



Foundations and Social Capital

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Foundations and Social Capital: Key Questions

- Three issues to be addressed:
- **Role:** *should* foundations care about social capital? Do they have a right, or indeed an obligation, to intervene?
- **Effectiveness:** can foundations act effectively to build social capital?
- **Impact:** what, if any, crossover impact on social policy and policy makers?



Role: should foundations care?

- Foundations: charities giving to charity
 - Historically, funders of community “good works”
- Rethinking of charity: amelioration of consequences or elimination of causes?
- Increase in number of “strategic” philanthropists
 - Focus on healthy communities and systems
 - Emphasis on innovation, creativity
 - Support for community and organizational capacity
 - Interest in collaboration and networks



Effectiveness: can foundations build social capital?

- Social capital: creating constructive connections among individuals and groups
 - Not spontaneous: must be organized and resourced
 - Foundations provide sparks and seeds
- Comparative advantage of foundations:
 - Rooted in communities or networks
 - Tolerance for risk
 - Appetite for innovation
 - Seeders, not doers



Effectiveness: can foundations build social capital? (con't)

- Range of possible interventions
 - From social capital investment...
 - ...to anonymous core funding
- Scope of foundation action bound by:
 - Regulatory framework (definition of charity and disbursement quota)
 - Availability of funds (investment climate)
 - Interests/networks/skills of donors and staff



Some examples in action

- Private foundations as social investors
 - Venture philanthropy: catalyst for social change
 - Investing in charitable organizations with leadership and vision
 - Working as partners
 - Bealight Foundation and Social Capital Partners: building social enterprises
 - Endswell Foundation and Tides Canada Foundation: supporting a national network of investors in social justice



Some examples in action(2)

- Private foundations as network builders
 - Strategic philanthropy: funders of capacity building
 - Identifying and encouraging development of organizational and individual assets
 - Evaluating results and sharing knowledge
 - J.W.McConnell Foundation and national community building
 - Maytree Foundation and its work on immigrant integration, racism and poverty in a local context



Some examples in action (3)

- Community foundations as conveners
 - Community philanthropy: developing social capital
 - An explicit mandate for relationship-building
 - Creating a sense of belonging to community
 - Demonstrating commitment to social capital through values and ways of working
 - Community Foundations of Canada and its sponsorship of *Our Millennium*



Impact: foundations and public policy

- Range of foundation engagement with public funders
 - From no involvement with public funders and limited acceptance of public accountability...
 - ...to close partnerships with public funders and an explicit commitment to making policy change
- What foundations offer public funders:
 - Free to experiment without reference to political context
 - Have resources to evaluate and disseminate learnings to feed policy debates
- Public constraints on foundation engagement:
 - Regulatory requirements, and climate of negativism around “advocacy”.



Impact: foundations and public policy

- “Advocacy chill”
 - Majority of charitable foundations reluctant to engage in explicit policy change work
 - Climate of opinion in government not favourable to “political” activity.
 - Recent administrative clarifications by CCRA and Finance have made it even chillier for foundation grantees and foundations themselves
- Definition of charity
 - Foundations constrained by ITA definition of charity, which limits granting to innovative social networks
- Debate on policy engagement still latent
 - More explicit in US where foundations are under attack



Some Ongoing Questions

- Is it feasible/useful for foundations to track the impact of their grants on social capital formation?
 - Or is social capital more useful as a framing concept for grantmaking work?
- How can foundations more effectively integrate their planning/grantmaking with social policy agendas?
 - What do policy makers need from foundations?
 - What are the possibilities for partnership?
 - How can the “hand-off” be made more successful?
- Can the scope for engagement of foundations in policy debate be enlarged?
 - How can the climate for policy engagement be improved?



Some Facts on Foundations

- **In 2002, over 1690 *active* grant making Canadian foundations***
 - **Of these, 82.5% are family foundations**
 - **Others include community, corporate and special purpose foundations**
 - **Few have assets more than \$50 million**
 - **Majority of family foundations have assets under \$10 million**

*according to Canadian Center for Philanthropy 2003 Directory to Foundations and Grants; the number of CCRA registered foundations is over 7000



Philanthropic Base Lags U.S.

- **Assets and grants of Canadian foundations lag far behind those of US foundations**
 - Canadian foundation assets in 2001: about \$ 11 B (Canadian \$)*
 - US independent foundation assets in 2002: \$ 403.5 billion (US \$)
 - Canadian foundation grants in 2001: almost \$950 M
 - US independent foundations grants in 2002 : \$ 23.3 billion (US\$) (around 5.8% of assets)**

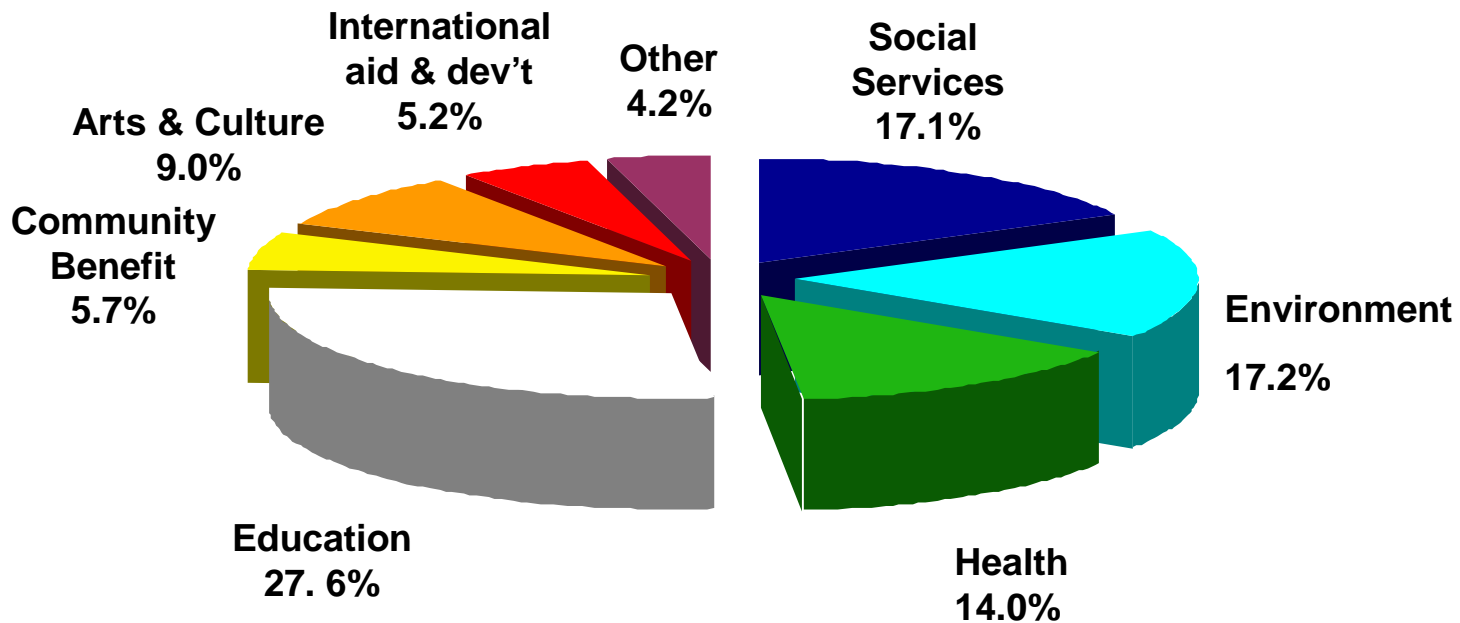
* Canadian Center for Philanthropy 2003 Directory to Foundations and Grants

** Foundation Growth and Giving Estimates, 2002, Foundation Center, March 31, 2003, NYC, NY

Foundations Support Social Causes

Foundations grant across the voluntary sector

- Emphasize education, social services, environment, health



Source: PFC Internal data (2001)
N= 50

% of dollars distributed by sector



Philanthropic Foundations Canada

- **A non-profit member association for Canadian foundations**
 - established in 1999
 - to promote the growth and development of independent, effective and responsible private foundations, and
 - to foster a social and regulatory environment that encourages philanthropic contribution
- **PFC currently has 72 members**
 - Mostly family foundations
 - Also includes some independent public and corporate foundations
 - Majority of members in Ontario and Quebec
- **Member assets total about \$ 4.6 billion**
 - Represent almost half the assets of active foundations in Canada
- **Web site: www.pfc.ca**