than 1% of all social investments managed by Tshikululu in 2019 (out of a total of R619 million) and Limpopo only 3%. The 2019 Trialogue Business in Society Handbook found that funding to NPOs was mostly distributed in the economic hubs of the country (Gauteng, Western Cape and KwaZulu-Natal), accounting for 73% of social investments in 2019. North West, Limpopo, Mpumalanga and the Northern Cape collectively accounted for some 19% of NPO resources.

Tshikululu is actively mapping all social investments related to COVID-19. The map of the distribution of funding can be found at www.tshikululu.org.za

4.3. Impact on donor relationships

Survey responses show that the majority of organisations (59%) have not lost donors since lockdown. Of those that have lost donors, it is not likely that the lost funding amounted to more than 50% of the organisation's income.

Number of organisations that reported having lost or gained donors since lockdown, grouped by the relative impact of this change to the organisation's income over the period:



Figure 8: Donor income lost and gained by respondent organisations since lockdown



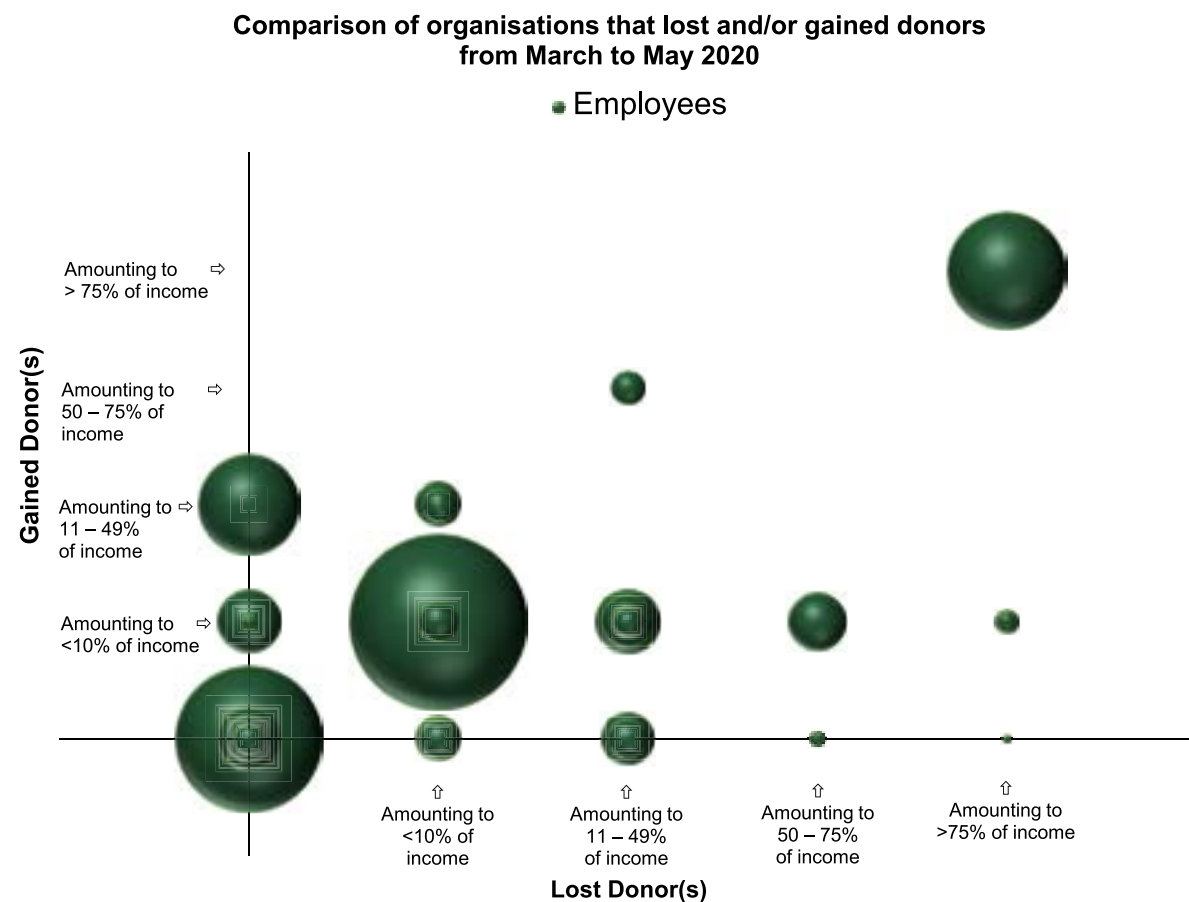


Figure 9: Comparison of the relative impact of both lost and/or gained donor relationships on respondent organisations' income from March to May 2020

Losses and Gains

A minority of respondents (23.2%) report having lost donors and not having gained any new ones since the start of the lockdown. On the other hand, 13.7% of respondents reported having gained one or more new donors and not having lost any existing donors. In contrast to these two groups, a third group of respondents (19.6%) reported having lost donors but also having gained new donors.

Only seven organisations (4% of all respondents) reported losing donor relationships that account for more than half their income, and four organisations (2%) reported that the lost donor relationships account for more than 75% of income. Interestingly, one of these four organisations also reported gaining a new donor that accounts for more than 75% of income (in other words, lost a major donor but gained another).

Losses and Gains

A total of 31% of respondent organisations reported having gained one or more donors since lockdown; 80% of these new donors accounted for less than 10% of the organisational income for the year to date. Only nine organisations (5%) reported gaining donors accounting for more than the value of the long-standing donor relationships that they lost over the same period. The two organisations that reported gaining new donors accounting for more than 50% of income also lost donors of similar value.

Overall, while the majority of respondents did not report any changes to their donor base, there was a slight trend of a greater number of larger organisations (measured by the number of paid employees) reporting a loss of donors, with most of these being donor relationships valued at less than 50% of the organisation's income.

In addition, 40% of respondent organisations have experienced significant changes and fluctuations in their donor base, demonstrating that it is not "business as usual" in the sector.

4.4. Use of reserves

Most organisations reported that their reserves have decreased since lockdown due to the decline in income, and are expected to remain suppressed six months from now.

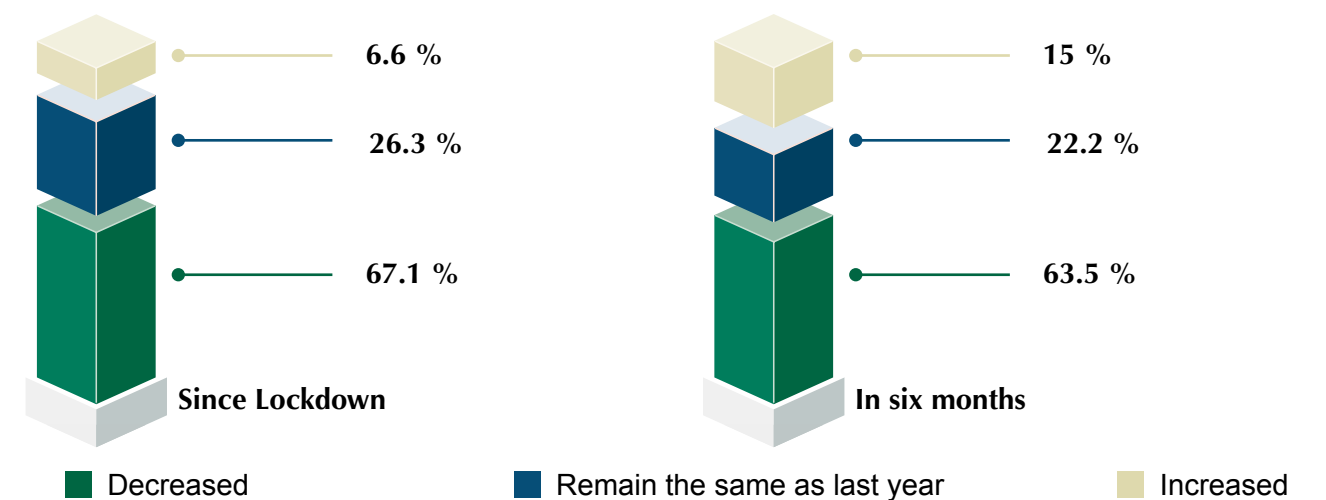


Figure 10: Changes in organisational reserves since lockdown, and anticipated in six months

4.5. Financial relief

Findings from the survey show that most organisations (58%) did not apply for relief funding. Relief funding made available nationally included both soft loan options and grant funding. The survey found that the different forms of COVID-19 relief funding available did not seem to make a statistically significant difference to uptake:

COVID-19 Temporary Employer/Employee Relief Scheme (TERS):

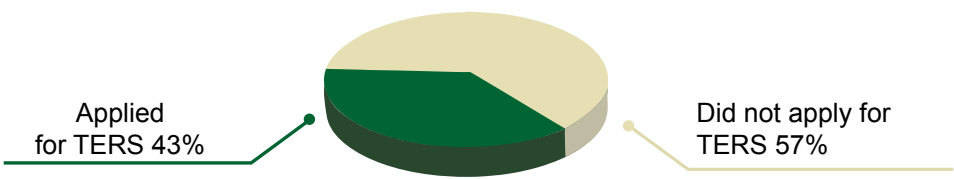


Figure 11: Percentage of respondent organisations that applied/did not apply for TERS funding

Funding from public sector entities:

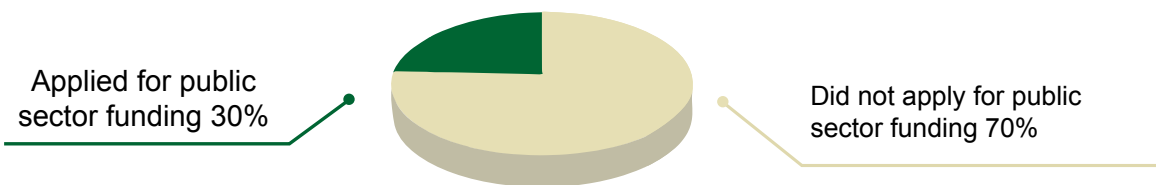


Figure 12: Percentage of respondent organisations that applied/did not apply for public sector relief funding

Funding from the private sector or civil society:

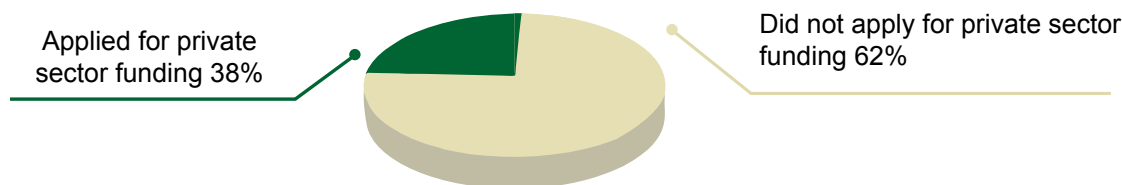


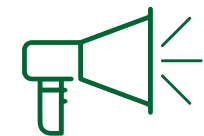
Figure 13: Percentage of respondent organisations that applied/did not apply for private sector/civil society relief funding

The Unemployment Insurance Fund (UIF), falling under the Department of Employment and Labour, has put a special benefit in place to pay employees who are not being paid or are being paid less as a result of COVID-19. This benefit has been put in place for a limited period, and is known as the COVID-19 Temporary Employer/Employee Relief Scheme (C19 TERS). Companies already registered with the UIF that have been affected by COVID-19 and employers of domestic workers can apply (see: <https://uifecclabour.gov.za/covid19/>).

Public entities that offered relief to small and medium enterprises, as well as to NPOs, during the lockdown included government departments at national or provincial level, local government structures, the National Development Agency, the National Lotteries Commission and the South African Social Security Agency.

Private and civil society relief available during the initial months of the lockdown included schemes put in place by CAF South Africa, various faith-based organisations, Meron Group, the Oppenheimer Generations Foundation and the Solidarity Fund. Some were directed at small enterprises of any shape, size or form, while others were directed specifically to support NPOs.

Of the 21 organisations that provided reasons as to why they did not apply for relief funding, the most cited reasons were:



Lack of awareness



Pressing financial difficulties



Did not qualify for C19 TERS relief as they do not fulfil requirements



Small business relief loan declined due to annual turnover exceeding R5 million



4.6. Donor responses

Social investors can also provide financial relief to organisations. Besides providing direct COVID-19 financial support, they can also relax grant conditions, change budget allocations and/or provide top-up funding (additional grant funding given where there is already an existing, active grant).

The percentage of organisations that reported “yes” to having received various relief measures from donors is as follows:

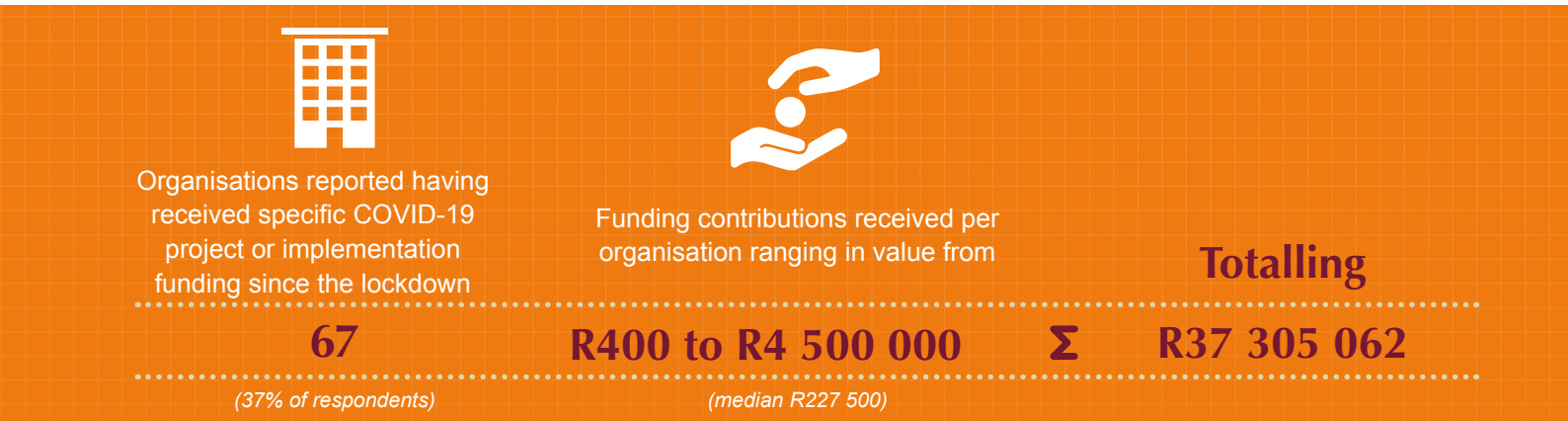


Figure 14: Various relief measures received by respondent organisations

Survey results indicate that NPO respondents have experienced relatively little relief from donors in terms of increased flexibility, reallocation and other means. Fewer than half of respondent organisations reported having received any form of relief from their existing donors/social investors at the time of the survey.

4.7. COVID-19-specific funding

Sixty-seven organisations (37% of respondents) report having received specific COVID-19 project or implementation funding since the lockdown, with funding contributions received per organisation ranging in value from R400 to R4 500 000 (median R227 500), totalling R37 305 062.



A greater proportion of respondent organisations with operations in Gauteng, KwaZulu-Natal and the Western Cape reported having received COVID-19-specific funding than respondents with operations in the Free State, Northern Cape and North West provinces. This does correlate with the distribution of respondent organisations (suggesting a selection bias to this data). However, it also corresponds to the provincial spread of social investments reported by Tshikululu in 2019.

Understanding the impact on COVID-19 hotspots

Findings from the survey indicate that organisations that operate in COVID-19 hotspots (Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal) did not experience any worse impacts than organisations which operate in other provinces. In short, all organisations and provinces have been impacted by COVID-19. The figure below provides a brief summary of how the pandemic impacted organisations with operations in COVID-19 hotspots.

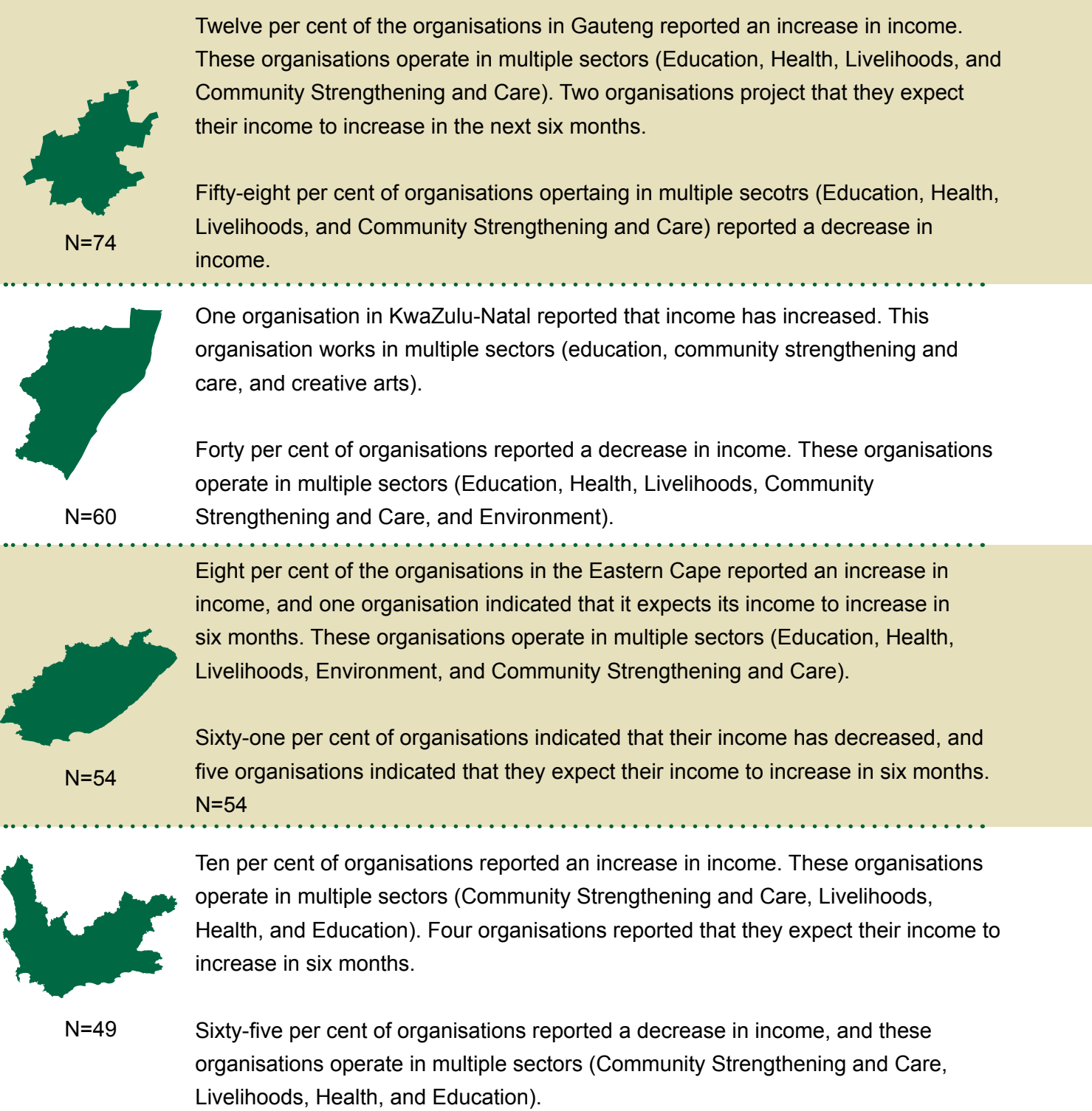


Figure 15: Impact of the pandemic on respondent organisations in COVID-19 hotspots

4.8. Impact on staff

This section explores how COVID-19 has impacted on the staff of NPOs, honing in on the strategies employed by these organisations to manage their salary and wage bills:



Figure 16: COVID-19 impact on staff at respondent organisations

Sixty-three organisations reported to have applied for private sector or civil entity for financial relief. Of these 37 did not reduce salary/working hours and 59 did not lay off staff without pay. Fifty organisation reported to have applied for relief from public sector. Forty-two of these organisations did not lay off any staff and 27 did not reduce working hours. Of the 118 that did not apply for relief, only 10 have had to lay off staff, and 36 of them reduced working hours/salaries.

Tshikululu’s estimation of the total number of people working (whether remunerated or as volunteers) for the 179 organisations surveyed totals some 19 000. Of these organisations, 90% have not retrenched staff since the lockdown. Respondents were more likely to report having reduced working hours/salaries/wages or implemented other strategies to reduce their salary bill. This finding suggests that the majority of respondents considered alternative ways to reduce their salary bill as a means of adapting to the effects of the pandemic, as opposed to resorting to retrenchments.

Approximately 5 000 staff and volunteers work at the 18 respondent organisations that reported having retrenched one or more staff since the lockdown (10% of surveyed organisations, but 26% of all staff). Furthermore, 82% of these organisations are larger organisations, that each employ more than 50 employees (which implies that the majority of organisations that have had to retrench staff are larger organisations).

There is no significant relationship between the size of an organisation and the implementation of other salary cost-reduction strategies. The survey did not ask respondents to specify how many staff members had been retrenched.

Indicative number of people working or volunteering for organisations that (a) have lost long-standing donors, and (b) report having retrenched staff (n=9 organisations, roughly 2 425 people)

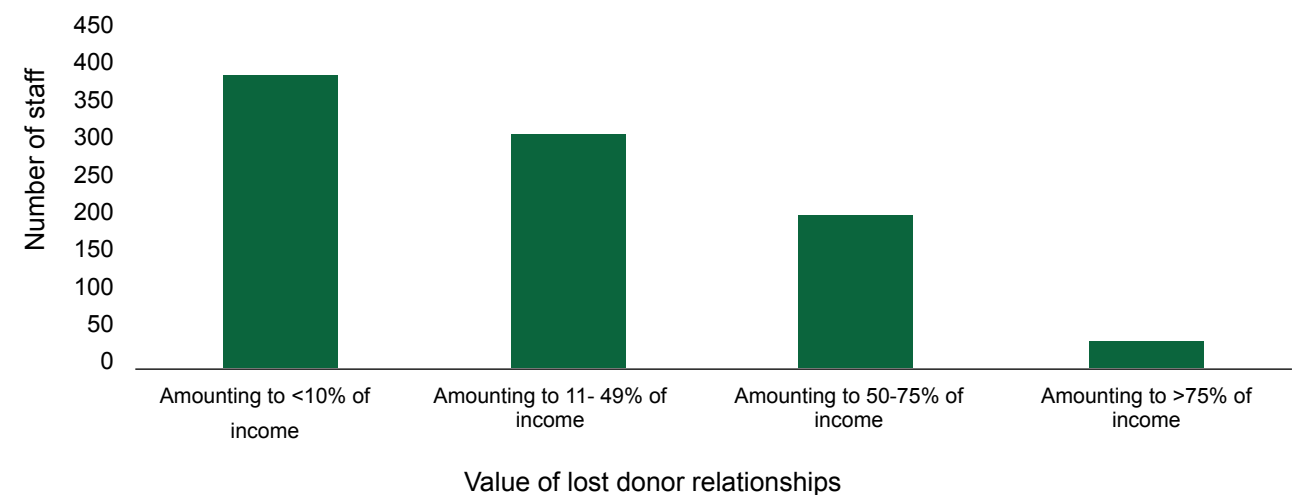


Figure 17: Comparison of the number of staff working at organisations that instituted retrenchment over the lockdown, where the organisation also lost a long-standing donor relationship, grouped by the impact of that lost donor relationship on the organisation's income



4.9. Perceptions

This section provides an examination of the perceptions that respondent organisations shared about COVID-19, and how these frame their future outlook, their sense as to whether the negative effects of the pandemic can ever be ameliorated, and their fears.

Fears

When asked what respondents think their beneficiaries fear the most about the pandemic, most of the organisations indicated that their beneficiaries fear losing jobs, prolonged school closures, a decrease in income, lack of food and increased stress levels. It seems fewer NPOs think beneficiaries fear being infected with the virus, being vulnerable to violence and/or lack of medical care.

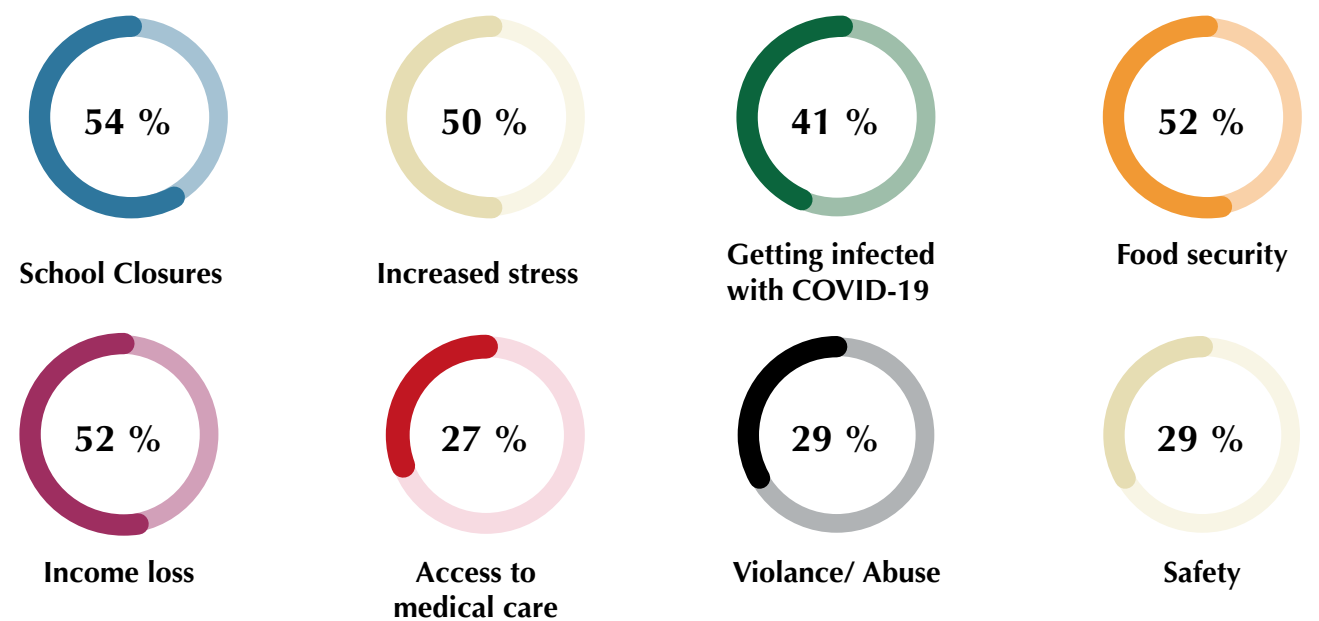
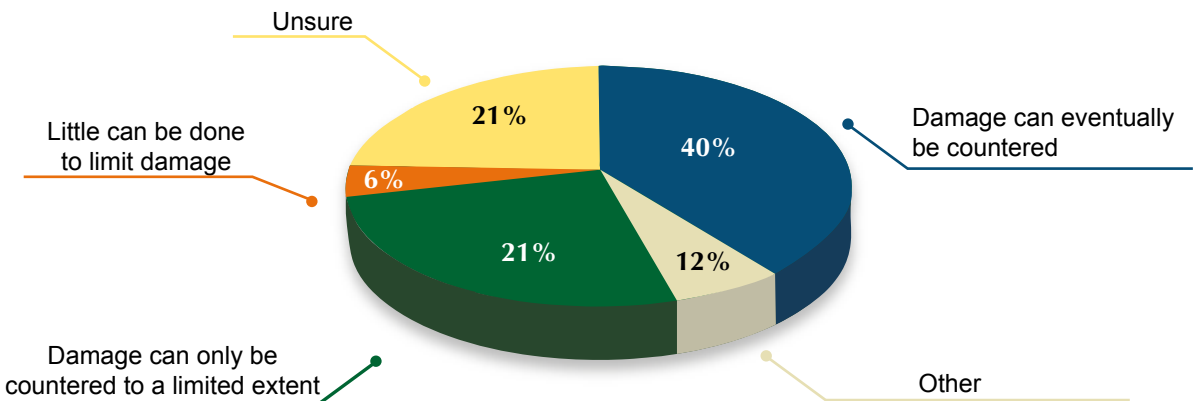


Figure 18: Beneficiary fears about COVID-19, according to respondent organisations

Ability to counter the damage caused by COVID-19

A majority of organisations (61%) indicated that the damage done by COVID-19 can be “eventually countered, in the main” or “can only be countered to a limited extent”



Future outlook

While the impact of COVID-19 on organisations has been significant, most organisations that responded to the survey maintained a positive outlook about the long-term future. The percentage of organisations that expect their income to increase within 18 months is slightly more than double the percentage that have experienced an increase in income since lockdown. The percentage of organisations that expect that income will increase is double again for the expectation after three years.

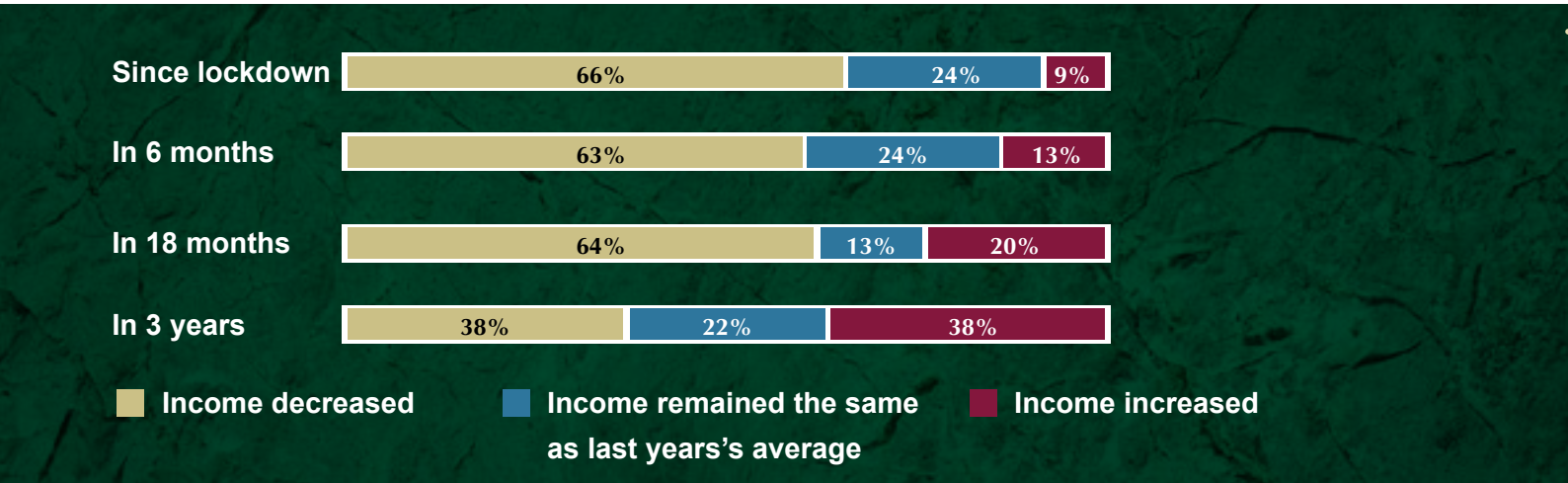


Figure 21: Respondent organisations' thoughts on their COVID-19-impacted income in the future

4.10. Ways of working

The survey asked organisations to give open-ended qualitative responses to how the pandemic has changed their ways of working:.

- 1 The most common responses were that staff moved to working remotely/online.
- 2 The second most common responses were from organisations that were unable to work remotely, having to reconfigure their ways of working to comply with social distancing.
- 3 Respondents that work in the education sector reported needing to reduce classroom sizes significantly, roll out online learning and provide personal protective equipment (PPE) for learners (under lockdown Level 3).
- 4 Interestingly, there were responses that indicated that organisations had to change their service offerings to now provide emergency response and relief to their beneficiaries.

Respondents could add comments throughout the questionnaire. One such comment stood out:

“Our minds became shut down. We were challenged by lack of access to internet and other modes of communication.”

This sense of resignation contrasts directly with those organisations that spoke to the innovative tools they have used to adjust to new ways of working during the pandemic:

- Forty-three per cent of respondent organisations reported using **MS Teams/Zoom/WhatsApp/Skype/Google Meet** to adjust their ways of working
- Nineteen per cent of respondent organisations also reported figuring out ways to **offer their services online** (e.g. running digital workshops)
- Organisations reported using the internet to run new/innovative campaigns to raise funds or support beneficiaries, such as:
 - A **“Mothers in Need”** campaign to provide support to mothers who are refugees or asylum-seekers;
 - A **WhatsApp line to support parents with children at home** and to ensure that children have access to proper homework and continuous early childhood development (ECD) support;
 - Remote tutoring over WhatsApp** that has reached 60% of the original beneficiary group; and
 - A **radio reading programme**.

4.11. Resilience index

Based on the above findings, Tshikululu developed a resilience index, which looks at the impacts of COVID-19 and the subsequent lockdown on respondent organisations. Each organisation was awarded a resilience score for their responses to various questions, based on the criteria set out in Appendix A. This has allowed a degree of comparison to be made across the dataset, but also collates most of the information gathered about each organisation through this survey.

Score
Thriving: Score given to responses that indicated being able to adapt and/or thrive
Strong resilience: Score given to responses that indicate challenging circumstances but no significant impact
Moderate resilient: Score given to responses that indicate challenging circumstances and some significant impact
Threatened: Score given to responses that indicate significant impact

Distribution of scores

Organisations were given a score of 1 if their response was categorised as threatened, 2 if their response indicated overall resilience, and 3 if their response was categorised as thriving. In terms of overall scoring, organisations were classified as follows:

- thriving = overall average score above 2.5;
- strong resilience = overall average score between 2 and 2.49;
- moderate resilience = overall average score between 1.5 and 1.99; and
- threatened = overall average score below 1.85.

The index does not weight specific categories, because the unique mix of factors and categories that Tshikululu has identified as determining overall resilience make it difficult to assign importance to some categories of responses over others.

The majority of organisations were classified as having moderate resilience, while three organisations attracted a score that classified them as thriving. The distribution of resilience scores shows a bias towards the lower end of the range:

- 67% of respondent organisations (120 out of 179) attracted an overall score of below 2.0; and
- 55% of respondent organisations' responses attracted a score below the median of 1.85.

Respondents' resilience
2% of respondent organisations were awarded an overall "thriving" score
31% of respondent organisations were awarded an overall "strong resilience" score
63% of respondent organisations were awarded a "moderate resilience" score
4% of respondent organisations were awarded an overall "threatened" score

Our resilience index demonstrates that the majority of respondent organisations were under pressure at the time of the survey. However, while the pandemic and subsequent lockdown have created difficult circumstances and have had more negative impacts on respondent organisations than positive ones, most respondents are encouragingly categorised as either strongly or moderately resilient, and are doing their best to ensure that the impact on their organisational sustainability and their beneficiaries is minimised.



5. ANALYSIS

From the findings of this survey, it is clear that NPOs are demonstrating resilience during this very difficult time. In an effort to adapt to our new world, the majority of organisations have adopted new ways of working to ensure that they remain relevant and operational, and are able to deliver services to communities.

Although the majority of organisations reported that their income decreased, survey findings indicate that organisations have maintained a positive outlook about the long-term future. A majority of the organisations surveyed hoped that their financial position would improve in the near future. This indicates confidence in the continued relevance of their services to communities, and an optimism that the damaging effects of the pandemic can be overcome.

The survey findings indicate that the majority of the organisations have not lost donors, though incomes have decreased. Of the 49 organisations that provided qualitative responses to why their income decreased, the most cited reasons were the stalling of other income-generation activities such as events and selling books, and earning income through initiatives such as recycling. Other organisations indicated that their income decreased due to delays in payments and reduced donations as a result of the pandemic. Most of the organisations in the ECD sector have experienced a reduction in income because of non-payment of preschool fees, as parents' earnings have been affected by the lockdown.

Different measures have been employed by NPOs, such as reducing working hours and wages/salaries, to remain operational. The reduction in salaries and wages implies that some individuals have had to take a pay cut

because of the pandemic – which, of course, affects the extent to which they are able to provide for their families during the pandemic. In addition, this could have led to increased hunger and stress among affected individuals and families. However, the findings suggest that, at the time of the survey, retrenchments had been largely avoided – with NPOs opting to retain staff and instead finding alternative ways to manage costs.

The pandemic has resulted in pervasive fear of the loss of livelihoods and resultant food insecurity. This may have had a negative psychological effect on individuals, resulting in a need for more psychosocial support to affected communities. This, of course, applies not only to individuals and communities being served by NPOs, but to employees and volunteers of these organisations themselves. The fears of respondent organisations indicate that the effects of the pandemic and subsequent lockdown extend across various categories and are diverse. In short, the need for services from NPOs remains clear.

And yet, there are undoubtedly organisations that have been severely challenged by the pandemic and the national lockdown, so much so that their “minds became shut down” (as respondent #058 cited in section 4.10). Still, other organisations had the capacity to reach out and connect with the local community radio station, or develop data-light workarounds for their field workers using WhatsApp.

These findings, taken together, speak to the twin burden noted in the introduction of this report. NPOs – and their staff – are being asked to deliver critical services to their beneficiary

communities, around the country, while they are facing organisational and individual strain themselves.

Despite these fears, the perception by the majority of respondent organisations that the damage from COVID-19 can eventually be countered, or countered to a limited extent, indicates optimism regarding their ability to manage the negative effects of the pandemic and lockdown. There is room for donors and other social investors to assist the NPO sector in this, by offering greater flexibility around grant conditions. Only 40% of respondents reported having been extended such flexibility.

It is clear that NPOs will still benefit significantly from support and flexibility from social investors and the public sector in the medium to long term to mitigate the damage caused, and to shorten the time it takes to rebound.

As seen on Tshikululu's map of social investments related to COVID-19, substantial commitments across the country have been made by the South African social investment

community. However, only a minority of respondents to this survey (37%) reported having received specific COVID-19 funding since the lockdown. Although relatively few in number, these organisations did admit to receiving significant amounts of funding over the three months in question – more than R37 million between them. Read together, these findings suggest that donors are electing to provide significant support (both financial and in other ways), albeit to a select group of NPOs.

The survey findings indicate that most of the organisations did not apply for relief from either the private or public sector. From the limited qualitative responses, this can be attributed to a lack of awareness of such relief funding being available, especially those targeting non-profits (or, at least, where non-profits are eligible). This suggests a need for NPOs to do more research, but also for those entities putting such funding in place to expand and target their communication to the NPO sector.

The map of social investors' responses to COVID-19 in South Africa is available at www.tshikululu.org.za

6. RECOMMENDATIONS

We end this report with a set of recommendations. These recommendations, which are bolstered by Tshikululu's experience and expertise built up over the past 22 years, are tailored both to social investors and to NPOs.

Although the COVID-19 pandemic will eventually pass, its impact will be felt for years to come. NPOs and social investors alike should be thinking *right now* about how to respond effectively to maximise social impact in these unprecedented times



Time for real partnerships

Forty per cent of the respondents to this survey reported having benefited from flexibility from their funding partners.

Recommendations for NPOs:

- In corporate sales, people say that it costs five times as much to attract a new customer than it does to keep an existing one. The factor for attracting versus retaining donors and social investment partners is likely to be much higher. Retaining an existing donor, especially during an economic downturn, is an obvious priority.
- In Tshikululu's experience, if you get the basics right, you're more than halfway there. Schedule a regular review of each of your grant agreements and social investment contracts (at minimum, once a year). Have you sent the 18A receipt if one is due? Are you on track to meet your reporting due date? When last did you communicate with each of your donors – have you been keeping them abreast of the challenges and successes your organisation is experiencing? These simple tasks can make a world of difference in fostering a true partnership with your donors.

- Keep the channels of communication with your donors and investors open, so that you are able to have meaningful conversations when they matter.

Recommendations for social investors:

- Everyone is feeling pressure during this crisis, but organisations working on the ground in vulnerable communities are feeling it much more than social investors making funding decisions (keeping in mind the twin burden referred to above). Approach everything you're doing with a sense of true partnership and support: don't make unrealistic demands, remain flexible and always be willing to listen as things evolve.
 - Partner organisations are likely to be under tremendous strain and will undoubtedly be in need of funding. Even if you are not able to avail additional funding at this time, there are other ways to be of assistance to your partner NPOs. In Tshikululu's view, what NPOs need beyond funding is responsive partners. Ideas³ on how to be more flexible include:
 - loosening or eliminating grant restrictions, and making new grants as unrestricted as possible during the pandemic;
 - accelerating payment schedules, and ensuring there are no delays in releasing funds already promised;
 - postponing reporting requirements, site visits, compulsory workshops or conferences; and
 - communicating proactively and regularly – update partners on your response to the pandemic, and provide relevant and helpful information.

3. A growing number of leading philanthropy organisations (779 at the time of writing) have pledged themselves to eight commitments "to provide flexibility to our grantee partners, (to) help them move their essential work forward powerfully and confidently in this critical moment", in response to the global COVID-19 pandemic. Read more about the call to action and the eight flexible commitments here: <https://www.cof.org/news/call-action-philanthropys-commitment-during-covid-19>



Engage with Government

Seventy per cent of respondent organisations had not applied for COVID-19 funding relief offered by the public sector.

NPOs should be encouraged to consider applying for relief funding that is made available to NPOs and small enterprises. Help is out there, and might just provide the "wiggle room" your organisation needs at the moment.

Indeed, both NPOs and social investors should make every effort to engage with government stakeholders, particularly at local level. The government is doing a huge amount across the country, and seeking ways to share resources and collaborate will smooth delivery and improve coordination.



Scenario planning

The future outlook of respondent organisations tended towards the positive, especially over the longer term. Projecting future income is difficult, especially in such a volatile environment. An NPO's reserves, however, are a lot more within the organisation's control. Tshikululu encourages NPOs to plan to sustain – if not build – their reserves over the long term. This is arguably true, too, for social investors that depend on an endowment or strategic reserve (although there may also be a case to spend some of the capital of these reserves to respond to the immense needs of the moment).

• Plan your sustainability

Now is the time to complete a financial scenario-planning exercise on your funding availability (if you're a social investor) or on your funding income (if you're an NPO), setting out a low, medium and high road scenario for the next 12, 24 and 36 months.

• Make smart decisions

The pandemic's consequences are going to be with us for a long time, so be strategic, creative and patient. Whether you are a social investor or an NPO, don't throw all your available resources into emergency responses now, but keep some "powder dry" as things evolve in the coming months and years.

• Be flexible

No one knows what the future holds. Whether you are a social investor or an NPO, build flexibility into your programme design to allow for greater agility.



Resilience rejoices in the challenge

It was notable that even in the time of this pandemic and national lockdown, 6.6% of respondent organisations reported that their reserves had increased. A further 26.3% of respondents' organisational reserves remained unchanged over the same period. It is commendable that these organisations (nearly a third of respondents) had sufficient wherewithal to weather the financial storm. NPO leaders and social investors should be encouraged to follow this example, and to adopt strategies and activities that foster and strengthen organisational resilience.

• Recommendations for NPOs:

- The pandemic has required all of us to be resilient in different ways. Find creative and meaningful ways to support your staff to be even more resilient and agile in our new world.
- Resist the urge to chase the latest funding fad – stick to your knitting and do what you do best.
- Consider recruiting volunteers (56% of respondent organisations don't) who bring an extra pair of hands and a diverse skill set.

• Recommendations for social investors:

- Find creative and meaningful ways to support your funded partners to be even more resilient and agile in future – for example, through technology support, capacity-building activities or other strategies (including direct contributions towards reserves).
- Assess your founding document to ensure it allows for sufficient flexibility to respond to extraordinary circumstances and is fit for purpose in our new world.
- If investors are looking to build resilience more equitably, consider supporting social impact initiatives in undersupported provinces. The most underfunded provinces, as per this survey's findings, are Limpopo, Mpumalanga, the Northern Cape and North West.



Data, data, data

Informed by the qualitative data collected by this survey, it is clear that there is an increased need for data and data connectivity – for and by NPOs, their donors, their staff and beneficiaries alike. Data access, once acquired, should also be managed responsibly and optimally for, and by, all stakeholders.

• Recommendations for NPOs:

Ensuring that you have the right technology and data platforms as an organisation is key. Many respondents to the survey had to switch to working remotely – and some even designed “virtual” interventions, given the restrictions on movement. Think through how these developments can help your organisation beyond the pandemic as well.

• Recommendations for NPOs:

The pandemic has made it even more undeniable that access to data is both the present and future. Without it, inequality only worsens. Find and design strategies to strengthen data access across your social impact work.

Restrictions on movement and face-to-face interaction are an opportunity to explore, test, accelerate and embed innovative – and perhaps more efficient – evaluation and data collection techniques. As shown by this survey, many are already making use of social media services and apps, and community radio. Proactively identify other low- to no-cost options to strengthen your impact.



Seize the opportunities

- Given the severity and intensity of the challenges COVID-19 has created, it's easy to make quick decisions to “try and help” in any way possible. Although the instinct is noble, ensure that you think through what you want to do, reach out to other NPOs and utilise your resources as effectively as possible.
- The *NIDS-CRAM*⁴ study has demonstrated a clear need in the areas of food security, health and education. These findings resonate throughout the responses to this survey, echoing loudest in respondents' fears (set out under point 4.9 above).
- Social investors and NPOs have rallied behind the call to get food to hungry people. We encourage stakeholders to explore other forms of providing nutrition and food security support that respects and maintains the dignity and autonomy of households and individuals (e.g. providing food vouchers instead of food parcels). Social impact champions could also be taking this opportunity to invest in building people's capacity to grow their own food.
- Regarding health, there is a clear need for PPE in organisations working in the health sector. Social impact champions could invest in health interventions that will not only expand access to testing and care for COVID-19, but also to other areas of health that are difficult to access due to the pandemic, such as prenatal care and access to chronic medication (especially antiretroviral treatment).
- In education, the pandemic has highlighted the inequality in access to learning resources. Social investors and NPOs alike should consider lending support to interventions that provide access to educational resources to learners in both innovative and traditional ways.

⁴Spaull et al. (2020) *National Income Dynamics Study – Coronavirus Rapid Mobile Survey (NIDS-CRAM) Wave 1 Synthesis Report: Overview and Findings*.





Seize the opportunities

- We are living through a real “black swan”⁵ event . Ensure that your organisation is documenting lessons learnt during this time – for your own mindfulness and records, but also for the benefit of your beneficiaries/partners and others in the broader sector.
- Make the space to do some deep thinking about how COVID-19 will impact on the entire sector where you focus, so that you are better prepared to respond. What is your data telling you? Debate issues as they arise, and tease out the moral dilemmas inherent in each. Learn from these conversations and share your learnings with other social investors and NPOs alike.
- The survey did not specifically ask about issues of disability mainstreaming. While not a significant quantitative finding of this survey, a reading of the open-ended commentary fields completed by respondents does suggest a need for a specific exploration of the mental health of the staff of NPOs. Some statements appeared as “throw-away” mentions, but they point to a despair and cynicism that suggest deeper psychological stress. Further research into this area might also be able to determine what the priority mental health needs of the sector might be.

Having pointed out these priority opportunities for achieving impact, we wish to re-emphasise the power of partnerships and collaboration. There are so many social investors and NPOs doing great work all over the country, it’s truly impossible to avoid all duplication. Do your best to prevent duplication through communication, research and engagement, but don’t spend so much time in avoiding duplication that you compromise your response.

5.A ‘black swan event’ is explained by Nassim Nicholas Taleb (2007) as being a high-profile, hard-to-predict, and rare event that is beyond the realm of normal expectation, and which has a disproportionate effect.



Perseverance pays

The significant majority of respondent organisations demonstrated either strong or moderate resilience (as per our resilience index), and have all been able to sustain their work to some degree. At the best of times, South Africa has massive need for impactful social investment and NPO delivery. This reality has been exponentially amplified during the COVID-19 pandemic. The need will always be far greater than whatever one organisation can do (be they social investor or NPO), but every effort is an important part of our national response. Keep at it!



Appendix A: Resilience index criteria

Category	Thriving	Resilient	Threatened
Organisational age The older or more established an organisation is, the higher the resilience score due to assumed organisational memory, established relationships with donors, and reserves to draw from.	Organisations older than 20 years old	Organisations between five and 20 years old	Organisations less than five years old
Province Organisations that do not operate in the Western Cape, Gauteng and KwaZulu-Natal are less likely to receive funding, and thus organisations that do not operate in these provinces were given a "resilience challenge" score.	Operations in Gauteng, Western Cape and/or KwaZulu-Natal	N/A	Operations in a province outside of the Western Cape, Gauteng and/or KwaZulu-Natal
Organisation size The more employees an organisation employs, the more resources they have to draw from during a shock or crisis such as the COVID-19 pandemic.	Organisations with >50 employees	Organisations with 10–50 employees	Organisations with <10 employees
Income change Organisations that have secured more income received a higher resilience score.	Organisations that reported an increase in income	Organisations that reported their income has remained the same	Organisations that reported expecting their reserves to decrease
Lost donors Organisations that reported not losing donors or donors, amounting to a smaller proportion of income, were given a higher resilience score.	Organisations that reported having lost no donors	Organisations that reported losing only a donor amounting to <10% of income	Organisations that reported losing a donor/donors amounting to >10% of their income
Gained donors Organisations that reported having gained donors were given a higher resilience score, depending on the proportion of income gained.	Organisations that reported having gained a donor amounting to >10% of organisational income	Organisations that reported gaining a donor amounting to <10% of organisational income	Organisations that reported gaining no new donors
COVID-19 funding Organisations that reported having received COVID-19-specific funding were given a thriving resilience score.	Organisations that reported receiving funding to implement a COVID-19-specific project	N/A	Organisations that reported not receiving any funding to implement a COVID-19-specific project
Reserves Organisations that reported expecting their reserves to increase were given a higher resilience score.	Organisations that reported expecting their reserves to increase	Organisations that reported expecting their reserves to remain the same	Organisations that reported expecting their reserves to decrease
Salary bill reduction strategies Organisations that reported having not implemented any salary bill reductions measures or instituting measures that didn't involve retrenching staff were given a higher resilience score.	Organisations that reported not implementing any salary bill reduction measures	Organisations that reported having instituted other salary reduction measures (e.g. reducing working hours or temporarily laying off staff)	Organisations that reported having retrenched employees
Donor flexibility Organisations that reported having received flexibility from donors were given a higher resilience score.	If an organisation reported having received some sort of flexibility from a donor, such as being allowed to relax grant conditions or reallocate their budget, or were awarded top-up funding	N/A	Organisations that reported receiving no flexibility from donors

Category	Thriving	Resilient	Threatened
Relief funding Organisations that reported not having applied for relief funding and were not considering doing so were given a higher resilience score.	Organisations that reported not applying for or considering applying for relief funding in the next three months	Organisations that reported not applying for relief funding but were contemplating doing so in the next three months	Organisations that reported applying for relief funding
Innovation Organisations that reported implementing innovative initiatives to adapt were given a higher resilience score.	Organisations that reported having implemented a new or additional initiative to their work or ways of working	N/A	Organisations that reported not having implemented any new or additional initiatives to their work or ways of working
Ability to counter the negative effects of COVID-19 Organisations that reported that they believed they could counter the effects of the pandemic were given a higher resilience score.	Organisations that reported that the damage from the pandemic could eventually be countered	Organisations that reported that the damage could only be countered to a limited extent	Organisations that reported that they were unsure, or that little could be done to counter the damage

