SPIKING DEMAND FOR GRANTS: SECTOR AND ORGANIZATIONAL ACTION STRATEGIES

September 9, 2026: 81 people, including 49 funding organizations, across Canada attended a peer exchange hosted by Juniper Glass of Lumiere Consulting. The event allowed funders and national networks to delve deeper into action strategies at the organizational and sector level. This brief shares back the ideas that emerged from panelists and dynamic discussion in breakout rooms.

In response to the rapid increase in community demand for philanthropic grants, what practices have grantmakers been trying, and what more could we do together?

This event built on Lumiere's April 2026 peer exchange, ***Spiking demand for grants: A new reality for foundations in Canada***, which identified the scope of the situation, possible explanations and responses. The September event focused on implementation: what funders are trying, what trade-offs are emerging, and what may require systemic action in addition to individual organizational change. We also heard perspectives on the current situation from Canada's four main funder networks.



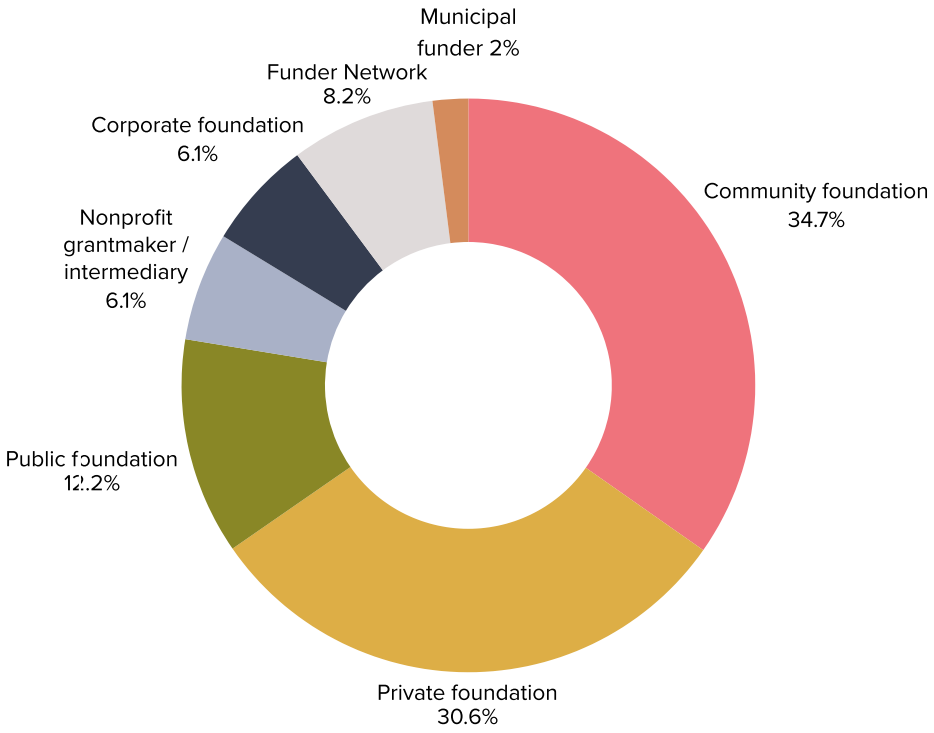
ENVIRONMENT FUNDERS CANADA

THE CIRCLE

COMMUNITY FOUNDATIONS OF CANADA

Philanthropic Foundations Canada

Participating Philanthropic Organizations (n=49)



Community requests continue to be vastly higher than philanthropic funding, driven by intersecting systemic factors

Grant demand is still exceptionally high

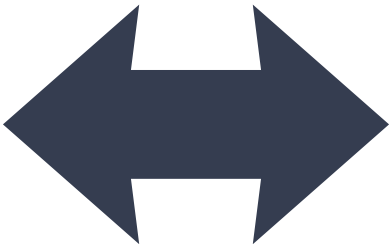
- More applications from a growing diversity of nonprofit organizations
- Large total dollar amounts requested
- Very low success rates in many grant programs
- Challenges for funders to review applications with previous processes
- Significant time spent by nonprofits preparing unsuccessful applications
- All types of philanthropic grantmakers are experiencing this surge

Major drivers that appear to be in play

- Increasing community needs
- Inflation and economic uncertainty
- The end of pandemic-era funding
- Constraints or cuts in government funding
- More requests to philanthropy from public institutions and local governments
- Foundations becoming more open and accessible
- AI making applications much faster to prepare
- Large amounts of philanthropic capital remain underused

Key tensions experienced by funders

- Open acccess
- Trust-based philanthropy
- Equity and inclusion
- Relationship-building with communities
- Spend more now
- Fill public funding gaps to meet urgent need



- Manageable application volume
- Need for filtering
- Narrower priorities
- Staff capacity
- Preserve endowments
- Avoid reinforcement of government funding cutbacks

1. OPPORTUNITIES FOR COLLECTIVE PHILANTHROPIC SECTOR ACTION

The discussion brought a systemic analysis to the issues of growing demand for philanthropic funding. The current situation is a symptom of many economic, social, political and environmental drivers, leading to key questions:

- Where can funders act together?
- How can we increase resources flowing to communities?
- What can philanthropy change at a sector and systems level?

> *"As much as we can change our practices as funders, at the end of the day, everything we're talking about here is really a symptom."*
>
> — Devika Shah, Environment Funders Canada

Areas where grantmakers working together could influence systems for the better:

- Increase the overall supply of funding
- Change how philanthropic assets are invested
- Strengthen the nonprofit sector's broader fundraising and advocacy capacity
- Influence provincial and federal levels of government to strengthen public investment
- Coordinate policy advocacy

From managing scarcity to mobilizing more capital

Given the magnitude of the challenges facing society, the economy and the environment, some grantmakers were open to considering how more philanthropic funds could be mobilized. They discussed some of the harder institutional questions behind higher disbursement, impact investing, spend-down and activation of donor advised funds (DAFs):

- What constraints on grantmakers are genuinely legal, and which are simply customary?
- What does intergenerational equity mean when communities face urgent crises now?
- If foundations are "saving for a rainy day," what would a rainy day actually look like?
- Could foundations grant substantially above the minimum disbursement?
- How should boards think differently about endowment preservation?
- When does a charitable activity genuinely become investable?

> *"Are there sacred cows that are not actually sacred cows?"*
>
> — Mobilize More Capital breakout

DAFs were of particular interest, leading to consideration of new policies, such as requiring each individual DAF to meet the required payout rather than allowing DAF-holding foundations to meet the disbursement requirement in aggregate. One participant stated: "I think that would be transformational, would unlock a whole bunch of capital that we currently don't have access to."

The discussion also distinguished between DAFs housed in philanthropic organizations, where donor relationships may support greater giving, and DAFs housed in financial institutions, where they perceived fewer incentives to move resources quickly. The breakout group on Mobilizing More Capital suggested examining international models, including Australia.

Impact investment and supporting community finance and redistribution models were also discussed. Some grantmakers mentioned how their organizations might coordinate divestment from harmful industries and investment in socially and environmentally helpful enterprises.

Stepping up: Using our power

In addition to financial capital, grantmakers usually have other forms of capital with which to influence systems. Some grantmakers agreed that the times call for greater use of their power and their often privileged access to wealth holders and decision makers.

- Credibility with governments and stakeholders groups
- Access to wealth holders and internal decision-makers (board members, DAF donors)
- Networks
- Ability to influence other grantmakers
- Public voice
- Convening power
- Relationships with communities

How might philanthropy mobilize all of its resources, financial and non-financial, to improve the conditions for communities?

Ideas included public policy advocacy on DAF regulation, community finance, investment in SMEs, co-operatives and credit unions, and employee ownership, and engagement with elected officials on the negative impact of cuts to public funding.

> *"We have more power than we think."*
>
> — Sector-level Response breakout

Ideas for near-term collective work

Several ideas were generated during discussions for specific initiatives:

- Develop models for sustainable pooled and collaborative funding
- Share practical examples of granting above the minimum disbursement quota
- Explore board-level conversations about intergenerational equity and endowment purpose
- Expand collective philanthropic sector advocacy on public funding, community finance and philanthropic capital
- Research international DAF regulation and payout models
- Develop clearer sector practices for communicating funding odds
- Collect stronger data on the experience of Indigenous-led organizations
- Document which grantmaking adaptations actually reduce applicant and staff burden
- Peer learning about participatory granting models being tested

> *"What can your organization change? And what can we change together? Let's keep thinking in terms of the collective level as well as the organizational level. Where are the opportunities for your organization to join forces with others? What voice and influence could the philanthropic sector have?"*
>
> — Juniper Glass, Lumiere Consulting

A complex question: should philanthropy grant to publicly funded institutions?

Several funders have seen growing applications from municipalities, schools, hospitals and healthcare institutions. Rather than a knee-jerk reaction to deny such grant requests, nuanced questions emerged during the discussion:

- What if the municipality is the only qualified donee in a small community, and offers fiscal sponsorship for local projects?
- If one school board is funded, what about neighbouring boards?
- When is philanthropy legitimately filling a local need?
- When is philanthropy subsidizing something government should fund?
- Where should philanthropic responsibility end and public responsibility begin?

Collaboration: promising, but not simple

Many of the funder networks believe that collaboration, pooled funding and co-funding are important responses. How funder collaborations are designed has a major impact on their outcomes for communities. Grantmakers explored the promise of collaboration amongst themselves, while also identifying several challenges.

Potential Benefits	Challenges
• Fund systemic issues beyond one foundation's capacity	• Risk of temporary funding bubbles
• Reduce duplicate review of the same applicants	• Different grantmaking processes
• Pool resources for large regional projects	• Different strategic priorities
• Coordinate responses to common needs	• Significant staff time
• Share expertise and risk	• Board approval
• Strengthen advocacy	• Sustainability if one funder withdraws
	• Changes in leadership or strategy

THE CIRCLE ON PHILANTHROPY: ENVISION GENERATIONAL FUNDING

THE CIRCLE

K'aayhlt'aa Haanas, Valine Brown, of The Circle on Philanthropy, highlighted these points during her contribution to the panel:

- A lack of adequate data on what Indigenous-led organizations are experiencing
- The burden of unsuccessful applications
- Helpfulness of verbal applications and reporting
- Need for faster movement of resources
- Operational rather than project-specific funding
- Relational approaches centred on abundance
- The need for long-term thinking by grantmakers to match the generational strategies of Indigenous communities

"Because the stewardship and legacy work that is happening in Indigenous communities and in our territories is intergenerational, we need funding that supports that depth of commitment and the ongoing responsibilities we're upholding. Indigenous organizations don't need project-specific funding, that doesn't serve our intergenerational efforts. We need abundant, sustainable, long-term and operational money to enact our rights and responsibilities."

— K'aayhlt'aa Haanas (Valine Brown), The Circle on Philanthropy

2. ADAPTING GRANTING OPERATIONS TO ADDRESS HIGH DEMAND: KEY LEARNING

Many grantmakers have been testing practices over the last year. The Peer Exchange was an opportunity to hear how it has been going, talk in greater detail about specific practices and the new tensions or trade-offs being experienced. Grantmakers' experiences showed that almost every operational adaptation involves a trade-off, so thoughtful strategy and adapting as you go is important.

Equity must remain part of granting process design

A central concern of many grantmakers was how to address high demand without rebuilding the barriers that trust-based and equity-informed philanthropy has worked to remove. For example, one grantmaker shared that the challenge is handling application volume while continuing to be aware of who is disadvantaged by conventional application systems. It designed a participatory grantmaking approach in part for smaller organizations and those led by equity-deserving communities, which are less likely to have access to professional grant writers. It also used transparent assessment criteria so organizations could assess their fit in advance.

Key Equity Practices	
Participatory approaches	Use community decision-making to improve access for smaller and EDI-led organizations
Shorter first stages	Avoid requiring every applicant to prepare a full proposal.
Proactive outreach	Continue reaching communities historically overlooked by philanthropy.
Transparent assessment	Publish criteria so organizations can assess fit before applying.

Transparency is becoming a core demand-management strategy

As Ana Sofía Hibon, Inspirit Foundation, put it simply in our April Peer Exchange: "Clarity is kindness." The goal is not simply to reduce applications. It is also about respecting applicant time. Funders talked about ensuring they communicate essential information to help community organizations decide whether or not to apply.

Essential information to share on grantmakers' websites:

- The total funding available in a given time period / call for proposals
- How many applicants they typically receive
- Approximate success rates
- Maximum grant sizes
- Assessment criteria
- What they will and will not fund
- Clear apply / do not apply guidance

Simplify the front end, but keep support available

Several funders are shortening the first stage of applications or using two-stage processes so that fewer organizations need to prepare a full proposal. One grantmaker explained that it implemented a shorter first-round application and then provides one-to-one support in the second round, with staff helping applicants co-develop proposals. This could be a promising practice to reduce burden on organizations without abandoning a relational or equity-focused approach.

Another foundation shared that it offers short virtual office hours for prospective applicants. These conversations help clarify fit, explain the funding pool and give applicants advice before they invest heavily in a proposal. The approach has been popular enough that the foundation has had to increase the number of office hours; one program officer reportedly took 50 calls. Grantmakers noted that this clearly supports applicants, although only time will tell if it actually reduces the number of non-aligned applications.

Use external and community reviewers to expand capacity and perspectives

Some grantmakers are paying external reviewers, drawing colleagues from outside the granting team into review processes, and using community advisory groups. Grantmakers see external reviewers as a way to add expertise and increase review capacity without necessarily hiring more permanent staff. Community advisors can also broaden perspectives and help address bias in decision-making.

At the same time, using more reviewers creates its own operational needs. Grantmakers raised the importance of stronger onboarding, clear examples and ongoing support for staff and external reviewers. Ideas included reviewer office hours and periodic lunch-and-learn sessions.

Build greater consistency into decisions

Decision-making matrices tied directly to application questions were identified as useful for improving clarity and consistency. Some organizations are also having directors review declines and the reasons behind them, and creating shorter application summaries for reviewers. Funders saw these tools as particularly useful as volume increases and more people become involved in assessment.

Give repeat applicants more useful signals

Some grantmakers are returning applications for revision and prioritizing resubmissions. This can acknowledge the time applicants have already invested and give organizations more clarity about whether another application is worthwhile.

One grantmaker shared that they shifted from one-to-one feedback to group feedback sessions when individual feedback became unmanageable. Applicants valued both the information and the opportunity to learn alongside peers.

Some funders said they also request more specific feedback from reviewers when an organization has applied unsuccessfully several times. This led to a question raised in the breakout: *“At what point do we tell applicants who submit multiple years in a row without success to not reapply?”*

Randomized selection can reduce bias, but has questionable impact and changes the role of review

A small number of grantmakers have experimented with randomized selection or lotteries, particularly as a way to address unconscious reviewer bias. In one example, using randomization meant staff did not review every application, while some decision-making shifted to community advisors. Grantmakers identified bias reduction as a potential benefit, but the approach also raises broader questions about when randomized selection is appropriate and how much qualitative assessment should remain.

Grantmakers can also provide non-financial support to community groups

Some grantmakers emphasized that funders can still be partners when they do not have financial support to offer.

- Refer nonprofit organizations to other funders
- Connect community groups and public and private stakeholders to one another
- Organize convening events
- Attend and boost community organizations' events
- Provide visibility opportunities to community organizations
- Amplify community messages
- Provide feedback and learning opportunities

SUMMARY OF GRANTMAKER LEARNING FROM IMPLEMENTATION

Practice	Pros / what seems to be working	Cons / ongoing challenges
Short first-stage applications	Use a shorter first round, followed by more intensive support for selected applicants. Reduces applicant burden, especially for smaller organizations without professional grant-writing capacity; allows funders to screen for fit before requesting a full proposal.	Lower barriers can also increase the number of applications. A shorter form does not by itself solve high demand.
Two-stage review processes	Lets funders reserve deeper assessment for a smaller pool of applicants; can combine internal screening with external review and reduce unnecessary work for unsuccessful applicants.	Creates another layer of administration for staff and requires clear communication about who advances and why.
Office hours / pre-application support	Helps applicants assess fit, understand funding priorities and strengthen applications before investing significant time.	Can become a significant new workload for small foundation teams.
External reviewers	Adds expertise and expands review capacity without necessarily increasing permanent staffing.	Requires onboarding, coordination and oversight. Reviewer notes also need to be handled carefully, particularly where applicants or external parties may later access them.
Community advisors / participatory review	Can bring community knowledge into decision-making, help address reviewer bias, and improve access for smaller or equity-deserving community organizations.	Requires careful attention to committee composition, conflicts of interest, facilitation and consistency.
Decision-making matrices and standardized review tools	Can improve consistency and transparency when more reviewers are involved; helps link decisions directly to application questions and criteria.	More standardized systems can still require substantial staff time to design and maintain, and may need flexibility for applications that do not fit neatly within scoring systems.

Practice	Pros / what seems to be working	Cons / ongoing challenges
Prioritizing resubmissions / allowing revision	Recognizes the time applicants have already invested, provides clearer feedback and may make reapplication more efficient. This can help organizations decide whether it is worth applying again.	Raises a difficult boundary question about repeat applicants: at what point should a funder tell an organization that repeated applications are unlikely to succeed?
Randomized selection / lotteries	Can reduce the influence of unconscious reviewer bias and, in some models, reduce the number of applications staff must assess in depth.	Changes the role of qualitative judgment and raises questions about when random selection is appropriate. It may be controversial if applicants expect funding decisions to be based primarily on comparative merit or impact.
Different requirements for different grant sizes	Allows smaller grants to have proportionately lighter processes and can make reapplication easier. Tightened criteria, adding FAQs, introduce pre-screen questions.	Multiple processes can create more complexity and work for staff. Differentiated funding levels can increase internal workload.
Tighter eligibility and pre-screening	Can reduce clearly misaligned applications and help applicants determine fit before spending time on a proposal.	Narrower criteria can conflict with equity and access goals, especially for newer or historically underfunded organizations. Funders need to avoid solving a volume problem by simply recreating barriers to entry.
More feedback for unsuccessful applicants	Can improve relationships and help applicants understand how to strengthen future proposals.	Individualized feedback becomes difficult to sustain as application volumes rise; funders may need scalable alternatives such as group feedback sessions.

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Lumiere Consulting is a woman- and queer-owned consulting group founded in 2015. We support foundations, philanthropic networks and Indigenous and nonprofit organizations to surface insights and build strategies towards a more just and sustainable world. Our expertise includes strategic planning, Theory of Change, evaluation and impact assessment, research, governance, philanthropic advising and grantmaking.

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