

SPIKING DEMAND FOR GRANTS: A NEW REALITY FOR FOUNDATIONS IN CANADA

April 30, 2026: 59 grantmaking organizations across Canada attended a peer exchange hosted by Juniper Glass of Lumiere Consulting. Lumiere created the event after realizing that many foundations they worked with were grappling with a recent rapid increase in grant applications. The aim was to explore the challenge and generate ideas for action. Five panelists shared their foundations' experience.

This brief summarizes the current situation, its drivers and the practices and strategies exchanged between foundations. Ideas in this brief come from the panelists and dynamic discussion among attendees in the chat and breakout rooms.

Panelists



Nicole Fornelli
Beati
Foundation



Ana Sofia Hibon
Inspirit
Foundation



Blessing Akpan
Waterloo
Region
Community
Foundation



Joshua Iserhoff
Indigenous
Peoples
Resilience Fund



Carrie Hage
Rideau Hall
Foundation

“This is not a glitch in the system. This is the new reality. We won't go back to the old way of making grants, and the demand probably isn't going to go down. We need to look at the challenge calmly and be creative. Because that's what this is, a creative problem.” - Attendee

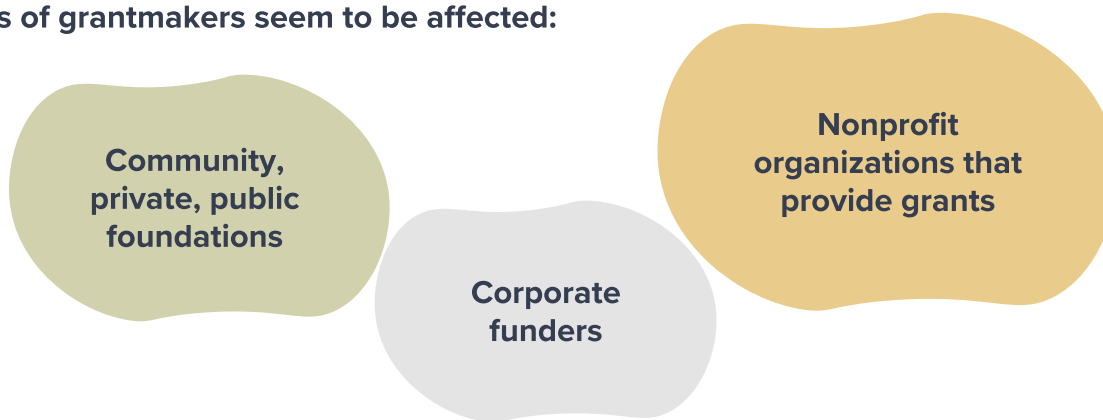
THE CHALLENGE

1. Widespread among a diversity of grantmakers

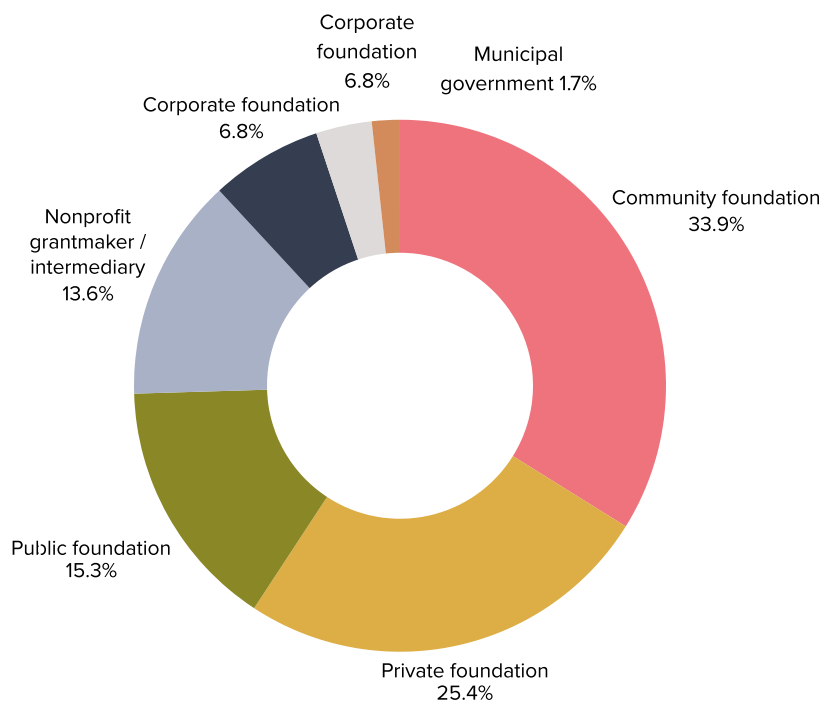
87 grantmaking organizations across Canada registered for the peer exchange, indicating this challenge is widespread.

91 people attended from **59** grantmaking organizations.

All types of grantmakers seem to be affected:



April 30 Peer Exchange: Participating Grantmakers (n=59)



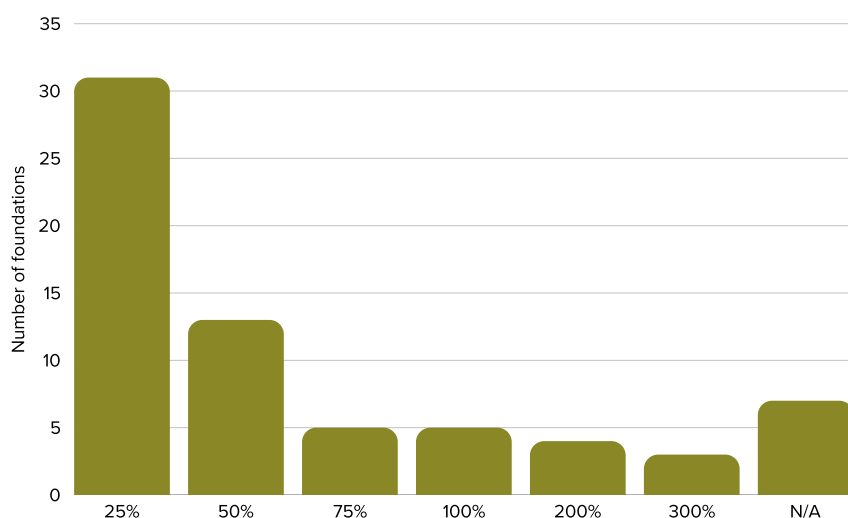
2. Spike in grant applications since 2024

- 97% of grantmakers on the call had experienced growth in grant requests received over the last 2 years.
- The steep increase began for many grantmakers in 2024 and continues today.
- Over just the last year, many foundations reported a 25%–50% increase in requests received, with some seeing 100%–300% growth.

Examples:

- Indigenous Peoples Resilience Fund:** \$54.4M requested in 2025, compared to \$19.6M in 2023
- Beati Foundation:** 120 applications received (2023) → 425 in 2024 → 530 in 2025/2026
- Rideau Hall Foundation, Catapult program:** 139 applications received in 2023 → 864 in 2024/2025
- Foundation of Greater Montreal:** 150 average (2023–2025) → 476 in 2026

Rate of increase in grant applications received (compared to the previous year) (n=67)



3. Demand far exceeds available funding

There has been a huge oversubscription of many philanthropic grant programs, resulting in systems-wide inefficiency through wasted effort across the sector.

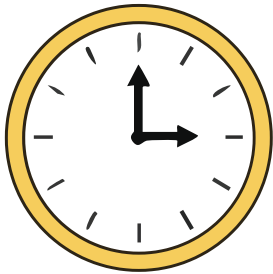
Examples of large gaps between funding requested and funding available:

- Vancouver Foundation Transforming Systems Grants:** \$361.8M requested vs. \$11.1M available
- Journalism Futures Fund (hosted by Inspirit Foundation):** 128 applications for only 6 grants available to independent journalism organizations in the fund's inaugural year
- Béati Foundation:** \$4.7M requested vs. \$720K available
- Fondation du Grand Montreal, Social Equity Fund:** \$26.9M requested vs. \$800K available
- Rideau Hall Foundation, Catapult program:** \$94M requested vs. \$4.3M available

4. Time wasted, for applicants and grantmakers alike

As demand increases, the proportion of successful applications goes down. For both community organizations and grantmakers, this means vast hours of time to write and review unsuccessful grant requests.

Examples:



- **Beati Foundation:** 1.5% success rate (8 funded out of 530 applications in 2025)
- **Rideau Hall Foundation, Catapult program:** 4% success rate (34 funded out of 864 applications)
- **Canadian Women's Foundation:** Declined from 15% to <6% over the past 6 years, with an estimated 367 days of time spent on unsuccessful applications for one grant stream alone.
- **Indigenous People's Resilience Fund:** 6% success rate (38 funded out of 606 applications in 2025).
- **Vancouver Foundation LEVEL BIPOC Grants:** 8% success rate (~40 funded out of 520 applications)

Success story:

Waterloo Region Community Foundation increased the successful application rate to 50% this year, up from 30% in past years. They achieved this by adjusting their grant streams, tightening alignment and eligibility criteria and communicating these clearly with community organizations in the region. They also reached out to donors in the community to contribute more funds to meet increasing needs.

5. Underfunded public institutions increasingly turning to philanthropy

Foundations on the call reported a new trend in which they received increasing applications post-2023 from:



Municipalities



Hospitals and health care providers



Schools

THE DRIVERS

Provincial and federal cuts to funding and services

- End of pandemic-era emergency and relief funding
- Reductions or constraints in government funding across sectors
- Cutbacks on services offered directly by public institutions (health, education, etc)
- Layoffs of public servants

Economic instability

- Inflation increasing nonprofits' operating and program costs
- Layoffs and workforce instability in all sectors
- Global economic uncertainty caused by tariffs and wars
- Households: less discretionary budget; making fewer donations to nonprofits and charities

Rising needs of community members and organizations

- Increased poverty, unemployment, mental health challenges, food insecurity and housing crises across Canada
- Growing demand for social, health, and community services
- Community organizations seek more resources to scale services in response to need.
- Organizations repeatedly apply across multiple funding streams due to scarcity and uncertainty.

Machine learning tools

- Faster and easier for community organizations to write grant applications.
- Funders observe that applications look increasingly similar due to AI tools, so more difficult to assess comparatively.
- Contributes to increasing volume of low-quality requests.

Foundations' efforts to be open and accessible are working!

- More foundations have public websites, open calls, searchable databases, and active communications strategies, compared to 5 years ago.
- More foundations have committed to relational, trust-based, equity-informed grant strategies and processes.
- Compared to governments, foundations are often perceived as faster, more relational, and more adaptable funders.
- Nonprofits now prioritize foundations in their fund diversification strategies.
- Increased applications from organizations that previously had little contact with foundations, including:
 - Grassroots groups / non-qualified donees (a policy change success!)
 - Indigenous-led organizations
 - Independent journalism
 - Democracy and social infrastructure initiatives
 - Advocacy organizations

Inactivated philanthropic capital

- Endowments and DAFs represent substantial pools of capital not yet fully mobilized toward social impact.
- Many foundations focus on attaining only the 5% disbursement quota.
- Spend-down foundations are rare in Canada; most foundations are structured for perpetuity.
- Limited use of social finance, impact investing, and other catalytic capital approaches within the foundation sector.

TENSIONS

The peer exchange, and Lumiere Consulting’s conversations with foundations over the past few months, revealed some key strategic questions grantmakers are experiencing. To address these tensions, each funder will have to reflect on its values and the role of philanthropy in society.

	Tension
Functions of government and philanthropy	
Foundations are increasingly being asked to fill gaps left by reduced provincial and federal government funding. Not only has reduced funding affected community nonprofits, but also municipalities, schools and hospitals that are increasingly applying to foundations. At the same time, there is recognition that philanthropy cannot replace public funding systems	Fill immediate funding gaps no matter their cause vs. maintain a complementary role relative to the government.
Role of philanthropy	
As a participant pointed out, many foundations have a “theory of change where [our purpose is to] ‘de-risk’ projects, and help create a proof of concept, in hopes that then they will get government funding (or other funding).” Now, the near opposite seems to be happening, in which community organizations that previously received public funds to deliver front-line services are being defunded and encouraged to seek out philanthropic grants to cover their operating expenses.	Fund new, innovative, risky, or underexplored areas vs. support core operations for frontline services.
Time frame	
Many foundations are structured to preserve endowments and operate in perpetuity. At the same time, there is growing pressure to increase disbursements to address urgent and escalating environmental and social needs.	Perpetuity of endowments and decades-long time frame vs. spend down to mitigate worsening crises now.

Tension

Strategic focus

Some foundations are narrowing their priorities to better align funding programs with their mission and capacity. This means that some community organizations and needs are no longer eligible for support, potentially exacerbating inequities. Some grantmakers are also grappling with the question of funding long-time grantees vs. new grantees that are even better aligned with their goals.

Equity and inclusion vs. prioritization

Accessibility

Many foundations aim to keep their funding accessible through open calls and low-barrier processes. However, the volume of applications has become so high that systems are becoming unmanageable, and some are considering moving to “by-invitation only.”

Open access vs. manageable application volume

Grantmaking approach

Foundations are grappling with a desire to maintain trust-based approaches that reduce barriers and emphasize relationships with grantees, while also seeing a need for stricter screening mechanisms to cope with high demand.

Trust-based approaches vs. need for filtering

Relationships with applicants

Foundations want to foster good relationships with community organizations, including those they do not fund. However, relationships take time, and limited staff capacity makes it difficult to sustain meaningful engagement with all applicants.

Relationship-building vs. staff capacity constraints

Attendees' reflections

"Is an open call for proposals really that democratic when we already know we can't fund them all?"

"Another question is how to respect and continue the longer-term relationships while making room for new projects and grantees, while the funding budget does not increase."

"There is an emotional burden on both sides: for foundation staff (to say NO so often) and for organizations applying for grants (working on applications that are unsuccessful when they could have been doing something better with their time)."

"Granting is such a limited tool compared to the scale of challenges."

"We are committed to a relationship-based approach, but it's feeling unsustainable."

"For our community granting programs, we've had discussions about whether we should make public institutions ineligible for funding (municipalities and schools, primarily). It's been hard because we know public schools in our region are underfunded and being asked to do so much more than traditional core curriculum delivery and there's a lot of upstream benefit."

"We shouldn't be stepping in to provide direct services in areas where the state is failing if we aren't pushing back on those cuts/pushing for policy change."

"We have heard of some governments actually telling people [community organizations] to go to philanthropy for funding instead."

"Many foundations are mandated for perpetuity, so 'spend down' is just not on the table."

ACTION STRATEGY IDEAS

Diverse ideas emerged for addressing the challenge, each with its pros and cons. Grantmakers across Canada are in a period of experimentation to determine which action strategies best fit their goals and communities' needs.

Granting Operations

- Annual assessment and refinement of granting process to ensure alignment with capacity, demand and values
- Pay external reviewers to reduce the load on staff
- Randomized selection
- Lotteries to get the opportunity to apply
- Provide a self-selection tool so applicants can assess fit early
- Shift from rolling/open applications to invitation-based models to manage volume and respect applicant time
- Two-stage applications with a short, simple first stage
- Cap applications (e.g., each organization can only apply to one grant stream/program per year)
- Create triage-based systems that reduce eligible applications while maintaining fairness
- Integrate workflow tools to manage volume
- To address the problem of AI-generated applications, do interviews with applicants, require disclosure of AI use, and add an AI policy to application guidelines

Granting Strategy

- Tighten eligibility criteria and exclude misaligned applicants
- Clarify grant program goals and guiding frameworks
- Shift grant program focus to be more specific, sharpen priorities, and reduce scope
- Balance portfolio approaches: Some large, multi-year investments and more smaller, shorter grants
- Increase multi-year commitments to reduce time reviewing each year and improve grantees' stability

Participatory Granting

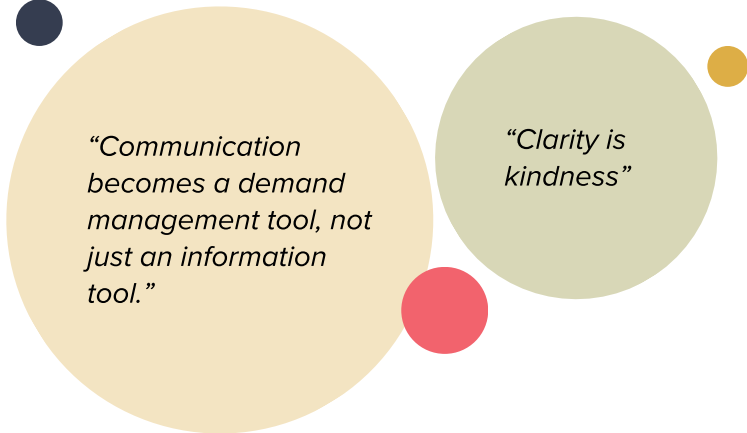
Several foundations are grappling with how to maintain good relationships with grantees, build trust and share power over grant decisions. The high volume of applications seems to run in the face of these goals. However, several foundations expressed interest in using participatory models for community involvement in decision making, as a way forward. Some foundations have been using granting circles, or shared gifting. Those who were already using participatory methods committed to continuing.

Success story:

In 2025, **Canadian Women's Foundation** replaced their open call for proposals with a series of shared gifting processes. They invited previously unsuccessful applicant organizations from recent years to take part - community organizations whose work had great merit and helped CWF fill gaps in funding across regions, populations and themes. In the granting circles, community organizations allocated a fund amongst themselves. In just one grant stream, they estimated over 150 days of staff time was saved compared to an open call for applications. Those who were not selected to take part appreciated not wasting their time on grant applications; those who were selected to take part in a granting circle gained deep benefits from the relationships fostered during the non-competitive process.

Community Relationships & Communications

- Be honest with community about the foundation's dilemmas
- Engage grantees/applicants to explore potential action strategies to address the challenge (listening, co-creation)
- Clearly communicate to applicants:
 - What is funded vs. not funded
 - Success rates and constraints
 - What constitutes a strong application
 - Amount of time expected to complete the application
- Require attendance at an info session, as a screening and communication mechanism
- Include the question: How much time did it take to prepare your application?
- Ask for feedback from community groups (applicant survey)
- Support application coaching and capacity-building
- Post-selection, offer group feedback sessions to unsuccessful applicants (more scalable than 1:1 conversations or individualized written feedback)
- Acknowledge that high application volume / low grant success rate creates emotional burden for both funders and applicants



"Communication becomes a demand management tool, not just an information tool."

"Clarity is kindness"



Mobilize More Capital

Many foundations were eager to talk about how we could shift from managing scarcity to actively grow the funding pool.

- Make better use of dormant endowments by moving money into the community through alternatives, in addition to grants:
 - Impact investing
 - Social enterprise support
 - Capital transfers
 - Some foundations that give recurring grants to the same organizations over many years have decided to provide a larger capital transfer instead, encouraging the community organizations to use it for both short- and long-term needs.
- Increase disbursement rate
- Set a ceiling on endowments
 - One foundation suggested getting the board to agree to a target size of the endowment, and to grant all funds beyond that level annually (rather than continuous growth of the endowment).
- Spend down endowments
 - Make the case that funds are needed now to face mounting crises, not in 50 or 100 years
- Spread the word: Let board members and/or donors know about the drastic increase in needs and applications
- Invite current and prospective donors to contribute more (especially relevant for public and community foundations)
- Activate donor-advised funds (DAFs) more strategically
 - Channel donors toward vetted organizations
 - Share unsuccessful but worthy applications with donors
- Use convening power (dialogues, town halls) to engage donors

Collaboration / Sharing with Other Grantmakers

- Continue to meet with other grantmakers to explore the problem and solutions
- Publish results of pilots to address the challenge
- Share applicant pipelines and declined proposals
- Create a joint application platform (“one stop shop”) with other funders (such as [Waterloo Region Apply](#)) one-stop shops
- Invest in co-funding and pooled funding initiatives
- Contribute funds to generate research, grantmaking practice models, and/or government relations that address the challenge of spiking demand collectively

Advocacy & Government Relations

- Support the nonprofit sector's advocacy for better public funding (such as [Fair Funding for Nonprofits](#)) and current provincial movements, such as in [BC](#), [Nova Scotia](#) and [Quebec](#)
- Add the foundation's name and credibility to campaigns
- Pool funds to coordinate advocacy across foundations
- Repeat key messages, such as:
- Core public services should remain publicly funded.
- Philanthropy cannot replace government funding.

LUMIERE CONSULTING

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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