



What happened to NGO donations in the first year of COVID-19?

By Terence Wood
16 December 2021

One night, in the middle of the [2020 Australasian Aid Conference](#), hand sanitiser stations sprouted up around ANU. They looked both stern and uncertain. The first time I saw one, I paused and thought, “this must be because of that coronavirus thing”. Then I wondered if I was actually meant to do something with the sanitiser. Then I went back to worrying about my PowerPoint slides.

Since that first encounter, a disproportionate amount of my thinking has involved COVID-19. Setting aside personal worries and domestic effects, for me, as someone who studies development, it’s been a time of particular questions: will border closures work in the Pacific? How will developing countries cope economically? How will aid change? What’s happening in Papua New Guinea? Vaccines?

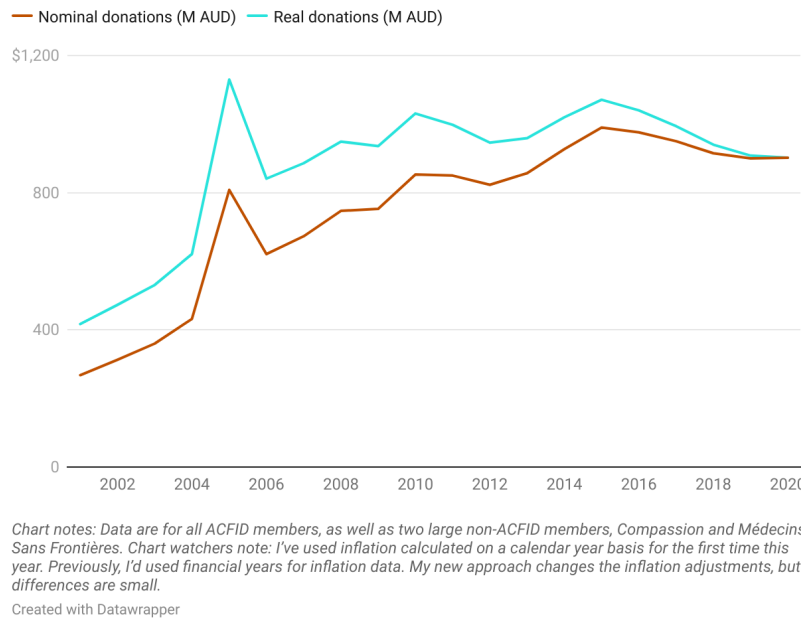
One question that has been with me from the start has been what the pandemic would do to public support for development NGOs. The need for NGOs’ work was going to increase. But what would happen to public donations? Would Australians keep giving amidst the challenges of a pandemic?

As the first lockdowns snapped into place, I worried about a collapse in giving. But, slowly, I became more hopeful. Public support for government aid [went up](#). As did [surveyed trust](#) in development NGOs.

Now, thanks to the ongoing transparency of the Australian Council for International Development, we have data on donations to Australian NGOs in the first year of the COVID-19 pandemic. (Strictly speaking, for some organisations which report on financial years, it’s the first six months. But about 70% of donations flow to organisations that follow calendar year reporting, or something close to it. For all organisations, it’s worth noting that the impacts of COVID-19 in Australia weren’t really felt until about mid-March 2020.)

You can see donation trends in the chart below. They're not as good as I hoped, but they certainly aren't as bad as I feared.

Donations to Australian Development NGOs over time

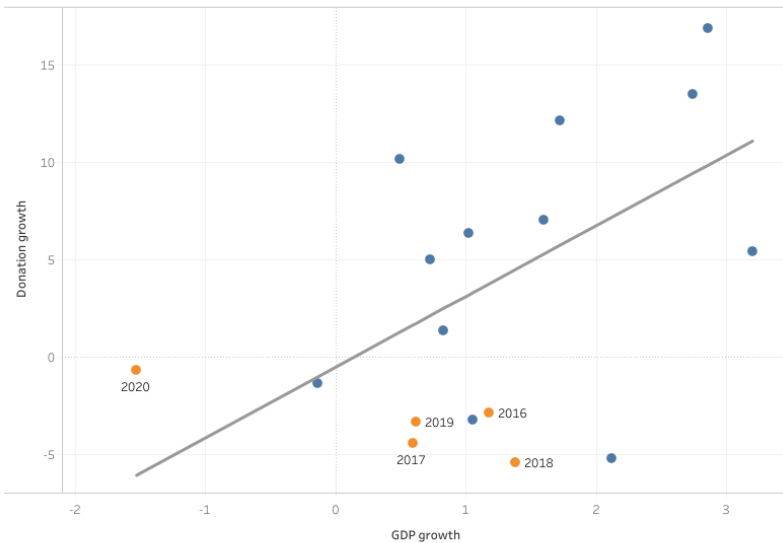


Nominal donations increased slightly. Once inflation is taken into account, this turns into a fall, but it's very small. The long steady slide in NGO donations effectively came to an end in 2020.

Not only did the slide end, but it ended in a year when people were feeling the economic pinch in Australia.

As I've [pointed out](#) before, there's a relationship between economic growth in Australia (which I use as a crude proxy of disposable income) and donations to Australian NGOs. This relationship is still present (the p-value for the correlation 0.06); you can see the relationship in the chart below. The chart's x-axis shows inflation-adjusted GDP per capita growth. The y-axis shows the inflation-adjusted change in total donations to development NGOs. Each year since 2001 is plotted as a point (with the two anomalous years around the Indian Ocean Tsunami excluded). Years since 2016 are labelled and shown in orange. The average relationship between economic growth and growth in donations is shown by the diagonal line.

Relationship between economic growth and donation growth



In addition to the overall relationship, the chart shows us that donation growth was worse from 2016 to 2019 than would be expected given Australia's economic performance in those years. But in 2020 donations barely fell, even though the economy contracted by 1.5%. Given the state of Australia's economy, 2020 should have been a dreadful year for donations to Australia's development NGOs, but it wasn't. Things weren't great, but they could have been much worse.

Of course, because a few big NGOs receive the bulk of total donations to Australian NGOs, sector-wide totals don't tell us a lot about the fates of individual organisations.

The next chart is a histogram of the percentage change in donation revenue amongst Australian development NGOs. The height of the bars shows us the number of NGOs whose revenue changed by the percentage amount shown on the x-axis.

Histogram of percentage change in Australian development NGOs' revenue between 2019 and 2020

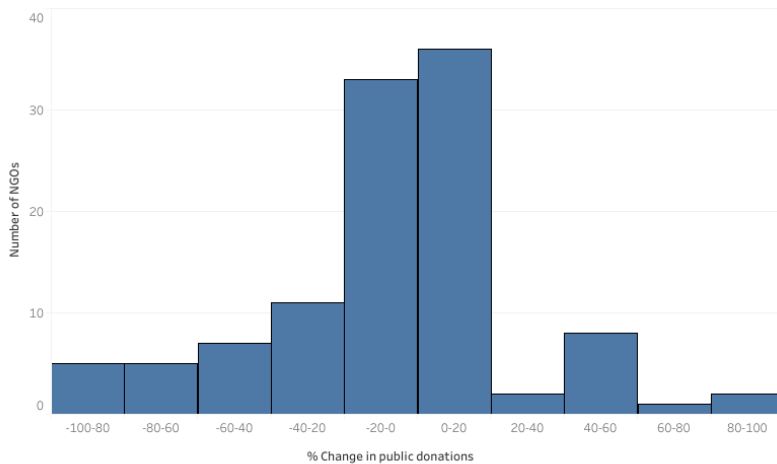


Chart notes: Percentage changes in donation revenue are calculated after inflation adjustments. A small group of NGOs whose reported donation revenue grew by more than 100% have been removed from the chart for legibility's sake.

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The chart shows that the typical NGO's revenue grew slightly. However, many NGOs still saw their revenue fall. Indeed, the revenue of slightly over half fell. (When looking at the chart be aware that the large gains or falls in some NGOs' revenue tend to reflect very particular circumstances involving small NGOs, or NGOs that don't draw much on donations. The organisations of most interest are those with revenue changes of less than 50%.)

Individual Australian NGOs experienced 2020 in different ways when it came to donations.

This raises an interesting possibility. Australian NGOs have different financial reporting years. Perhaps COVID-19's impact on donations appeared worse for some simply because their financial data covered a longer period in which the pandemic was present. I tested for this though, and found no evidence of such an effect.

2020 wasn't the donation catastrophe that it might have been for Australia's development NGOs. Perhaps changing consumption patterns helped (many Australians [saved more](#) because they weren't going out). Perhaps changing attitudes to aid helped. Perhaps greater trust in NGOs helped. Regardless of the cause, it was good news: donations are crucial for NGOs' work. And some Australians remained concerned enough with development issues to keep giving – even in a newly uncertain world.

You can access our NGO data, along with data on other Australian aid trends on the [Trends](#) page of the Australian [Aid Tracker](#).

Disclosure

This research was undertaken with the support of The Bill & Melinda Gates Foundation. We are grateful to the Australian Council for International Development (ACFID) for sharing the data. The views represent those of the author only.

About the author/s

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Link: <https://devpolicy.org/ngo-donations-and-covid19-in-2020-20211216/>

Date downloaded: 25 April 2024



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