

2017

The Social Innovation Strategies of Canadian Foundations

Innovation Policy Lab White Paper, generously supported by the
Lupina Foundation

KRISTEN PUE AND DAN BREZNITZ

CONTACT | kristen.pue@mail.utoronto.ca

Table of Contents

Executive Summary	2
Project Design.....	6
Canadian Foundations.....	6
Research Method.....	7
A Distinctly Canadian Approach.....	10
Social Innovation Sometimes, for Some Purposes	12
Social Innovation Tactics.....	15
Foundation Resources	15
Financial Support	15
Programming.....	16
Utilizing Reputation.....	16
The Tactics	16
SIT 1: Funding Entrepreneurial Individuals	16
SIT 2: Training Entrepreneurial Individuals	18
SIT 3: Providing Early Financing to New Charities and Social Enterprises	20
SIT 4: Providing Capacity-building Support to New Charities and Social Enterprises in Generating or Implementing a New Idea	21
SIT 5: Providing Financing to New Charities and Social Enterprises So they Can Achieve Scale	22
SIT 6: Providing Capacity-building Support to New Charities and Social Enterprises So they Can Achieve Scale.....	23
SIT 7: Providing Training in SI Methodologies	24
SIT 8: Administering SI Challenges that Address Specific Social Problems.....	26
SIT 9: Funding Established Organizations to Try New Approaches.....	27
SIT 10: Funding Research, Including “Social R&D”	28
SIT 11: Identifying a Desired Social Change and Taking Multifaceted Steps to Achieve that Change	30
SIT 12: Incubating Ideas and Later Spinning them Out	33
SIT 13: Convening Multi-stakeholder Discussions on Social Problems	34
SIT 14: Strengthening Communities of Practice through Cohorts	35
Social Innovation Strategies	38
Strategy 1: Lead Systemic Change	38
Strategy 2: Facilitate Social Innovation by Promoting the SI Ecosystem	39
Strategy 3: Be There Early.....	39
Strategy 4: Support Creativity.....	40
Strategy 5: Facilitate Institutional Innovation.....	41
Where Do We Go from Here?	42
Appendix 1: Full SIT Table	46

Executive Summary

This is a report on the social innovation strategies of Canadian foundations, but it has relevance for anyone interested in social innovation – whether inside or outside of philanthropy. For two reasons, foundations are a particularly good window into social innovation activities. First, foundations occupy a unique position in society, characterized by relative independence that arguably puts them in a strong position to innovate. They also function as incentive-setters and incentive-takers: like other charities they must conform to Canada Revenue Agency rules, while at the same time they work with charities and set funding conditions for them. As such, secondly, the social innovation behaviours of Canadian foundations offer unique insight into what actors that seek to do social innovation need, and what actors that seek to fund social innovation consider.

This report draws on 38 interviews with staff and board members from 18 Canadian foundations: the J. Armand Bombardier Foundation, the MasterCard Foundation, the J.W. McConnell Family Foundation, the Metcalf Foundation, the Maytree Foundation, the Laidlaw Foundation, the Vancouver Foundation, the Muttart Foundation, the Toronto Community Foundation, the Ivey Foundation, the Inspirit Foundation, the Ontario Trillium Foundation, the Edmonton Community Foundation, the Lawson Foundation, the Walter and Duncan Gordon Charitable Foundation, the Donner Canadian Foundation, the Suncor Energy Foundation, and the Coast Conservation Endowment Fund. The foundations selected are primarily large – all of them employ staff members – but are geographically and organizationally diverse and work across different issue areas. Our research was made possible by the generous support of the Lupina Foundation.

The following are the core findings of the study:

A distinctly Canadian approach: the social innovation approach developed by resilience theorists at Waterloo is rhetorically influential amongst Canadian foundation staff. This approach has at least two advantages. First, it emphasizes collaboration, instead of the narrative of heroic entrepreneurs. Second, it stresses the immitigable nature of uncertainty and the need to be adaptable. However, our interviews revealed that foundations have struggled to put the concepts of the resilience approach into practice.

Social innovation sometimes, for some purposes: social innovation is a contentious word in the world of Canadian foundations. Some foundations use it; for them, the case for the term's usefulness is obvious. But other foundations do not use the term social innovation, either because they think the term is a signal for harmful developments in the sector or because they simply have no use for it. Foundation staff and board members were concerned that terms like social innovation are inaccessible, and might prevent foundations from funding organizations that are the most deserving. There was also a good deal of confusion about how the term social innovation should be understood. Despite these hesitations about the term social innovation, it was clear that foundations want to promote characteristics like risk-taking, experimentation, and impact maximization, which are often associated with social innovation.

Social innovation tactics: despite concerns and confusion about social innovation, foundations are already deploying tactics and strategies to promote it. Foundations have at least three sources of power that might be used to support social innovation: finances, staff capacity, and legitimacy. They use these resources in at least fourteen different social innovation tactics (SITs). The report describes the fourteen SITs and provides case study examples. Briefly, they are:

- **SIT 1**: Foundations promote social innovation by *funding entrepreneurial individuals*. The logic of this intervention is that foundations can use their financial resources to provide the enabling conditions for creative individuals to do social innovation.
- **SIT 2**: A second SIT is *providing training to entrepreneurial individuals*. This intervention type assumes that creative individuals need certain skills to be able to do social innovation.
- **SIT 3**: This SIT comprises *early financing to charities and social enterprises*. An intervention of this kind assumes that a barrier to social innovation is the difficulty that new organizations have in accessing finance, especially to develop an idea or test it.
- **SIT 4**: This type of intervention involves the provision of *capacity-building support to aid charities and social enterprises in implementing a new idea*. The logic of this intervention is that social innovation attempts may fail because new or small organizations lack the skills to fully implement an idea.
- **SIT 5**: In this SIT foundations provide *financing to new or small charities and social enterprises so that they can scale up existing programs*. The logic that underpins this tactic suggests that new ideas may fail to achieve impact because they are unable to grow due to lack of available financing.
- **SIT 6**: This SIT comprises interventions in which foundations provide *capacity-building support to new or small charities and social enterprises so that they can scale up existing programs*. The logic of this SIT is that new ideas may fail to achieve impact because they are unable to grow due to lack of organizational capacity.
- **SIT 7**: For this SIT, foundations provide *training in social innovation methodologies*. Social innovation methodologies refer to tools and procedures that a nonprofit (or other organization) needs to do social innovation. The logic of this intervention is that charities lack such tools.
- **SIT 8**: This type of intervention entails administering a *social innovation challenge*: a competition in which a foundation offers a prize for the best “disruptive” or “innovative” solution to a specific social or environmental program. The logic here is that foundations can lead the social innovation process by directing funds to pervasive social challenges.
- **SIT 9**: In this SIT, a foundation *funds established charitable organizations to try new approaches*. The logic is that nonprofits may not do social innovation because financing is not available to try new things.
- **SIT 10**: This SIT comprises *funding for research*, including what is sometimes called “social R&D” (research and development). SIT 10 assumes that social innovation is partially about advancing human knowledge.

- **SIT 11:** In this SIT a foundation *identifies a desired social change and disburses grants to achieve that change*. The logic of this approach is that foundations have a unique position in society that allows them to coordinate social change efforts amongst various players.
- **SIT 12:** For this SIT, a foundation *runs a project in-house with the eventual aim of that project becoming an independent, self-sustaining organization*. The logic here is that foundations have the capacity to absorb greater levels of risk than other organizations, which allows them to experiment with new ideas directly.
- **SIT 13:** This SIT entails *convening multi-stakeholder discussions on intractable social problems*. The logic here is that social innovation often results from new collaboration. As such, foundations can use their influence to spur discussions amongst groups that might not otherwise cooperate.
- **SIT 14:** Finally, this SIT involves *using cohorts to strengthen communities of practice*. The logic of this intervention is that social innovation is more likely to occur when experts from across an area of practice are brought together to consider solutions to an ongoing problem.

Social innovation strategies: SITs can be combined in broader social innovation strategies. Broadly, foundations adopt one of two strategic orientations toward social innovation: leadership or facilitation. Within these two orientations, we found five social innovation strategies being employed by foundations: leading systemic change; promoting the social innovation ecosystem; being there early; supporting creativity; and facilitating institutional innovation. The report describes these five strategies and identifies the corresponding SITs. A full table outlining the SITs and their associated social innovation strategies is provided in Appendix I.

Where do we go from here? Our interviews revealed that foundation staff would be receptive to social innovation if it were more grounded in practice – focused on why social innovation is useful – and more accessible. They also revealed that foundations are already acting to encourage social innovation. What is missing, however, is a sense of the contribution of social innovation. In the final section we ask: how can we make social innovation a concept that is useful for foundations and other actors?

The starting point, we argue, is to ensure that we do not overstate the nature or value of social innovation. Social innovation is often described as something “profound”, as a signal for a movement that disrupts and sends ripples across the entire society. This might be a worthy aspiration, but it provides little practical basis for advice about how third sector actors can adopt their routines and policies to become more innovative. The framework that is developed also needs to acknowledge and provide space for the different types of social innovation that exist. And it should bear in mind the specific utility of social innovation. Like all innovation, social innovation can be useful for certain purposes and in certain contexts but should not be viewed as a panacea.

Perhaps even more importantly, social innovation research lacks a theory of innovation. There exist plenty of theories in the field of social innovation, but in none of them does *innovation* figure as the element of analysis. Social innovation theories are generally

about understanding something else about our society – frequently, new modes of governance and state-market relations – but give little attention to the meaning of innovation or its use as a conceptual tool. We propose to put innovation at the centre of the analysis, which means beginning with the term innovation. We define innovation as the purposive actualization of novelty in a social setting. This definition is a bit academic, but in general it simply means that innovation is about the interaction of five dimensions: novelty, an agent, purposiveness, value creation, and adoption. We illustrate how these five dimensions can lead to a clearer sense of the different kinds of social innovation that exist. Once these different types are clarified, it will be possible to assess the effectiveness of social innovation tools and to identify best practices. We suggest focusing attention on the policy levers that Canada’s government and third sector actors can develop to routinize social innovation – in its many variants – just as we have routinized economic innovation.

Project Design

This project used an inductive approach to analyze the social innovation strategies of Canadian foundations. We studied Canadian foundations for three reasons having to do with their position in the Canadian nonprofit sector. First, foundations occupy a unique position in society, characterized by relative independence that should facilitate innovation.¹ We therefore expected that they might be interesting agents of social innovation. Second, foundations function simultaneously as incentive-setters and incentive-takers. Like other charities they must conform to Canada Revenue Agency rules, which some claim restrict the capacity for social innovation.² At the same time, foundations work with charities and set funding conditions for them. Accordingly, studying the social innovation behaviours of Canadian foundations offered unique insight into both sides of the equation – what actors that seek to do social innovation need, and what actors that seek to fund social innovation consider. Third, a small community of Canadian foundations have recently emphasized social innovation in their strategies and theories of change. Through the study of social innovation strategies and tactics, we hoped to contribute to an understudied area of research: namely, foundation roles as agents of social and policy change. For these reasons, we believe that studying Canadian foundations offers unique insights into the nature and function of social innovation.

Canadian Foundations

Although research on foundations often discusses the American history of “gilded age” philanthropists like Carnegie and Rockefeller, foundations are in fact amongst the oldest existing social institutions.³ Foundations are defined differently around the world, but in general the term refers to asset-based entities that serve a public purpose and that are self-governing and institutionally separate from government (and thus outside direct majoritarian control).⁴

Canada is home to 10 500 philanthropic foundations,⁵ organizations established to give away a portion of their assets each year for charitable causes. Foundations control approximately one out of every six dollars in the charitable sector.⁶ While the Canadian foundation sector is considerably smaller than its counterparts in the United States and the United Kingdom,⁷ it is comparable to many European countries.⁸

Foundations come in very different shapes and sizes. The archetypical foundation, historically, is established by a wealthy individual or family that puts aside a large endowment, a small portion of which (at least 3.5%) is disbursed to charitable causes each year through grants. However, foundations can also pool and manage funds from different donors – 1 700 in the case of the Vancouver Foundation, for instance – who may direct where their contributions should go or allow the foundation to have discretion. Foundation assets are not always endowments. For example, Canada’s largest foundation, the MasterCard Foundation, was established by the donation of MasterCard Inc. shares in the company’s initial public offering. Foundations might also raise money to pay for their activities, including through government grants. Some foundations – notably the Ontario Trillium Foundation – are funded entirely by the government.

In addition to differences in where foundations' money comes from and how it is held, foundations can use their money differently. While many foundations exclusively disburse grants to charitable organizations, others operate their own programs. This could include scholarships and other competitions, training programs, monitoring systems, events, and any number of other activities. Foundations that primarily give money to other organizations are called granting foundations, while those that primarily operate their own programs are called operating foundations. It is worth noting that some foundations are set up for the specific purpose of disbursing money to a single registered charity. The purpose of doing this is to limit the charity's liability.⁹

Legally, there are two foundation designations in Canada: public and private.¹⁰ About half of Canadian foundations are public, while private foundations make up the other half. Other foundation classifications, though not recognized in the legal regime, include: family foundations, community foundations, corporate foundations, and government foundations.

Foundations vary drastically by size: the largest foundation in Canada has over \$11 billion in assets, while other foundations may have as little as a few thousand dollars. Most Canadian foundations are small and employ no staff members. Just three Canadian foundations have more than \$1 billion in assets.¹¹ However, there is a community of sizable Canadian foundations: the largest 150 foundations by assets each have at least \$27 million in assets, while the largest 150 foundations by total gifts disburse at least \$2 million annually.¹²

Research Method

This report draws from a combination of secondary research and semi-structured interviews. First, the researchers reviewed the global scholarly and practitioner literature on social innovation to develop an understanding of the concept, its uses, and debates. That literature review revealed that there are at least nine research traditions writing on social innovation: sociology, creativity research, entrepreneurship, community psychology, territorial development, welfare economics, organizational studies, management science and economics, and political science and public administration.¹³ Social innovation research communities tend to cite internally while inter-community citation is less frequent.¹⁴ This literature review resulted in a conceptual paper, which was presented on 1 December 2015 at a Special Massey Forum on Philanthropy and published as an Innovation Policy Lab White Paper.¹⁵

To bridge the gap between social innovation theory and practice, the researchers undertook semi-structured interviews with actors involved in devising and implementing foundation strategy: staff and board members. Interviews covered topics pertaining to how each foundation understands social innovation, as well as its affiliated concepts; what it believes to be the utility of social innovation as a concept; and how it has acted, if at all, to encourage social innovation. Although some foundations had a position and even a strategy on social innovation, it was equally important to understand those

activities that foundations undertook which they did not identify as social innovation but could be considered as such. We also delved into the mission of each foundation, especially how the mission is understood and operationalized in foundation policy, the theory of change underlying the mission, and how evaluation is undertaken. Where attempts to measure effectiveness or impact had been undertaken, we explored this. Finally, we discussed the connections between social innovation and mission, impact, and effectiveness. In doing so, attention was devoted to lessons learned and obstacles.

Between June and August 2016, the researchers interviewed twenty-seven staff and board members of seven Canadian foundations: the J. Armand Bombardier Foundation, the MasterCard Foundation, the J.W. McConnell Family Foundation, the Metcalf Foundation, the Maytree Foundation, the Laidlaw Foundation, and the Vancouver Foundation. These were foundations that the researchers deemed to be active on social innovation, either as a premeditated strategy or *de facto* outcome of their granting activities.¹⁶ Importantly, background research suggested that each foundation approached social innovation differently.

Based on data from the first round of interviews, interim findings were developed. These findings were tested between November and December 2016 via a second round of interviews undertaken with Executive Director level foundation staff at other large Canadian foundations: the Muttart Foundation, the Toronto Community Foundation, the Ivey Foundation, the Inspirit Foundation, the Ontario Trillium Foundation, the Edmonton Community Foundation, the Lawson Foundation, the Walter and Duncan Gordon Charitable Foundation, the Donner Canadian Foundation, the Suncor Energy Foundation, and the Coast Conservation Endowment Fund. In total, 38 interviews were conducted with representatives of 18 foundations.

The foundations included in this study were all headquartered in the four most populous Canadian provinces; however, they operate across all regions of Canada, including Canada's North. Some were among the oldest foundations in Canada, while others had been established within the past decade. Importantly, the foundations in this study reflect the diversity of philanthropic foundation types in Canada: private and family foundations, community foundations, corporate foundations, and government foundations. Participating foundations also reflect a diverse array of issue areas, from health to education, research, arts and culture, children's issues, religion, community economic development, Indigenous wellbeing, international development, poverty reduction, and environmental protection. Some foundations had very specific missions, while others were generalists. Variation across program areas was important because social innovation is a cross-cutting concept that is not intended to be limited to specific issue areas.

We interviewed only large foundations – generally, but with some exceptions, those in PFC's list of the largest 150 foundations or amongst the largest community foundations. Our rationale for focusing on large foundations was based on an expectation that large foundations were more likely to have professionalized staff charged with developing strategies and procedures, as well as on concepts like social innovation. Foundations with staff were thus more likely to provide expertise on granting strategies, measuring success,

and the role of foundations in Canadian society. In addition to these factors, selecting for large foundations was a practical choice. Large foundations often have websites with contact information for staff, making access more likely.

A Distinctly Canadian Approach

Interview research revealed that there is a distinctly Canadian approach to social innovation that is influential amongst foundations. This approach, the “resilience approach”, defines social innovation as: “a complex process of introducing new products, processes or programs that profoundly change the basic routines, resource and authority flows, or beliefs of the social system in which the innovation occurs.”¹⁷ The resilience approach uses complexity science to provide an account of how novelty enters social systems (when societies are more likely to accept change). The book *Getting to Maybe* is emblematic of this approach.¹⁸

The resilience approach to social innovation is most associated with University of Waterloo’s J.W. McConnell Chair of Social Innovation, Frances Westley. It was popularized through the social innovation graduate diploma, as well as through Social Innovation Generation (SiG). SiG, which was created in 2007, is a partnership between the McConnell Foundation, Waterloo Institute for Social Innovation and Resilience (ISIR), MaRS, and the Plan Institute. SiG adopted the resilience approach as its theoretical foundation. This approach was then integrated into the contributions of the individual partners. The McConnell Foundation has funded social innovation and created Innoveave to provide training for social innovation and other methodologies. Waterloo ISIR administered the graduate diploma program (until 2014) and undertook social innovation research projects (for example on Indigenous innovations). Some of the adherents to the resilience approach have since begun teaching social innovation at other institutions like Mount Royal University in Calgary and Simon Fraser University in Vancouver. MaRS created programming on social innovation, such as the Centre for Impact Investment, the Solutions Lab, and the Energy Centre. Al Etmanski, of the Plan Institute, was instrumental in getting support for the creation of British Columbia (BC) Partners for Social Impact, a social innovation network.

The widespread influence of the resilience approach was clear in our interviews with foundation staff. Participants frequently mentioned terminology that is specific to the resilience approach – such as “scaling up, out, and deep”, the “adaptive cycle”, and “systemic change”. “We give out copies of *Getting to Maybe* like it’s candy,” one foundation manager remarked. In discussing their work and social innovation, foundation representatives often referenced SiG and its partners. In some cases, foundation staff had been through the Waterloo social innovation graduate program. Despite its rhetorical influence, foundations have struggled to put the concepts of the resilience approach into practice.

An advantage of the Canadian approach to social innovation is the emphasis that ecosystems resilience thinking places on collaboration – in contrast to social innovation or social entrepreneurship language that has created a narrative of the heroic individual.

The language of being a social innovator, I think, somewhat can camouflage the background of partnerships that enable it to happen. And I think it reinforces a

very individualistic culture, which is somewhat counterintuitive to actually where innovation happens...

The resilience approach also stresses the inmitigable nature of uncertainty, and the need to be adaptable: “it’s also responding to the uncertainty – actually responding to what happened as opposed to what your initial plan was. So, you’re flexible and you’re changing course frequently”, a grants manager explained. While both insights are important, in general the resilience approach is simply too macroscopic to be a practicable basis for social innovation policy. This is true both in terms of what counts as social innovation and the type of analytical tools that the theory provides.

First, although a few foundation staff reported using the “adaptive cycle” or “panarchy cycle” (an infinity symbol-shaped diagram that demarcates four quadrants in terms of which “phase” society is in with respect to a given issue), in general the resilience approach does not provide insights that help foundations or other nonprofit actors make decisions. Most foundation staff said that social innovation was not helpful to them in making everyday, or even strategic, decisions. “Innovation is a very big concept but it’s difficult to point to something specific,” one staff member said. Others expressed concern that social innovation was ineffectual: “That is the skeptical side of me. That it’s all about getting big thinkers together and if they talk about it enough, social innovation happens.”

A second problem with the resilience approach is the tendency for social innovation to be viewed as consisting only of big, “profound” or transformative changes. “It is to foster a real game changing and transformational impact,” as one foundation staff member put it. Several foundation staff that we interviewed had internalized this definition. For instance: “For me, innovation is something that’s drastically changing the system.” In some cases, this led foundation staff to think that social innovation was not relevant to their activities, especially for those organizations that disbursed small, single-year grants. “I think that’s a tall task for, like, a \$25 000 grant or \$30 000 grant,” a foundation program manager concluded, for instance. Another participant said: “we have taken the word ‘profoundly’ out because it is highly unlikely that in three years anyone is going to profoundly change the social system.” In other cases, foundation staff called for a conceptualization of social innovation that is more “granular”. As one participant said: “I think of social innovation that can actually help address social issue challenges that we’re facing, in a real, tangible way – rather than reordering the global world system.”

In practice, most foundation staff used the terminology of the resilience approach to articulate a description of social innovation that effectively amounted to *institutional innovation*, in which “systems” were defined more narrowly and social innovation was taken to mean *changing the “rules of the game”*. Addressing “root causes” was a common theme of this approach, as was “trying to influence systemic change”. “We’re looking to projects that are seeking to address the root cause of the complex social issues of systemic change,” one grants director said, explaining the foundation’s social innovation grants. “We want to see systems work better and there’s no better example that we have right now than the whole issue of foster care in our province,” a council chair of the same foundation said.

Social Innovation Sometimes, for Some Purposes

Social innovation is a contentious word in the world of Canadian foundations. Some foundations use it. For them, the case for the term's usefulness is obvious. "The world is changing and if we don't innovate – if city governments don't innovate, if hospitals don't innovate, if charities don't innovate, they'll fall behind," one participant said. But other foundations do not use the term social innovation, either because they think the term is a signal for harmful developments in the sector or because they simply have no use for it.

Many participants expressed opposition to the term social innovation. From their perspective, the concept is too vague and has been stretched through misuse, resulting in a buzzword of little meaning or utility. For instance:

If I had 12 colleagues around the table, and I asked each of them to define it [social innovation] without listening to the other, we'd probably answer 12 different ways.

I have trouble with it because I think it's a catch-all. I think people use it – it's a conflated term. Everything fits in under it, and it can make you sound like you're at the progressive edge of things without necessarily doing anything that's innovative at all.

I don't really know what it [social innovation] means. I know what the word means but again that's something that gets misused. It's almost like it's a virtue. If you're not engaged in innovation somehow you're a laggard and there is something wrong with you. When you look at foundations, what's the non-innovation practice?

Foundation staff and board members were also concerned that terms like social innovation are inaccessible, and might prevent foundations from funding organizations that are the most deserving. One foundation staff member remarked: "Very often we'll hear, oh, social innovation, it's the new buzzword. It's a way for granters, grantmakers, to say no to us". Others stressed the need for an inclusive approach to social innovation:

Social innovation, it's a frightening word for traditional organizations. They think that they're not doing any innovation, and they are. It's just to make them realize what is innovation – just to re-question a program, re-question a division. Sometimes it's on an everyday basis. They do it, but they don't realize it.

We feel that social innovation is something that everyone should be concerned with. We hope that the most people get to feel part of it, kind of – we want it to be the most inclusive possible, because we think that even in very traditional organizations, if they become more innovative in their process, they will offer better services to their stakeholders.

There was also a good deal of confusion about how the term social innovation should be understood. Social innovation was often used to describe how philanthropic practices are changing more broadly. In some instances, this meant placing emphasis on social or policy change. In others, social innovation meant that charities and foundations are now being vocal about what they do: “In the old times, they used to say that when you do charity you don’t talk about it. You keep it to yourself.” Other usages included the identification of exit strategies, an emphasis on not creating dependencies, and the changing relationship of funders to fundees – such as the development of an “iterative, ongoing conversation with our grantees”.

Foundation staff were attuned to the question of when social innovation is useful and under what circumstances. They knew that social innovation is not a cure-all: “Sometimes you can do that without using social innovation at all. Social innovation should not be a hammer looking for a nail.” They were aware of the risks of overemphasizing social innovation:

Let’s face it: a lot of these social innovation approaches are time-consuming and therefore, by definition, expensive. If what you need is something straightforward, maybe difficult and complicated but not complex, then why make your life more difficult than it needs to be?

...there seems to be a production line of new concepts, new terminology. In some cases, it was literally just new language for the same concept. But when we talk about things like sustained innovation, for instance, we need to challenge ourselves to say, “Why innovation? Why do we need innovation?” There’s a lot of good stuff working on the ground right now that maybe just needs more support.

...grant makers, have gone into organizations and gotten them to re-engineer what they’re doing fairly substantially and it hasn’t worked out. Who’s suffered from it, who’s borne the brunt of that risk, has been the clients of that organization that may be low-income people with disabilities that are having their services interrupted.

Likewise, foundations expressed a keen understanding that projects that are “very simple” are often important and worth funding, even if “they don’t reinvent the way of doing things.”

Despite these hesitations about the term social innovation, it was clear that foundations want to promote characteristics like risk-taking, experimentation, and impact, which are often associated with social innovation. What is missing, then, is a sense of exactly what is the contribution of social innovation. One program officer put it this way:

The conversation’s been going on for a long time. At a certain point, I think we need to do a self-analysis or self-critique of saying how useful is this term? How useful is this conversation? Not ours, per se, but the larger conversations on social innovation in the sector for what we’re trying to achieve.

Our interviews revealed that foundation staff would be receptive to social innovation if it were more grounded in practice – focused on why social innovation is useful – and more accessible. This points to the need to rethink social innovation: how can we make social innovation a concept that is useful for foundations and other actors?

The starting point is to ensure that we do not overstate the nature or value of social innovation. Social innovation is often described as something “profound”, as a signal for a movement that disrupts and sends ripples across the entire society. This might be a worthy aspiration, but it provides little practical basis for advice about how third sector actors can adopt their routines and policies to become more innovative. The framework that is developed also needs to acknowledge and provide space for *the different types of social innovation* that exist. And it should bear in mind the specific utility of social *innovation*. Like all innovation, social innovation can be useful for certain purposes and in certain contexts, but it should not be viewed as a panacea.

Social Innovation Tactics

Foundations have at least three sources of power that might be deployed to support social innovation: finances, staff capacity, and legitimacy. The foundations included in this study have deployed these power resources in fourteen different tactics to promote social innovation. Most social innovation tactics involved financial support, either to individuals or organizations.

Foundation Resources

Foundations have at least three sources of power that might be deployed to support social innovation: financial power, material and staff capacity, and legitimacy. They use these assets in the activities that they undertake. Foundations have traditionally used their financial power through granting a portion of their endowments to charities and nonprofit organizations. But in recent years foundations have used a second type of *financial support*; they have sought to leverage their endowments through the use of social finance (such as impact investing). Next, foundations sometimes use in-house material and staff capacity to run their own *programs*. There is a lot of variety within this category, but in general programming involves the direct deployment of foundation resources – material, human, and financial – to implement a set of activities or events. Third, foundations use their legitimacy in *reputation-based activities* such as amplifying knowledge, for instance through publishing papers, and convening discussions with stakeholders.

Financial Support

Foundations can provide financial support to organizations through grant-making and social finance. Grant making is the traditional way that foundations have sought to advance their missions. There are many types of granting that foundations undertake. Grants can support specific projects or can fund a charity's operating expenses. They can be directed toward a single charity or a consortium of charitable organizations. Foundations may repeatedly fund the same organization, sometimes over decades, but usually a foundation will try to avoid a situation where the donee is dependent on the foundation for funds. Most foundations incorporate some combination of responsive and strategic granting. Strategic grants are those where a foundation identifies a desired objective and seeks grantees that can meet that objective. Responsive grants are selected through open application and are used by foundations to hear the needs of a community. A subset of responsive granting that is relatively uncommon is grassroots granting. In grassroots granting a foundation does not select grantees, but rather appoints a group of people from the community to review applications and disburse funds. Responsive granting is useful to foundations because it brings in new organizations, social issues, and ideas. Especially where a foundation is new to an issue area or unclear on the nature of a social problem, responsive granting may inform strategic grants going forward.

Foundations may also commission research, for instance by granting to a research group at a university. This research might contribute policy ideas, advance public knowledge, or

serve to inform a foundation’s own strategy. Additionally, foundations sometimes fund individuals, for instance through scholarships or fellowships.

While granting remains the dominant form of financial support used by Canadian foundations, “social” or “solutions” finance has received increased attention recently. This is especially true as is connected to discussions about social innovation, since social finance is viewed both as an example of social innovation and as a way to support it.

Programming

In addition to the many types of financial support listed above, foundations can implement their own programs. Foundations that primarily undertake their own programming are sometimes referred to as “operating” foundations, although this is more common in the US than in Canada. There are three main types of programs that could be used to support social innovation.

First, foundations have developed training and capacity-building programming. This can take a variety of forms, the most common of which include: web tools such as webinars; workshops; peer-to-peer learning cohorts; leadership training; and technical assistance. Second, foundations may operate service delivery programming to advance their missions. Third, foundations sometimes recognize their unique capacity to absorb the risk of failure by incubating ideas internally. Generally, this involves piloting a program that may later be spun out as an independent organization, sometimes with seed funding from the foundation. Incubation is an avenue for experimentation and may also serve learning goals for a foundation.

Utilizing Reputation

Foundations are often well known and respected as public service organizations. This legitimacy can serve as a source of power for foundations at two levels. First, foundations can act as a seal of approval in wider public discourse, for instance by publishing reports. This can contribute to the effective mobilization of knowledge. Second, through their granting work foundations often have ready-made networks of key actors in a given issue area. They may also have connections with individuals in government and business, such as large banks. Foundations can use these assets to convene foster new kinds of conversation.

The Tactics

Foundations can use at least fourteen different tactics to promote social innovation in Canada. Most foundations use multiple tactics, often simultaneously and in combination with one another. This section introduces the fourteen social innovation tactics (SITs).

SIT 1: Funding Entrepreneurial Individuals

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
---------------	------------------------------	-----------------	-----------------	-----------------

Funding entrepreneurial individuals	Creative individuals need resources/space to do SI	Metcalf Foundation Innovation Fellowship; Laidlaw Foundation Nathan Gilbert Youth Innovation Fellowship; MasterCard Foundation-supported Anzisha Prize; Getting to Maybe Social Innovation Residency	Support Creativity	Financial support
--	--	--	-----------------------	----------------------

First, foundations promote social innovation by funding entrepreneurial individuals. The logic of this intervention is that foundations can use their financial resources to provide the enabling conditions for creative individuals to do social innovation:

...it's giving thoughtful people or organizations the time and the space and the resources to come at things in a new way and then creating the circumstances to support them in achieving what the new strategy or approach or thinking might be.

SIT 1 is usually disbursed in the form of a small grant or scholarship, annual or multiyear, which is meant to support an individual to be able to work on a project for all or part of his/her time. SIT 1 is distinct from, but is often combined with, SIT 2 (training entrepreneurial individuals). SIT 1 can enable experienced individuals to take on new projects, as in the example of the Metcalf Foundation Innovation Fellowship. It can also support youth entrepreneurs or members of an identified community. Because SIT 1 is targeted at facilitating individual social innovators, this tactic requires fewer financial resources than some of the others included in this study. That can be an advantage, but it also places inherent bounds on the inclusiveness of this particular tactic. By necessity, SIT 1 selection requires an appraisal of individual merit, which makes it likely that SIT 1 will benefit individuals that are already well-positioned in professional communities.

We work with outstanding individuals who have been recognized for their leadership in key areas to explore public policy issues, either by trying to capture the insights and analysis of issues that happen from the practice and push it up to policy as policy regulations or by understanding the policy overview and trying to identify, what does this mean for implementation, for practitioners.

Of course, the projects that SIT 1 programs support can have equitable run-off effects, especially if the entrepreneur is working with a vulnerable community. The benefit of selecting well-positioned entrepreneurs is to maximize the potential impact of their project, as the quote above recognizes. But foundations should be mindful of balancing these kinds of social innovation programs, which are relatively inaccessible to less economically and socially privileged individuals.

Example: the Metcalf Foundation Innovation Fellowship Program

The Metcalf Foundation’s Innovation Fellowship program exemplifies SIT 1. In that program, Metcalf provides individuals with up to \$30 000 in funding to explore how to address difficult social and ecological problems. The Innovation Fellowship program is public policy-focused but crosses the Metcalf Foundation’s three program areas (environment, inclusive local economies, and performing arts). Usually, Innovation Fellows produce a paper as a deliverable of the fellowship.

Metcalf will sometimes approach Innovation Fellows, and in other cases individuals approach the foundation with an idea. The Fellowship model is extremely flexible – for instance, John Stapleton has been a Metcalf Innovation Fellow for almost a decade.

John Stapleton is a tremendous resource. He is able to work within the full spectrum, ensuring that community voices and concerns guide public policy, while equally understanding the constraints of policy makers and what they need to make the system work better. He is technically proficient and deeply conscious of community needs and values. John was really the model for us, upon which we then built the Innovation Fellowship program. – Sandy Houston, Metcalf President and CEO

Metcalf’s Innovation Fellows research a specific public policy challenge, with the aim of finding a solution that works in the Canadian context. For instance, Dave Harvey was funded to research parks in Toronto. Through his Innovation Fellowship, Harvey developed an organizational model for governing parks differently. That model resulted in Parks People, now a freestanding charity that supports a network of Canadian community parks. Similarly, Lynn Eakin’s Metcalf Innovation Fellowship led to the creation of the Ontario Nonprofit Network (ONN) – an umbrella organization that works on behalf of the nonprofit sector as a whole. Eakin had used the fellowship to explore the enabling conditions for a nonprofit sector-supporting organization to flourish, and why previous Canadian attempts had failed. She used the lessons from this undertaking with ONN. The Innovation Fellowship program has “proved to be one of the best things we’ve done,” Metcalf President and CEO Sandy Houston reflected.

SIT 2: Training Entrepreneurial Individuals

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Training entrepreneurial individuals	Creative individuals need training to do SI	Gordon Foundation Jane Glassco Northern Fellowship; MasterCard Foundation Youth Livelihoods programming; Inspirit Foundation convening	Support Creativity	Programming

A second SIT is providing training to entrepreneurial individuals. This intervention type assumes that creative individuals need certain skills to be able to do social innovation. In our interviews it was described as, for instance, “enabling grassroots innovation” and “fostering individual leadership and partnership”. Foundations then create programming to match the skills that they identify. The content of the training can differ, but might include leadership, business, public policy, research or managerial skills. Sometimes training for entrepreneurial individuals includes training in social innovation methodologies, but generally it is oriented more generally toward the capacities that

individuals will need to succeed. Oftentimes SIT 2 is combined with SIT 1 (funding entrepreneurial individuals).

Example: the Gordon Foundation Jane Glassco Northern Fellowship Program

An example of SIT 2 is the Gordon Foundation's Jane Glassco Northern Fellowship. Through this program, the Gordon Foundation supports ten to fifteen young northerners to research a public policy issue of importance. The Jane Glassco Northern Fellowship is a two-year fellowship that includes four gatherings – one in each of the territorial capitals and one in Ottawa. Fellows undertake research in their interest area and are supported in technical skill development. Simultaneously, the fellows work in three or four groups on consultancy projects: they engage with a real client who provides guidance and mentorship as the group acts to deliver a paper and recommendations. For instance, one of the groups is working with a nonprofit organization on a project about how to best prepare teachers that are teaching in First Nations communities on a temporary basis.

The Gordon Foundation selects fellows based on an application that consists of six long-form questions. The prospective fellow submits a public policy of interest and identifies the supports that he or she will need. In selecting the fellows, the Gordon Foundation is looking for a commitment to and vision for the North, as well as leadership potential. It does not stipulate any educational background because the fellowship focuses on self-directed study – some fellows have no postsecondary education, while others have graduate degrees and most are enrolled in postsecondary education at the time of their fellowships.

“Through our Jane Glassco Northern Fellowship program, The Gordon Foundation provides the next generation of northern leaders with public policy skills to ensure that policy is created for the North by the North,” remarked Gordon Foundation President and CEO Sherry Campbell.

Interventions under this SIT are often oriented at youth, but that need not be the case. SIT 2 should be distinguished from programs that feature training for individuals. An example is the Metcalf Foundation's Arts Internships – which provide funds to facilitate professional development training for artists, administrators, and production staff. Although this is a worthwhile program that the Foundation offers, it is not a SIT because it is targeted at filling a skills gap which is not specifically addressed toward innovation. A borderline example is the MasterCard Foundation Scholars Program. Although selection criteria does not include capacity to innovate, nor is that the primary purpose of the scholarship, training that accompanies the scholarship includes both entrepreneurship and leadership development.

The emphasis on training young or disadvantaged people present in the examples above suggest attention to inclusivity when deploying SIT 2. However, we want to draw attention to a risk posed by this SIT, as identified by a foundation staff member. It pertains to entrepreneurship by necessity and entrepreneurship by choice:

recognizing that this is often just a stepping-stone for young people. Entrepreneurship by necessity versus entrepreneurship by choice. The prize that I'm talking about, those are young people who are choosing entrepreneurship and who have that kind of innate desires, interest, and skill to be entrepreneurial. Whereas many young people [...] for many young people, that's just kind of what they have to do.

Entrepreneurship training can expand the accessibility of social innovation. However, foundations that seek to provide *entrepreneurship* training to vulnerable individuals, rather than other kinds of supports, should consider whether social innovation is what is most needed for these communities. One option is to balance entrepreneurship training with other kinds of programming, as is the approach taken by the MasterCard Foundation in its Youth Livelihoods work.

SIT 3: Providing Early Financing to New Charities and Social Enterprises

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Providing early financing to new charities and social enterprises	A barrier to SI is the difficulty for new organizations in accessing finance To develop an idea or test it	Vancouver Foundation Field of Interest Grants (Develop/Test)	Be There Early	Financial support

SIT 3 comprises early financing to charities and social enterprises. An intervention of this kind assumes that a barrier to social innovation is the difficulty that new organizations have in accessing finance, especially to develop an idea or test it. Foundations can thus use financial support to facilitate social innovation by removing this barrier. SIT 3 interventions are sometimes referred to as “venture philanthropy” because of their similarities to venture capital.¹⁹ It is most common for foundations to provide SIT 3 support through grants, although in some cases impact investment could be appropriate as well, as in the case of some Social Enterprise Fund loans (more on this below).

Example: Vancouver Foundation Field of Interest ‘Develop’ and ‘Test’ Grants

The Vancouver Foundation provides Field of Interest (FOI) grants at three stages: develop, test, and grow. The first two of these are examples of SIT 3, because they constitute early financing to new charitable initiatives. Through the FOI program, the Vancouver Foundation grants across four different issue areas: arts and culture, environment and animal welfare, health and social development, and education and training. It also grants at three different stages of the social innovation lifecycle.

Develop grants “create the time and space and pull in the resources they need to try to identify a viable project plan”. These grants are one year in duration for up to \$10 000. Test grants “offer project teams financial support to launch and evaluate their social innovation or allow project teams that have been running social innovation trials to evaluate their effectiveness.” Test grants are up to \$75 000 per year for up to three years, which is more than the \$50 000 annually for Grow grants. “We have put more money behind ‘Test’ because of the riskier points in their life cycle and we felt that it would be harder to actually get money towards that. Project teams that have proven innovations and are ready to scale might find it easier to find money to support the project,” Director of Grants and Community Initiatives Dave Doig said. Organizations can receive funding through all three grant types, but the foundation administers them separately in order to give charities the flexibility to determine the pace that is appropriate for them.

FOI is an example of responsive granting. As such, the foundation receives applications and then works with volunteer advisors, who make the funding recommendations. Responsive granting is intended to make the grant selection process more equitable.

Legal rules can sometimes pose a barrier to the utilization of SIT 3 amongst Canadian foundations, because foundations are required to disburse grants to “qualified donees” – registered charities and a small cadre of other organizations. This can make it challenging to support genuinely new organizations, which may not have status as a registered charity. However, foundations have generally found ways to overcome this barrier. For instance, the Vancouver Foundation works with community organizations to disburse its FOI grants.

SIT 4: Providing Capacity-building Support to New Charities and Social Enterprises in Generating or Implementing a New Idea

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Providing capacity-building support to new charities and social enterprises in generating or implementing a new idea	SI attempts may fail because new organizations lack the skills to fully implement an idea	Vancouver Foundation FOI Develop Cohort; McConnell Foundation’s Innoweave Coaching; Metcalf Foundation Creative Strategies Incubator	Be There Early; Support Creativity	Programming

An SIT 4 intervention provides capacity-building support to aid charities and social enterprises in implementing a new idea. The logic of this intervention is that social innovation attempts may fail because new or small organizations lack the skills to fully

implement an idea. Unlike SIT 2 – where foundations create programs to develop the skills that individuals need to do social innovation – in SIT 4 foundations develop programs to match skills deficits for organizations to implement social innovation. SIT 4 is also distinct from SIT 7 (training in SI methodologies) because in this tactic the emphasis is on bringing an idea to implementation. Concrete program elements might include coaching, grant-writing support, assistance in understanding the policy context, and assistance with technical skills needed for the project.

Example: Vancouver Foundation ‘Develop’ Cohort

The Vancouver Foundation is piloting a Develop Cohort, an example of SIT 4. The Develop Cohort is a three- to five-month process for providing capacity-building support to organizations that need help with project development.

The idea for the Develop Cohort was borne out conversations between foundation staff and other funders that agreed the quality of applications for innovative projects was often low. In traditional grantmaking, it is assumed that community organizations have the capacity, time, and resources to put together a project. But project development is challenging, and the Vancouver Foundation felt that it is unfair and unequitable to place the burden of project development entirely on a community.

In the first year of the Development Cohort the Vancouver Foundation funded twelve project teams, ten of which decided that they had viable projects. Eight of those found funding – which is a good success rate compared to typical results, Director of Grants and Community Initiatives Dave Doig stressed.

The Develop Cohort program involves six workshops, with the aim of supporting organizations to develop a full project plan. Early workshops help groups to identify root causes of the social issues they are trying to address, as well as areas where it might be possible to create change. They are about getting people to understand the boundaries within which the groups work. Later workshops focus on test case analysis – figuring out what might work and why, as well as what will not work and why not. At the end of this process groups each pick one project that the system is well positioned to receive. The project teams pitch an idea and receive feedback. Then there is one more workshop on grant writing.

One example from the first cohort is a group working on employment for people with disabilities. Many training programs exist on disabled employment, but these often fail to produce sustainable success because they do not deal with underlying barriers within the employment system. Through the Cohort process, the organization identified the garment-making industry in Vancouver as an employment system that needed skilled labor. The desires and capabilities of the people with which the organization was working were aligned well with that industry. The group identified a strategy of not only supporting the individuals in the program, but also working directly with employers identify new and effective ways to support these individuals to remain employed in the long-run.

SIT 5: Providing Financing to New Charities and Social Enterprises So They Can Achieve Scale

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Providing financing to new charities and social enterprises so they can achieve	New ideas may fail to achieve impact because they are unable to grow due to lack of financing	Edmonton Community Foundation Social Enterprise Fund; Vancouver Foundation FOI Grow grants; some MasterCard Foundation Financial Inclusion stream	Be There Early	Financial support

scale	grants; McConnell Foundation Social Innovation Fund Re- tooling for Growth
--------------	--

In SIT 5 foundations provide financing to new or small charities and social enterprises so that they can scale up existing programs. The logic that underpins this tactic suggests that new ideas may fail to achieve impact because they are unable to grow due to lack of available financing. This can include grants or impact investment. Scaling is a component of social innovation because it involves transplanting an idea to a new context. This kind of intervention supports social innovation when it is targeted at helping an organization expand a new or pilot initiative. For instance, a loan to a charity that wants to roll out a new program across an entire city would count as a SIT 5 intervention because it supports social innovation. A loan to a charity that is buying a new building because its existing one is too small is not a SIT (but it might still be a worthy thing to do).

Example: Edmonton Community Foundation’s Impact Investment in Sustainitech

The Edmonton Community Foundation (ECF) is one of the first Canadian foundations to use “impact investment” as a tool. It began impact investing in 2008 through its Social Enterprise Loan Fund (SEF), which provided loan capital for start-up social enterprises and loans to charities for social-purpose real estate transactions. The City of Edmonton was ECF’s initial partner and, since then, United Way of Alberta Capital Region and several other organizations have contributed capital to SEF. An early example of a SIT 5 intervention through the SEF was a loan to Sustainitech, a social enterprise that initiates and consults on clean-tech projects. In 2013 SEF approved a loan to Sustainitech for \$750 000 over five years for a project on aeroponics and sustainable food systems. “Food security is important to many sectors in our community and Sustainitech has some innovative ideas for enhancing that, combined with a solid business model,” says Martin Garber-Conrad, ECF CEO. The Sustainitech project is still underway, but several other loans have already been repaid – and the capital “recycled” back into the community.

SIT 6: Providing Capacity-building Support to New Charities and Social Enterprises So They Can Achieve Scale

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Providing capacity-building support to new charities and social enterprises so they can achieve scale	New ideas may fail to achieve impact because they are unable to grow due to lack of capacity	Social Entrepreneurs Ireland’s Impact Program; Innoweave scaling for impact modules	Be There Early	Programming

SIT 6 comprises interventions in which foundations provide capacity-building support to new or small charities and social enterprises so that they can scale up existing programs. The logic of this SIT is that new ideas may fail to achieve impact because they are unable to grow due to lack of organizational capacity. SIT 6 is similar to SIT 5; the difference is that in SIT 6 foundations use programming to address a capacity building challenge, rather than financing. Capacity building challenges might include skills that are necessary for larger organizations, such as management or financial capacities.

There undoubtedly are SIT 6 interventions that exist in Canada, and even amongst Canadian foundations. However, none of the programs that we discussed with the participating foundations clearly exemplified this approach.²⁰ As such, we use the example of Social Entrepreneurs Ireland, an organization with which we have experience from a previous research project, to illustrate SIT 6.²¹

Example: Social Entrepreneurs Ireland Impact Program

Although Social Entrepreneurs Ireland (SEI) is neither a foundation nor Canadian, we are using it here because its Impact Program exemplifies SIT 6. SEI is an Irish nonprofit organization founded by Sean Coughlan in 2004. Its objective is to support “early-stage” social entrepreneurs in order to increase their chances of success. To-date, it has supported 204 social entrepreneurs.

SEI has different programs for supporting its social entrepreneurs, which it categorizes according to three pillars: seed, scale, and shape. “Seed” programs aim to grow and develop social entrepreneurs. These programs – the Social Entrepreneurs Roadshow and Social Entrepreneurs Bootcamp – are SIT 2 interventions. “Scale” programs help social enterprises to make an impact on the social problem they are addressing. The Impact Program is an example of SIT 6, as will be explained. But “scale” also includes an Elevator Program, which is similar to Vancouver Foundation’s FOI Develop Cohort (SIT 4), and an Alumni Network (SIT 14). The objective of “shape” programs is to create an environment in which social entrepreneurship is valued. This includes an Impact Series (SIT 13) and SEI’s work through the Social Enterprise Taskforce (SIT 10).

The Impact Program is a two-year program in which SEI provides funding and capacity building support for three social enterprises. Although the grant portion of the program is helpful, participants have emphasized the capacity building component as being particularly important. SEI staff provide coaching to help awardees plan to scale their organizations. For instance, SEI supported Fledglings through its Impact Program. Fledglings provides affordable early childhood education and care in disadvantaged communities, and was founded by Dara Hogan. The Impact Program helped Fledglings to implement its vision of using a franchise model to expand from four to ten locations.

Capacity building supports can be focused toward breadth or depth. In a breadth model, the intervention would be a short-term, low-cost program that can exert coverage over a large number of organizations. In a depth model, such as SEI, programs would target a smaller number of organizations but provide a higher level of support. Both can be helpful to social enterprises and charities seeking to scale social innovation, but foundations should think about where on the breadth-depth continuum their SIT 6 intervention should sit in order to meet their objectives.

SIT 7: Providing Training in SI Methodologies

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Providing training in SI methodologies	VSOs lack the tools to do SI effectively SI needs to be made accessible	Innoweave; Philagora; SiG; RECODE	Promote SI Ecosystem	Programming

For SIT 7, foundations provide training in social innovation methodologies. Social innovation methodologies refer to tools and procedures that a nonprofit (or other organization) needs to *do* social innovation. Some common examples of social innovation methodologies and affiliated tools include: developmental evaluation, social labs, impact investing, collective impact, and outcomes measurement. In some cases, foundations may create in-house training programs, while in other cases they may fund individuals within organizations to attend external training sessions. The logic of this intervention is that charities lack the tools to do social innovation. That is, social innovation entails “a suite of approaches that if taken cumulatively and selectively, we feel can have a dramatic impact in the fields that we are working in.” This approach aims to make social innovation accessible by popularizing the tools with which it is affiliated. In this approach, foundations act as “transmitters” in the “vulgarization” or “democratization” of social innovation by “help[ing] the nonprofit sector to be able to access and use innovation tools.” The goal is “creating a social innovation culture”, one foundation staff member said. “We want to demystify social innovation,” remarked another.

The McConnell Foundation is particularly known for its use of SIT 7, including Innoveave but also its social innovation learning labs and RECODE. But other Canadian foundations have taken this tactic as well. Through Philagora, for instance, the Bombardier Foundation has used a cohort approach to provide nonprofit staff with training in social innovation methods. It has also developed francophone social innovation tools, both online and in physical kits.

Example: J.W. McConnell Family Foundation and Innoweave

Innoweave is an initiative of the J.W. McConnell Family Foundation. It aims to provide nonprofit organizations with the tools that they need to achieve impact, including training in social innovation methods. Innoweave offers three types of support: webinars and online tools, workshops, and coaching. These supports are provided across ten modules: impact and strategic clarity, collective impact, scaling impact, social enterprise, social finance, outcomes finance, cloud computing, constructive engagement, developmental evaluation, and explore and experiment.

Innoweave’s webinars and “micro tools” are free and open to everyone via the organization’s website. Webinars provide introductions to the concepts affiliated to each of the modules, and are available at a given date and time. They are also recorded and available on demand. Generally, webinars are one hour long. On the website, Innoweave also provides information pertaining to each of the modules.

Next, Innoweave offers workshops on topics pertaining to the modules. Workshops are usually free, but in order to attend organizations must fill out an online assessment and submit an application. The purpose of this assessment is to ensure that organizations are prepared to benefit from sessions. Some modules encompass multiple workshops – for instance, there are ten explore and experiment workshops – which occur over a period of time.

Innoweave also supports coaching in social innovation methodologies to help organizations and collaborations develop and apply the approaches. First, it curates a list of coaches that are knowledgeable on the different modules. It also provides funding for nonprofit organization coaching, based on an application.

As Aaron Good explained, the Innoweave philosophy is to provide training in social innovation methodologies that is connected to the needs of an organization:

We aren’t just doing abstract training; it is learning that is grounded in a real issue. We don’t want it to be a push model where we say, “Come here and we will push developmental evaluation (or another approach).” It is a pull model where organizations access supports if they think an approach would be useful for their work.

SIT 8: Administering SI Challenges that Address Specific Social Problems

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Administering SI challenges that address specific social problems	Foundations can lead SI process by directing funds to pervasive social challenges	MasterCard Foundation Innovation Competition	Support Creativity; Facilitate Institutional Innovation	Financial support

An SIT 8 intervention entails administering a social innovation challenge: a competition in which a foundation offers a prize for the best “disruptive” or “innovative” solution to a specific social or environmental program. The logic here is that foundations can lead the social innovation process by directing funds to social challenges. In other words, this approach aims to impel creative individuals or groups to direct their social innovation energies toward a specific problem. There are several possible objectives of SI challenges or prizes: point solution (to solve a well-defined problem that requires innovation); market stimulation (to expose a latent demand or “crowd in” solutions); participation (to educate and change the behaviour of participants); network (to celebrate and strengthen a

particular community); and exposition (to highlight a range of best practices, ideas, or opportunities within a field).²² Research suggests that innovation prizes are most effective when three conditions are met: when there is a clear objective, when there is an available population of potential problem solvers, and when participants are willing to bear some of the costs and risks.²³

Innovation challenges are an increasingly popular tool for achieving social, or public, objectives.²⁴ And foundations are the leading providers of such prizes, at least in the United States.²⁵ Importantly, however, we include in SIT 8 only those social innovation challenges that address a specific social issue. Those that are intended to reward individuals with entrepreneurial projects, such as the Anzisha Prize, fit in SIT 1 because the logic of the intervention is aligned with that tactic.

Example: MasterCard Foundation’s Innovation Competition

Within its Fund for Rural Prosperity, the MasterCard Foundation issues an Innovation Competition to extend financial services to people living in poverty in Africa. The Innovation Competition will soon enter its third iteration. Institutions can apply with ideas to deliver a financial service, product or process to rural poor in certain African countries. Unlike some innovation challenges, in which groups of individuals can apply, for this competition only companies with an established track record are eligible. Applicants submit a concept note outlining their business idea, after which shortlisted companies are invited to present a full business plan. Criteria for evaluation include capacity to implement, degree of innovation, commercial viability, development impact, and capacity development of users.

In 2015 nine financial service companies were funded through the innovation competition, to a total of \$6.9 million in funding. One of the winners was a project by BACI, a subsidiary of Atlantic Business International. BACI’s project sought to introduce mobile banking via a talking app, available in several local languages, to make mobile banking accessible to illiterate individuals in Côte d’Ivoire.

An advantage of SIT 8 is that innovation challenges can be relatively low-cost, which makes them available to smaller foundations (although many innovation prizes are upwards of \$100 000).²⁶ They may be especially valuable to foundations whose missions are issue-specific, such that foundations can draw on adjudicators with expertise and connect the challenge winners to policy channels. Foundations may find them useful for stimulating ideas in areas where paths forward are uncertain or significant re-thinking needs to occur. However, their effect can sometimes be minimal because prize winners may not be committed to using the funds to implement their projects, especially when the costs outweigh the prize total. Oftentimes there is little accountability for prize winners to use the money to support their projects, which can be a challenge when there is not an inherent benefit from the learning generated by the competition. The impact of SIT 8 interventions will depend on the kind of innovation prize that a foundation utilizes, as well as the objective that it seeks to achieve. Foundations should be mindful of this when deciding whether to use SIT 8.

SIT 9: Funding Established Organizations to Try New Approaches

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
---------------	------------------------------	-----------------	-----------------	-----------------

Funding established organizations to try new approaches	VSOs may not do SI because financing is not available to try new things	Donner Canadian Foundation grant for the Ecology Action Centre; Laidlaw Foundation's Youth Sector Innovation grant	Support Creativity	Financial support
--	---	--	--------------------	-------------------

In SIT 9, a foundation funds established charitable organizations to try new approaches. The logic is that nonprofits may not do social innovation because financing is not available to try new things:

...charitable organizations that do a lot of good in our province and in our country would have relative ease in getting money for programs [...] but what they don't have is access to funds to enhance the [approach to] dealing with the need that that charity is addressing.

The idea here is that a foundation can use its resources to direct funding toward charities that want to find new approaches instead of, say, project grants. The boundary between SIT 3 and SIT 9 is somewhat blurry, as there is no clear bright line between a “new” or “small” and “established” organization. But in general SIT 9 supports organizations to carve out a new approach as a component of its broader activities. To use the private sector as an analogy, SIT 9 would be like supporting Amazon’s efforts to research, develop, and roll out Amazon Echo. SIT 3 is more akin to venture capital for startups. Because nonprofits cannot recycle profit in the same way as the private sector, grants from foundations are often a prerequisite when a charity wants to try something new. The idea is to “crowd innovation into the sector,” as one foundation staff member put it.

Example: Donner Canadian Foundation Grant to the Ecology Action Centre

The Donner Canadian Foundation provided three 1-year grants to support Ecology Action Centre (EAC) to try a new approach to community-supported fishing in Atlantic Canada. This was a shift in funding strategy, since a typical Donner Canadian Foundation (DCF) grant would have provided money for land conservation purchases or public policy research, Executive Director Helen McLean said. Instead, DCF funding allowed EAC to engage fishers and consumers with the goal of incentivizing sustainable practices, by helping fishers who used responsible catching methods differentiate their product and realize a higher market value. This was a new approach for both the foundation and EAC. The DCF also provided EAC with back-end support for activities such as marketing and storytelling. At the end of the three years, the Donner Canadian Foundation hired an external consultant to evaluate the project and identify new granting opportunities in the area of Atlantic marine conservation. Knowledge gained through support for this project confirmed to the Donner Canadian Foundation the potential of using the market to promote sustainable fishing. The foundation shifted its focus to a higher level than individual fisheries, and is now supporting EAC to participate in Marine Stewardship Council certification processes.

SIT 10: Funding Research, Including “Social R&D”

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
---------------	------------------------------	-----------------	-----------------	-----------------

Funding research, including “social R&D”	Research can inform foundation strategic initiatives	Ivey Foundation support for the Ecofiscal Commission; Muttart Foundation early childhood and nonprofit sector research; MasterCard Foundation Next Generation Initiative; Toronto Community Foundation (and other community foundations) Vital Signs report; McConnell Foundation support for SiG	Promote SI Ecosystem; Facilitate Institutional Innovation	Programming, Financial support, Reputation
---	--	---	---	--

SIT 10 comprises funding for research, including what is sometimes called “social R&D” (research and development). Social R&D is a contested concept, but generally refers to spending by social and nonprofit organizations toward developing new products, services and processes.²⁷ SIT 10 assumes that social innovation is partially about advancing human knowledge. Economic innovation is generally considered to be connected to levels of business R&D spending, as well as funding for university research. Just as businesses use R&D, foundations can support social innovation by funding research. In principle, all foundation support for research can count as a SIT 10 initiative. As such, it is likely that most Canadian foundations already use this SIT.

Three types of social innovation supporting research include: basic research about a social problem, “systems sensing” research, and applied public policy research. Basic research refers to work aimed at acquiring “new knowledge or the underlying foundations of phenomena and observable facts”.²⁸ It can include research to strengthen the nonprofit ecosystem. For example, the Muttart Foundation has funded research exploring Alberta’s nonprofit sector and the myth of saturation and duplication.²⁹ Another example is research on the money management practices of low-income individuals in Africa, which the MasterCard Foundation commissioned under its Financial Inclusion stream’s Next Generation Initiative. In the context of foundation funding, basic research is often used to inform public debate.

Second, systems sensing research refers to research about the main actors in an issue area, their approaches, or the blockages that are preventing a problem from being solved. This kind of research might inform a foundation’s future strategy. Systems sensing is often not organized through a specific research project; rather, it may be a day-to-day responsibility of foundation staff:

There is no science to it [systems sensing]. I would say we are constantly in touch with, obviously, the community sector. We are very aware of what’s going on there. We are always plugging into what are the issues coming out of the university; what are the issues coming out of government; what are the issues coming out of the general public.

For instance, before the Donner Canadian Foundation provided its grant to EAC it undertook a staff-led policy environment scan which revealed that sustainable fisheries work was comparatively underfunded in Atlantic Canada.

Third, applied public policy research is the most granular of the three kinds of foundation-supported research. It entails research directed to designing policy change, such as new legislation, regulation, or non-state governance programs. The Caledon Institute’s work on child benefit reform is an example of this kind of research, as is the work of the Ecofiscal Commission.

Example: the Ecofiscal Commission

The Ecofiscal Commission provides independent analysis on ecofiscal policy reform in Canada. It was launched in 2014, established through grants provided by multiple foundations, including the McConnell Foundation, the Ivey Foundation, and the Metcalf Foundation. Since its establishment, it has produced reports on topics pertaining to climate and energy, livable cities, and water policy. For instance, its inaugural report *Smart, Practical, Possible* presented the economic case for ecofiscal policies – those policies that align economic and environmental imperatives. It has also produced research on carbon pricing in Canada, pricing traffic congestion, and Canadian biofuel policies. The aim of the Ecofiscal Commission’s work is to fill the gap between academic research and policy implementation.

The Commission is a free-floating expert body that provides advice to government, not at their invitation, but in response to their need. It is highly credible, nonpartisan, and able to work at multiple levels over a multi-year period. The Commission represents an innovative model, and it’s meeting a systems challenge in a highly effective way. I think that it sets a very promising example for other sectors. Sandy Houston, Metcalf Foundation

Sometimes foundations publish the research that they commission because they believe that lending their legitimacy to the publication will contribute to its impact. As one executive director remarked:

...it seems that if a foundation publishes the paper, somehow that’s seen as a benign, nonpartisan, constructive contribution to a topic. We’re not read, I don’t think, as bringing a particular dog to that fight; we’re seen as essentially creating enabling conditions for a better conversation. That’s just a benefit, I think, of foundation identity.

SIT 11: Identifying a Desired Social Change and Taking Multifaceted Steps to Achieve that Change

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Identifying a desired social change and disbursing grants to achieve that change	Foundations have a unique position in the system that allows them to coordinate social change efforts amongst various	Metcalf Resilient Neighborhood Economies; Maytree Foundation’s work on refugees and a human rights approach to poverty; Coast Fund and	Lead Systemic Change	Programming, Financial support, Reputation

players	Indigenous sustainable development
---------	---------------------------------------

Next, strategic grants can be considered a SIT. Specifically, in SIT 11, a foundation identifies a desired social change and disburses grants to achieve that change. The logic of this approach is that foundations have a unique position in society that allows them to coordinate social change efforts amongst various players. As funders in specific issue areas, foundations may sometimes have connections – a “ready-made network of advocates”, as one staff member described it – that make them ideally positioned to strategically coordinate across nonprofit, business, and governmental realms. They often also benefit from the expertise of their grantees, especially where capable staff are able to augment knowledge through pre- and post-grant preparatory work. “Increasingly, we’re developing those ideas in-house and we would bid them out or really bring a network of partners or a consortium of partners together to implement a broader initiative that we ourselves have designed,” a foundation senior manager said. For SIT 11 foundations often draw upon their knowledge of the entire policy network in making funding decisions. Here, the foundation itself seeks to enact social innovation by shaping the policy terrain in a given direction.

SIT 11 requires that the foundation identifies a specific approach to a specific problem. For instance, Maytree is an anti-poverty foundation that for decades focused on the issue of refugee and immigrant poverty. It used three streams – granting for service delivery, policy work, and designing and creating programs in-house – to address the barriers to prosperity amongst Canadian immigrants. The foundation worked on this issue for much of its 35-year history, only recently transitioning to a new approach. It is presently developing a strategy for advancing a human rights approach to combatting poverty.

SIT 11 requires that the foundation has a cadre of knowledgeable staff that are situated in the policy context. That is something that can be achieved through decades of experience – as with Maytree – or through a decision to recruit staff from in the field – as with the MasterCard Foundation. But it is an essential precondition for doing SIT 11 well. Knowledgeable foundation staff use their familiarity with the policy context, as well as key stakeholders, to decide on a strategic orientation. As one foundation staff member commented, this is a matter of considerable preparatory work: “We produced our own analysis. We produced research reports. We did analysis of the system.”

After identifying the strategic orientation, the foundation will enact its ideas either through grants or programming. As a foundation program officer explained:

The way we work here is, [...] we build a program and we set up a set of criteria around that program. We kind of say, “Here’s our analysis of the problem, here’s the sort of responses we think would be helpful in this process. Here’s how we think about what success looks like in this area. Come to us with your best ideas.”

SIT 11 entails a deep and durable commitment by a foundation to act in an issue area, which is something that distinguishes this tactic from SIT 8 (innovation challenges) or other forms of granting for social innovation. A SIT 11 approach requires multiple

interventions over time, with the foundation positioning itself behind an initiative and using all three resource types available to it in service of an identified objective. SIT 11 may entail drawing on other SITs, as in the case study of the Maytree Foundation's use of SIT 12 below.

Example: Coast Funds

Coast Funds (CF) is a group comprised of two different legal entities: Coast Economic Development Society, a \$60 million nonprofit society funded in combination by the Government of Canada and the Government of BC, and Coast Conservation Endowment Fund, a \$60 million charitable foundation funded with money raised by six private foundations. Although the two organizations are legally separate, its board and trustees are the same across both.

CF resulted from an agreement between First Nations and environmental activists, the logging sector, and the BC and federal government, as part of the 2006 Great Bear Rainforest Agreement. This agreement was the result of a decade of work by First Nations and environmental groups (such as Greenpeace) that advocated for conservation, in reaction to unsustainable logging practices. The Agreement created new protected areas and changed logging practices. However, it was felt not to be appropriate to create parks with the protected areas – the solution would need to involve the development of sustainable communities and economies in the area. As such, a number of foundations worked to fundraise for a conservation initiative. Environmental foundations raised \$60 million in private contributions, which was then matched by the provincial and federal government.

CF works with 27 First Nations groups in the coastal area of BC to empower First Nations communities to be leaders in environmental stewardship and economic development. The Foundation views the two objectives as inextricably linked, since long-term conservation requires people living in the area to be engaged in sustainable economies. It grants exclusively toward these dual objectives, disbursing approximately \$10 million annually.

“Coast Funds was created from an unprecedented level of collaboration and leadership by First Nations throughout coastal British Columbia that continues to grow stronger. Many significant positive outcomes are already being realized from First Nations' initiatives since the initial Great Bear Rainforest agreements,” stated Brodie Guy, Executive Director of Coast Funds, “Since the creation of Coast Funds, we've seen an incredible diversity of new stewardship programs and sustainable businesses prosper across the coast, attracting over \$200 million in new investment to First Nations communities. With over \$100 million in funds under management, Coast Funds looks forward to the many exciting new initiatives that First Nations continue to spearhead throughout the Great Bear Rainforest.”

Foundations often referred to systems sensing when describing SIT 11 approaches – meaning analysis about timing and policy windows. However, for SIT 11 to work the foundation must simultaneously be willing to devote long-term resources to altering the policy context. In some cases, SIT 11 projects may entail demonstrative projects meant to “crowd in” funding on an issue of importance. As one foundation staff member said:

We think about demonstration effects in everything we do. The reason is – say for example, unlike education, when we think about financial services, this is work happening mostly with for-profit commercial institutions who have their own interest in working with donors and grant makers. We're very careful about that line between private benefit and public good. We're also really careful about being able to therefore showcase whatever is coming out of a private sector

partnership to the broader industry, because for us that multiplies the public good. That's the undercurrent of why demonstration is important to us.

SIT 12: Incubating Ideas and Later Spinning them Out

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Incubating ideas and later spinning them out	Foundations have the capacity to absorb greater risk, which allows them to experiment with new ideas directly	Edmonton Community Foundation and the Edmonton Community Development Corporation; Maytree Foundation and Roots of Empathy, TRIEC, DiverseCity onBoard	Lead Systemic Change; Promote SI Ecosystem	Programming, followed by Financial support

For SIT 12, a foundation runs a project in-house with the eventual aim of that project becoming an independent, self-sustaining organization. It is “incubating ideas, bringing them to a point, and then saying, “Now you go.”” The logic of SIT 12 is that foundations have the capacity to absorb greater levels of risk than other organizations, which allows them to experiment with new ideas directly. To incubate a new program, a foundation will use its staff capacity to run a program internally, and in intermediate stages may second staff to work, on a full- or part-time basis, to the program. Eventually, the organization may be entirely separate, usually supported by grants for a short period of time thereafter. SiG is a good example of a partially spun-out foundation initiative. The box below provides an instance of full transition: Maytree and the Toronto Region Immigrant Employment Council.

Example: Maytree and the Toronto Region Immigrant Employment Council

Maytree is a foundation that has been in operation since 1982. Although it has always had an anti-poverty focus, it has chosen different points of entry for combatting poverty throughout its history. For roughly two decades, the foundation’s focus was on poverty experienced by immigrants and refugees, which it saw as being based on social barriers that could be revised. Although the foundation used traditional granting as a tool to achieve its objective, it also on several occasions created in-house programs which it has later “spun out” into independent organizations. Roots of Empathy, Global Diversity Exchange, and DiverseCity onBoard are three examples of this approach, but this case study focuses on the Toronto Region Immigrant Employment Council (TRIEC). TRIEC was initiated in 2003.

Immigrant employment barriers constitute a complex issue area that necessitates multi-stakeholder engagement. When the Toronto City Summit Alliance, a multi-sector coalition to address problems in Toronto (now CivicAction), issued its 2003 report in which it identified immigrant employment as one of eight issues to be addressed in a vision for a better Toronto, Maytree took the lead on creating TRIEC. Maytree had been doing work on barriers to immigrant employment since in 1998. It used its in-house staff capacity to develop the early TRIEC infrastructure and orientation. As Elizabeth McIsaac, Maytree President and 2007-2012 Executive Director of TRIEC said:

We developed five ideas that we thought needed to happen... five approaches to solving the issue. [...] We went out to close to fifty stakeholders at the highest level to say, “Will you join this council? This is what we’re going to do. These are the five ideas that we have.” This was about getting stakeholders to say, “I want to join this and help work on this.” We sat down with the President and CEO of Manulife Financial [...] and also with TD Bank, RBC, KPMG and Deloitte, and they said yes to joining the Council, out of the gate. [...] We reached out the community organizations that serve immigrants, immigrant professional groups; they were all represented. We also had representation from all three levels of government on a council of 50, all agreeing that this was an urgent issue that needed to be solved. It was a nonpartisan issue. [...] In modern-day language you would have called it, I guess, a solutions lab.

As TRIEC began to develop strategies and solutions through the internal support of Maytree, it gained external funding for larger activities. One such initiative was a mentoring program to help newly arrived skilled migrants find connections to enter the workforce. The Mentoring Partnership matched over 10 000 people in its first decade of operation. As TRIEC grew, it transitioned from seconded Maytree staff to its own team, though it drew on some of the same people. TRIEC became its own organization with charitable status in 2011. Although the organization continued to receive Maytree funding until 2013, foundation support has been a small, decreasing share of overall TRIEC revenue (2-3%) in comparison to government (85-88%) and corporate funding (8-10%) since the organization gained independent charitable status.

SIT 13: Convening Multi-stakeholder Discussions on Social Problems

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Convening multi-stakeholder discussions on social problems	Foundations are viewed as legitimate by different types of organizations and as funders can bring uncommon partners to the table.	Energy Futures Lab (Suncor Energy Foundation and others); Ivey Foundation	Lead Systemic Change; Facilitate Institutional Innovation	Reputation, Programming

SIT 13 entails convening multi-stakeholder discussions on intractable social problems. The logic here is that social innovation often results from new collaboration. As such, foundations can use their influence to spur discussions amongst groups that might not otherwise cooperate. This tactic draws on the unique position that foundations occupy in society. As funders, they are influential amongst charities, but their legitimacy often grants them access to businesses and governments as well: “we have the unique position to be able to bring people together. When a foundation asks, a lot of people respond. [...] And so we use our convening power in a significant way to break down silos, to foster new kinds of conversation.”

Several of the foundation staff that we interviewed mentioned that their organizations were placing greater emphasis on convening as a tactic for achieving social impact. “Convening power is, for a lot of foundations, is [...] the most underutilized” resource, one foundation staff member remarked. Solutions labs have become a common model through which foundations approach convening for the purposes of social innovation, but this is not the only approach.

Example: the Energy Futures Lab

The Energy Futures Lab (EFL) is a collaboration initiated by Suncor Energy Foundation, the Banff Centre, the Pembina Institute, and the Natural Step. It is a solutions lab on the future of Alberta’s energy system. Specifically, it asks how Alberta’s position in today’s energy system can serve as a platform for transitioning to the energy system the future needs?

EFL identified a cadre of Fellows, drawn from multiple sectors, including government agencies, Indigenous communities, think tanks, energy companies, and finance. By design, these individuals represented organizations with different, even contradictory, positions. The Fellows became the participants in the labs that EFL organized, stretching over three phases. In Phases I and II the Fellows participated in four workshops of 2-3 days each over 2015 and 2016 – on “foundations”, “backcasting”, “learning journeys”, and “systemic design”. The aim of Phase I workshops was to establish familiarity amongst the participants, develop a sense of shared needs, and identify opportunities for collaborative action. Phase II included work in small teams and individually, as well as prototyping and idea testing. Phase III, which is ongoing until 2019, is less structured. The focus here is on providing funding and administrative support to sustain collaborative efforts. EFL has identified nine “innovation pathways” – thematic areas of focus – pertaining to different dimensions of energy efficiency and transitions in the energy system. A nonprofit organization called the Natural Step Canada facilitates EFL. It has expertise in organizing sustainability transitions labs.

Suncor Energy Foundation, a corporate foundation operated through seconded Suncor staff, both funded and participated in EFL. The process has, according to Suncor Energy Foundation Manager Sara Bateman, changed the way that Suncor thinks and acts: “By engaging and participating in the lab, and fully understanding the system by using social innovation principles, it begins to embed new ways of thinking across the company.”

SIT 14: Strengthening Communities of Practice through Cohorts

<i>Tactic</i>	<i>Logic of intervention</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
Strengthening communities of	Innovation occurs when practitioners	Lawson Foundation cohort; McConnell	Lead Systemic	Programming

practice through cohorts	are brought together to give dedicated thought to an issue.	Foundation social innovation learning program; Metcalf Foundation Creative Strategies Incubator; Vancouver Foundation learning labs for community foundations	Change
---------------------------------	---	---	--------

Finally, a SIT 14 approach entails using cohorts to strengthen communities of practice. The logic of this intervention is that social innovation is more likely to occur when experts from across an area of practice are brought together to consider solutions to an ongoing problem. Foundations can provide a venue for these interactions, thereby helping to “create a learning community”. “I think the most important thing is to let the people meet each other,” one foundation staff member remarked. Cohort approaches rely on a “peer-to-peer” process, often with foundation staff or external consultants acting as “support leads”.

SIT 14 is distinct from cohorts that are created in order to implement training for common skills, such as the Bombardier Foundation’s Philagora cohort, or to help bring distinct new ideas to implementation, as with the Vancouver Foundation’s Develop cohort. It is also distinct from SIT 13 (convening). While SIT 13 emphasizes participation from a diverse array of participants, in SIT 14 participants share similar professional background. For instance, the Metcalf Foundation’s Creative Strategies Incubator uses a cohort approach for arts organizations seeking to address an existing challenge or opportunity related to a theme that the foundation identifies.

A core tenet of SIT 14 is the notion of idea transmission through networks – “social innovation often works like a spider web”, as one foundation director put it. But cohort approaches are also attractive to foundations because they can help them to learn. “I think it gives us a perspective in knowing what are the brakes to social innovation, because lots of our organizations have these brakes,” a foundation staff member explained.

Example: Lawson Foundation Cohort on Outdoor and Unstructured Play

The Lawson Foundation was established in 1956 and works in three related impact areas: early childhood development, healthy active children, and youth and the environment. The Lawson Foundation recently opted to fund 14 initiatives on the issue of outdoor and unstructured play as a cohort. Grantees in this group include such organizations as the City of Calgary, the Canadian Public Health Agency, childcare centres, organizations working in outdoor play, as well as academics. As a cohort, grantees from across the country come together at least once per year (over the three years of funding) in order to learn from each other and to advise the foundation. The foundation also brought in international experts to inform the group. Although using cohorts is not new for the Lawson Foundation, the foundation is now pushing the approach further to better build ongoing engagement – as well as to foster input from the grantees to inform the future work of the foundation in the outdoor play area. President and CEO Marcel Lauzière reflected:

We could have simply funded 14 great initiatives to work independently, but the cohort approach has allowed us to bring everyone together to learn from each other, and also to debate and challenge assumptions. This is leading to a much deeper collective understanding of what is needed to move the yardstick on outdoor play, and there is no doubt in my mind that this will lead to real change on the ground.

Social Innovation Strategies

This section outlines five social innovation strategies deployed by Canadian foundations. Broadly, foundations adopt one of two strategic orientations toward social innovation: leadership or facilitation. Foundations most commonly have acted as facilitators for other innovative actors, whether these are individuals, charities, or even businesses. Foundations see several ways to facilitate SI: by *promoting the SI ecosystem*; by being *early funders*; by *supporting creative learning*; and by *facilitating institutional innovation*. However, foundations have also acted as social innovators by using their unique assets to *lead systemic change*.

Different strategies work better for some foundations than others, depending on the foundation's characteristics. At least three characteristics are relevant to considering which social innovation strategy will be best suited to a foundation: foundation size, foundation type, and foundation mission. First, the size of a foundation in terms of financial resources and staff capacity will dictate which SITs, and thus which social innovation strategy, will work best for a foundation. Second, foundation type shapes the sources and nature of constraints with which the organization must contend. For instance, a government foundation may have more rigid funding rules owing to a greater duty to be transparent and accountable. A corporate foundation may be constrained in taking policy directions because of the goal of avoiding reputational risk for its affiliated company. Family foundations, which are generally the least constrained, will have to consider the level of risk that the Board is willing to accept. Third, whether a foundation has a specific or general mission will shape its strategic orientation with respect to social innovation.

Strategy 1: Lead Systemic Change

The resilience approach has framed one foundation strategy of social innovation in which the foundation plays a role in orchestrating change across multiple stakeholder groups, often involving several simultaneous interventions. Here the foundation takes the lead in directing a particular vision of social change, often with an ambitious scope and long time horizon. This strategy is linked to a notion of the unique niche that foundations occupy in society. As one foundation executive director explained: "Philanthropy can take the long view and look at sustained commitments to improving human condition and societies." In general foundations applying this strategy thought about social innovation as "systemic change", "social transformation", or "changing the rules of the game". This strategy takes considerable staff capacity and issue-area knowledge and works best when foundations have greater resources or more specific missions. In part, this is because foundations draw upon their connections in business and government to make this strategy work. There is also a high level of issue-specific knowledge that must frame foundation decisions under this strategy: the approach that a foundation will take "comes as a result of foundations' understanding through its various relationships and activity." But this strategy also requires deep and sustained investment of resources: "If you want to go big, what you need is long-term investment and patience and a horizon that's huge." At least four SITs are associated with the strategy of leading systemic change:

<i>Strategy</i>	Lead Systemic Change
<i>SITs</i>	<ul style="list-style-type: none"> • SIT 11 (Multifaceted steps to achieve a desired social change) • SIT 12 (Incubating new initiatives) • SIT 13 (Convening multi-stakeholder discussions) • SIT 14 (Cohorts for communities of practice)

Strategy 2: Facilitate Social Innovation by Promoting the SI Ecosystem

The second social innovation strategy identified in our research entails acting indirectly to make the social sector more innovative by promoting aspects of the social innovation ecosystem. Depending on what the foundation feels is missing, this can include anything from funding research to providing training in social innovation methodologies or promoting the development of sector intermediaries. Large- and mid-size foundations included in our study adopted this approach, albeit through the use of different SITs. Often, an animating impulse for this strategy is the desire to make social innovation more accessible. In this sense, foundation staff identified the importance of making social innovation techniques relevant to the organizations that this strategy serves – as one foundation staff member put it: “Don’t be process-driven. The last thing we want is a push model.” Three SITs are associated with the strategy of promoting the social innovation ecosystem:

<i>Strategy</i>	Promote the SI Ecosystem
<i>SITs</i>	<ul style="list-style-type: none"> • SIT 7 (Training for SI methodologies) • SIT 10 (Fund social R&D) • SIT 12 (Incubating new initiatives)

Strategy 3: Be There Early

Foundations have also used a range of early financing and capacity supports, with the more general view that nascent groups need the most support in doing social innovation. This is the third social innovation strategy that we identified. Underpinning it was the notion that social innovation is easier for big organizations with professional staff and a longer institutional history. As one foundation staff member noted: “it’s not always easy for organizations to understand what social innovation means and how their work needs to be adapted in order to fit in our granting guidelines now.” In some instances, this approach to social innovation fit with the foundation’s traditional granting priorities, because the foundation had always prioritized granting to grassroots or small organizations. For instance:

The family’s lens was, we will put the money where it’s most difficult to access money. In other words, our best contribution can be to little organizations or new initiatives where our little contribution could make a difference. We’re not interested in hospitals or opera houses or universities.

Having this institutional history was often helpful for foundations seeking to support social innovation through early-stage supports, because they had existing relationships to

draw upon – “we have a good relationship with the grassroots,” one staff member offered as an explanation for why her foundation had decided to take this approach to social innovation. The strategy of being there early is associated with four SITs:

<i>Strategy</i>	Be There Early
<i>SITs</i>	<ul style="list-style-type: none"> • SIT 3 (Early financing to new charities and social enterprises) • SIT 4 (Capacity-building to new charities and social enterprises) • SIT 5 (Financing for scale for new charities and social enterprises) • SIT 6 (Capacity-building for scale for new charities and social enterprises)

Strategy 4: Support Creativity

The fourth social innovation strategy seeks to support creativity by providing for enabling conditions that are ancillary to social innovation – such as funding and business planning capacity – but that support individuals and organizations that want to do social innovation. For instance:

I would say that [Foundation X] tries to create the enabling conditions for social innovation, without using that language. [...] I think it's giving thoughtful people or organizations the time and the space and the resources to come at things in a new way and then create the circumstances to support them in achieving what that new strategy or approach or thinking might be.

In some cases, foundations tethered these supports to a requirement that the individual or charity be doing something socially innovative. Where that was the case, foundations soon realized that “the folks who are assessing grants based on the social innovation lens really have to have a very strong idea of what it is and what it isn’t, and be able to guide people through that process.” This posed a challenge in some instances, but in general foundations arrived at definitions that worked for their purposes. Another critical element is identifying a process for selection that suits the objectives of social innovation. As one foundation staff member reflected:

I think our focus on social innovation is extremely well intended and aligned very well with one of our statements. What I don’t know yet is whether as a responsive grant making model that uses open calls, and whether project-based funding is a helpful turn through the model to support social innovation.

Five SITs are associated with the strategy of supporting creativity:

<i>Strategy</i>	Support Creativity
<i>SITs</i>	<ul style="list-style-type: none"> • SIT 1 (Fund entrepreneurial individuals) • SIT 2 (Train entrepreneurial individuals) • SIT 4 (Capacity-building to new charities and social enterprises) • SIT 8 (SI challenges) • SIT 9 (Fund established organizations to try new approaches)

Strategy 5: Facilitate Institutional Innovation

Finally, some foundations have sought to facilitate what we term institutional innovation – innovation in policies or the “rules of the game”. Here the conception of social innovation is similar to that of the first social innovation strategy, though it is considerably more narrow and incremental. This approach is about taking “strategic risks [...] on things that have the ability to influence systems.” Put another way:

...what we’re trying to do is, broadly, introduce adaptive capacity into Canadian institutions – society, broadly – at a time when the context for our presence [...] is] not optimally aligned for sustainability, social inclusion, adaptability to changing contexts globally and nationally.

Generally, this meant funding initiatives aimed at policy change, whether this meant government or business policies. For instance, it might entail funding a project that seeks to change hospital food procurement policies. These need not be decades-long commitments, nor do foundations need to have a very specific mission in the same way that is required for the strategy of leading systemic change. However, given the slow pace of policy change and presence of institutional pushback patient funding is sometimes required for this strategy to work:

We also have some grants that were kind of really micro risks. I have one grant that is 7 years going on now. It was only supposed to be an 18-month grant but they weren’t able to do it. We said, “Okay, we’ll just wait.” We’ll wait until the conditions are ready, until – especially when you’re talking about things with property and zoning and planning, these things don’t happen on paper timelines. They happen slowly. There’s some ideas where we’re willing and the risk is patience.

The strategy of facilitating institutional innovation is connected to three SITs:

<i>Strategy</i>	Facilitate Institutional Innovation
<i>SITs</i>	<ul style="list-style-type: none"> • SIT 8 (SI challenges) • SIT 10 (Fund research, including social R&D) • SIT 13 (Convene multi-stakeholder discussions)

Where Do We Go from Here?

As this report has identified, foundations have significant problems with the meaning and use of social innovation to-date. They often find the term vague and struggle to identify specific actions that it, or the theory associated with it, prescribe. Yet foundations have enacted strategies and tactics to encourage social innovation. This poses a key question: how can we help foundations and other actors to know when these tools are more or less effective? Doing so requires developing a theory of social innovation that is grounded and practical.

As was clear from the interviews, some of the skepticism about social innovation amongst foundations emanated from the “profound” nature of social innovation as well as lack of clarity about its particular value-added. We believe that the main reason for this is that social innovation research lacks a theory of innovation. There exist plenty of theories in the field of social innovation, but in none of them does *innovation* figure as the element of analysis. Social innovation theories are generally about understanding something else about our society – frequently, new modes of governance and state-market relations – but give little attention to the meaning of innovation or its use as a conceptual tool. At least five different impulses underpin existing social innovation research: how to make social actors more *effective*; how to make economic innovation more *social*; how to understand the *effect of technological change* in societies; how to understand changes in how societies *organize themselves*; and how to make the *economic system*, which is based on innovation, work better for everyone.³⁰ These are worthy topics of study, to be sure, but they are not about innovation.

As an inevitable result, social innovation has become a loosely defined signifier for changes in society to which different writers want to draw attention – the retreat of the welfare state, the emergence of a ‘triple bottom line’ and ‘shared value’ in business, the need for an economic system that internalizes social benefit more readily. Innovation, itself an often misunderstood buzzword, becomes lost in this muddle of different purposes. The lack of specificity about innovation is a problem because it means that we have no way to delimit what we mean by social innovation, and as such no way of identifying what ‘it’ is that we want to encourage or the effects of which we want to study. It is also a problem, as foundation staff identified in our interviews, because it makes it easy to overstate the potential of social innovation. As everything and nothing, it is easy to see social innovation as a panacea for society’s ills, but with no real sense of causality – how it works and why.

The solution is to put innovation at the centre of the analysis, which means beginning with the term innovation. The word innovation has been utilized for centuries, but it became a major concept of scholarly attention only in the past hundred years or so when economists began to seek to explain the economic growth miracle of capitalism. In this tradition innovation is defined as an economic concept, essentially, the ability to come up with new or improved products and services for the same (or lower) factor cost.³¹ With time, the concept of innovation has come to be synonymous with economic innovation in academic research. However, when innovation is conceptualized at its highest level of

abstraction, there is no reason that it should be tethered to economics or market exchange. Innovation is, in its most general sense, *the purposive actualization of novelty in a social setting*. This definition is a bit academic, but in general it simply means that innovation is about the interaction of five dimensions: novelty, an agent, purposiveness, value creation, and adoption.

We propose building theory on social innovation that begins from these five constitutive dimensions. In addition to placing innovation at the centre of social innovation research – which is desperately needed – this approach can also help to highlight the varieties encapsulated within what we think about as social innovation. The table below provides a brief overview of what this kind of approach might look like (for a more detailed explanation, see our forthcoming Innovation Policy Lab white paper).³²

<i>Dimension</i>	<i>Explanation</i>	<i>Examples</i>
Agent	Innovation is an act of agency, and there are different agents throughout the process of social innovation. A focus on different agents can help us to distinguish innovation by governments versus ‘corporate social innovation’, and nonprofit innovation. It can also help us to disentangle different actor roles at different points in the innovation process, as some social innovation research has done. ³³	The Red Cross’ introduction of cash transfers, versus the introduction of mobile money services in Africa by the for-profit company M-Pesa
Novelty	Innovation entails the introduction of originality, whether through invention, recombination, or transplantation of an existing idea to a new context. ³⁴ There are at least three kinds of novelty that can be introduced in an innovation process: technical, social, and informational.	The development and introduction of new low-cost medical devices, versus the use of <i>pro bono</i> work by orthodontists ³⁵
Purposiveness	Innovation is intentional and undertaken not for its own sake but to serve some other end. Purposiveness can be distinguished according to the systemic intentionality – such as profit-maximization and legitimacy-seeking.	The introduction of base of the pyramid products in pursuit of profit, versus government open data initiatives for legitimacy
Value creation	Innovation creates value. There are different kinds of value, however. We posit that value creation can be distinguished in terms of who benefits from SI, as well as whether the value consists of needs satisfaction; efficiency; empowerment; or sustainability. Value can also be appropriated by different actors, as some have highlighted in their discussions of social innovation’s “dark side”. ³⁶	The creation of a more efficient production process for solar panels, versus the introduction of a prisoners’ radio station to enhance the wellbeing of prisoners ³⁷
Adoption	Innovation has to be adopted – or, implemented. Adoption is the actualization of an idea in a social setting. But there are different social settings in which innovation	The introduction of just-in-time production for global value chains, versus the organizational introduction of

occurs, and each may function differently. For instance, social scientists have created different theories for the behaviour of bureaucracies and firms. Innovation is also adopted at different ‘scales’, as some social innovation theory has noted.	paid volunteer time, or the creation of “effective altruism” meta-charities like GiveWell
--	---

Drawing on the five constitutive dimensions of innovation is a way of systematically sorting out what distinguishes different kinds of innovation.

Foundations discussed at least four different variants of innovation in our interviews. The first, linked to the resilience approach, is transformational innovation. This type entails profound systems change. While it is not specific with regards to agent, type of novelty, purposiveness, or the type of value created, it specifies adoption in social (non-economic) settings that encapsulate broad participation at high levels of scale. Second, foundations quite often referred to what we term institutional innovation: innovation “in the rules of the game.” Again, we can imagine different agents introducing the innovation, and the purpose may vary with different kinds of value created. We might even imagine adoption across different social settings. But here the type of novelty introduced would be social. Third, foundation staff often referred to social innovation as a form of shared value – “taking a private sector approach, and giving it a social mandate.” Here the salient question is the value created: “how much of that value do you pass on, and do you do it in a way that leaves money in the pockets of people? Do you do it in a way that’s more equitable, inclusive?” The use of market mechanisms, however, might imply particular systems of adoption, as well as agents and purposes. Finally, foundations described social innovation as “new pathways”. In this case, the salient dimensions are the setting of adoption and the agents, because the emphasis is on inter-sectoral boundary crossing. But the type of novelty, the value created, and the purpose could vary in any number of ways.

Using the five dimensions of innovation can help us to clarify what kinds of social innovation exist, which will make it easier for us to understand and plan for them. This is a benefit of taking *innovation* as the starting point for social innovation thinking.

We also believe that a more granular theory of social innovation is the right approach, and one that accords with the way that innovation itself has long been understood. Most innovation is incremental, meaning that it is mainly about implementing small changes in a product or manufacturing process.³⁸ Specifically, we suggest focusing attention on the policy levers that Canada’s government and third sector actors can develop to routinize social innovation – in its many variants – just as we have routinized economic innovation. This is where some advocates have been going with recent work on social R&D, but it is broader than that.³⁹ There are many different targets of innovation policy instruments, many of which can be applied (with modifications) to social innovation. Innovation policies target various instruments of innovation: knowledge creation and transfer, human capital formation, R&D, entrepreneurship, innovation systems, new sector development, and trade promotion.⁴⁰ There are also several different policy means of targeting these instruments. For economic innovation, the main means are grants, credit financing, investment, information, and coordination or networking.⁴¹ Some of

these policy levers overlap with supports for different kinds of social innovation, while others may not and still other new measures may be available.

Despite considerable, inevitable, confusion about what social innovation means, foundations are already deploying tactics and strategies to promote it. But without robust social *innovation* theory it is impossible to assess the effectiveness of these tools or to identify best practices. To remedy this problem, it is essential to start by clarifying the different kinds of social innovation. Then we should move toward identifying and developing policy levers that match the needs of each.

Appendix 1: Full SIT Table

<i>SIT</i>	<i>Tactic</i>	<i>Logic</i>	<i>Examples</i>	<i>Strategy</i>	<i>Resource</i>
1	Funding entrepreneurial individuals	Creative individuals need resources/space to do SI	Metcalf Foundation Innovation Fellowship; Laidlaw Foundation Nathan Gilbert Youth Innovation Fellowship; MasterCard Foundation-supported Anzisha Prize; Getting to Maybe Social Innovation Residency	Support Creativity	Financial support
2	Training entrepreneurial individuals	Creative individuals need training to do SI	Gordon Foundation Jane Glassco Northern Fellowship; MasterCard Foundation Youth Livelihoods programming; Inspirit Foundation convening	Support Creativity	Programming
3	Providing early financing to new charities and social enterprises	A barrier to SI is the difficulty for new organizations in accessing finance To develop an idea or test it	Vancouver Foundation Field of Interest Grants (Develop/Test)	Be There Early	Financial support
4	Providing capacity-building support to new charities and social enterprises in generating or implementing a new idea	SI attempts may fail because new organizations lack the skills to fully implement an idea	Vancouver Foundation FOI Develop Cohort; McConnell Foundation's Innoweave Coaching; Metcalf Foundation Creative Strategies Incubator	Be There Early; Support Creativity	Programming
5	Providing financing to new charities and social enterprises so they can achieve scale	New ideas may fail to achieve impact because they are unable to grow due to lack of financing	Edmonton Community Foundation Social Enterprise Fund; Vancouver Foundation FOI Grow grants; some MasterCard Foundation Financial Inclusion stream grants; McConnell Foundation Social Innovation Fund Re-tooling for Growth	Be There Early	Financial support
6	Providing capacity-building support to new charities and social enterprises so they can achieve scale	New ideas may fail to achieve impact because they are unable to grow due to lack of capacity	Social Entrepreneurs Ireland's Impact Program; Innoweave scaling for impact modules	Be There Early	Programming
7	Providing training in SI methodologies	VSOs lack the tools to do SI effectively SI needs to be made accessible	Innoweave; Philagora; SiG; RECODE	Promote SI Ecosystem	Programming
8	Administering SI challenges that	Foundations can lead SI process by	MasterCard Foundation Innovation Competition	Support Creativity;	Financial support

	address specific social problems	directing funds to pervasive social challenges		Facilitate Institutional Innovation	
9	Funding established organizations to try new approaches	VSOs may not do SI because financing is not available to try new things	Donner Canadian Foundation grant for the Ecology Action Centre; Laidlaw Foundation's Youth Sector Innovation grant	Support Creativity	Financial support
10	Funding research, including "social R&D"	Research can inform foundation strategic initiatives	Ivey Foundation support for the Ecofiscal Commission; Muttart Foundation early childhood and nonprofit sector research; MasterCard Foundation Next Generation Initiative; Toronto Community Foundation (and other community foundations) Vital Signs report; McConnell Foundation support for SiG	Promote SI Ecosystem; Facilitate Institutional Innovation	Programming, Financial support, Reputation
11	Identifying a desired social change and disbursing grants to achieve that change	Foundations have a unique position in the system that allows them to coordinate social change efforts amongst various players	Metcalf Resilient Neighborhood Economies; Maytree Foundation's work on refugees and a human rights approach to poverty; Coast Fund and Indigenous sustainable development	Lead Systemic Change	Programming, Financial support, Reputation
12	Incubating ideas and later spinning them out	Foundations have the capacity to absorb greater risk, which allows them to experiment with new ideas directly	Edmonton Community Foundation and the Edmonton Community Development Corporation; Maytree Foundation and Roots of Empathy, TRIEC, DiverseCity OnBoard	Lead Systemic Change; Promote SI Ecosystem	Programming, followed by Financial support
13	Convening multi-stakeholder discussions on social problems	Foundations are viewed as legitimate by different types of organizations and as funders can bring uncommon partners to the table.	Energy Futures Lab (Suncor Energy Foundation and others); Ivey Foundation	Lead Systemic Change; Facilitate Institutional Innovation	Reputation, Programming
14	Strengthening communities of practice through cohorts	Innovation occurs when practitioners are brought together to give dedicated thought to an issue.	Lawson Foundation cohort; McConnell Foundation social innovation learning program; Metcalf Foundation Creative Strategies Incubator; Vancouver Foundation learning labs for community foundations	Lead Systemic Change	Programming

Endnotes

¹ Anheier, Helmut and Daly, Siobhan. (eds.). (2007). *The Politics of Foundations in Comparative Analysis*. New York: Routledge.

² Canada's National Advisory Board to the Social Impact Investment Taskforce. (September 2014). Mobilizing Private Capital for Public Good: Priorities for Canada. Canada's National Advisory Board to the G8 Social Impact Investment Taskforce, published by MaRS Centre for Impact Investing.; author's interviews.

³ Anheier and Daly *supra* note 1.

⁴ *Ibid.*

⁵ These are organizations that are registered with the Canada Revenue Agency (CRA) as private or public foundations. Hawara, Cathy. (7 February 2013). CRA and Registered Charities: What You Need to Know. Carters Charity and Not-for-Profit Law Seminar delivered in Ottawa on 7 February 2013, at <http://www.carters.ca/pub/seminar/charity/2013/ch0207.pdf>.

⁶ Foundation assets in Canada totaled \$55.6 billion in 2013, which is 16% of total assets in the charitable sector (\$296 billion). Philanthropic Foundations Canada (PFC). (2015). *Assets and Giving of Canada's Top Grantmaking Foundations: Snapshot of 2013*. Philanthropic Foundations Canada.

⁷ In 2005, for example, the 68 000 foundations in the US controlled an estimated \$0.5 trillion USD in assets and disbursed \$33.6 billion in grants. Fleishman, Joel. (2007). *The Foundation: a Great American Secret – How Private Wealth is Changing the World*. New York: PublicAffairs.

⁸ There are a lot of different ways to measure the size of the foundation sector – by total assets, number of foundations, total grants disbursed, foundation “vitality” (spending over assets) et cetera. In terms of the number of foundations, Canada is somewhere in the middle of the pack amongst European countries. For instance, despite having almost twice as many people as Canada, France has only 3 677 foundations. See Observatoire de la Fondation de France (OFF) and CERPhi. (April 2015). *An Overview of Philanthropy in Europe*. Fondation de France and CERPhi.

⁹ Author's interview.

¹⁰ The main distinction between these two legal forms is that public foundations are governed by a board that is made up of a majority of directors at arms length, while private foundations are not. Additionally, while charities and public foundations are precluded from carrying on *related* business activities private foundations cannot carry on *any* business activities. Foundations, public and private, must not acquire control of corporations (generally, this means ownership of more than 50% of a corporation's share capital). They also cannot acquire debts other than those related to current operating expenses, the purchase and sale of investments, or the administration of charitable activities. See PFC. (n.d.). Canadian Foundation Facts. PFC, at <http://pfc.ca/canadian-foundation-facts/>; CRA. (n.d.). Registered Charities and the Income Tax Act. RC 4018(E) 1204, at http://www.globalphilanthropy.ca/images/uploads/RC4108_Registered_Charities_and_the_Income_Tax_Act.pdf.

¹¹ Philanthropic Foundations Canada (PFC). (2015). Assets and Giving of Canada's Top Grantmaking Foundations: Snapshot of 2013. PFC, at <http://pfc.ca/wp-content/uploads/2015/10/assets-giving-trends-canadas-grantmaking-foundations-2015-en.pdf>. It is worth noting that PFC's list of the top 150 largest foundations excludes community and government foundations.

¹² *Ibid.*

¹³ Different reviews suggest overlapping categories. Choi and Majumdar (2015) are alone, of the works reviewed, in suggesting three categories: creativity research, community psychology, and welfare economics. The categories of political science and management science and economics are unique to Moulaert (2010), again of the reviews included here. Other categories were common to multiple reviews. Choi and Majumdar (2015) and Neumeier (2012) include sociology; entrepreneurship is a category for Choi and Majumdar (2015) and Grimm and colleagues (2013); territorial development is a category of SI research for Choi and Majumdar (2015), Grimm and colleagues (2013), Rüede and Lurtz (2012), Bouchard (2012), and Moulaert (2010); finally, Grimm and colleagues (2013 and Neumeier (2012) incorporate organizational studies. See: Choi, N. and Majumdar, S. (2015). Social Innovation: Towards a Conceptualisation. In S. Majumdar (ed.) *Technology and Innovation for Social Change*. India: Springer; Grimm R., Fox C., Baines S., Albertson K. (2013). Social Innovation, an Answer to Contemporary Societal

Challenges? Locating the Concept in Theory and Practice. *Innovation: the European Journal of Social Science Research* 26(4), 436-455; Moulaert, F. (2010). Social Innovation and Community Development: Concepts, Theories and Challenges. In *Can Neighbourhoods Save the City? Community Development and Social Innovation*; Neumeier, Stefan. (2012). Why do Social Innovations in Rural Development Matter and Should they Be Considered More Seriously in Rural Development Research? – Proposal for a Stronger Focus on Social Innovations in Rural Development Research. *Sociologia Ruralis* 52(1), 48-69; Rüede, Dominik. and Lurtz, Kathrin. (2012). Mapping the Various Meanings of Social Innovation: Towards a Differentiated Understanding of an Emerging Concept. *EBS Business School Research Paper Series* 12-03, Oestrich-Winkel; Bouchard, Marie. (2012). Social Innovation, an Analytical Grid for Understanding the Social Economy: the Example of the Quebec Housing Sector. *Service Business*.

¹⁴ We undertook, with Christian Vandergeest, a modularity analysis of the scholarly social innovation literature, using Gephi. The analysis drew from a Web of Science search conducted on 11 May 2015 for all material on the topic of “social innovation” for the years 1900 to 2015, returning 396 results. We included data on cross-citation and publication research areas. The modularity analysis revealed five distinct research communities, characterized by a high degree of inter-citation by a small number of authors: psychology of creativity; territorial innovation and urban development; social entrepreneurship; innovation studies; and psychology and innovation. Our modularity analysis found this to be the case with respect to five disciplinary clusters of SI research, all of which are included in the list above.

¹⁵ Pue, Kristen, Vandergeest, Christian, and Breznitz, Dan. (2015). Toward a Theory of Social Innovation. *Innovation Policy Lab White Paper presented on 1 December 2015 at the Massey College Forum on Philanthropy*.

¹⁶ Notably, some of these foundations do not use the language of social innovation.

¹⁷ Westley, F. and Antadze, N. (2010). Making a Difference: Strategies for Scaling Social Innovation for Greater Impact. *The Innovation Journal: the Public Sector Innovation Journal* 15(2), at p.2.

¹⁸ Westley, Frances, Zimmerman, Brenda, and Patton, Michael (2007). *Getting to Maybe: How the World is Changed*. Toronto: Vintage Canada. Other works from this approach include, for example: Moore, M.-L. and Westley, F. (2011). Surmountable Chasms: Networks and Social Innovation for Resilient Systems. *Ecology and Society*; Westley, F.R., Tjornbo, O., Schultz, L., Olsson, P., Folke, C., Crona, B., and Bodin, O. (2013). A Theory of Transformative Agency in Linked Social-Ecological Systems. *Ecology and Society*; Biggs, R., Westley, F., and Carpenter, S.R. (2010). Navigating the back loop: Fostering social innovation and transformation in ecosystem management. *Ecology and Society*.

¹⁹ See, for example: Scott, Janelle. (2009). The Politics of Venture Philanthropy in Charter School Policy and Advocacy. *Educational Policy* 23(1), 106-136.

²⁰ One partial exception is Innoweave, which does have modules on “[scaling impact](#)”, but we feel that generally Innoweave is better characterized as a SIT 7 intervention. As such, it is discussed further below.

²¹ For more about Social Entrepreneurs Ireland, see: <http://socialentrepreneurs.ie/>.

²² Bays, Jonathan, Goland, Tony, and Newsum, Joe. (2009). Using Prizes to Spur Innovation. McKinsey and Co., at <http://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/using-prizes-to-spur-innovation#0>.

²³ *Ibid.*

²⁴ Deloitte. (2015). The Renaissance of Public Sector Prize Competitions: a Brief Comparative Analysis of Trends in the US and Europe. Deloitte, at <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/public-sector/us-fed-renaissance-of-public-sector-prize-competitions.pdf>.

²⁵ Bays et al. (2009) *supra* note 22.

²⁶ *Ibid.*

²⁷ For more on social R&D see Rajasekaran, Vinod. (2016). Getting to Moonshot: Inspiring R&D Practices in Canada’s Social Impact Sector. Social Innovation Generation (SiG), at file:///C:/Users/puekrist/Downloads/Getting_To_Moonshot_Web.pdf.

²⁸ Organization for Economic Cooperation and Development (OECD). (2002). OECD Frascati Manual, 6th ed. OECD, at p.30.

²⁹ See Holmgren, M. (2012). Are There Too Many Non-profit Organizations in Alberta Duplicating Services? Updated and Expanded for 2012. Muttart Foundation, at <https://www.muttart.org/wp-content/uploads/2012/11/Updated-and-Expanded-for-2012.pdf>.

³⁰ For a more detailed conceptual critique that touches on this, see our upcoming IPL working paper. Pue, Kristen and Breznitz, Dan. (forthcoming). *Conceptualizing Social Innovation: Toward Coherent Theoretical Foundations*. IPL Working Paper.

³¹ See, for instance, Breznitz, Dan and Murphree, Michael. (2011). *Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China*. New Haven: Yale University Press.

³² This issue is examined in much more depth in our draft concept paper. See Pue and Breznitz 2017 *supra* note 30.

³³ For example: McGowan, Katharine and Westley, Frances. (2015). *At the Root of Change: the History of Social Innovation*. In Alex Nicholls, Julie Simon and Madeleine Gabriel (eds.). *New Frontiers in Social Innovation Research*. NY: Palgrave Macmillan.

³⁴ See Schumpeter, Joseph. (1934). *The Theory of Economic Development*. Cambridge, MA: Harvard University Press.

³⁵ This is an initiative called Smiles 4 Canada. See Corfu, Nina. (18 January 2017). *Orthodontists Eager to Work for Free, Now they Just Need Teeth to Fix*. *CBC News*, at <http://www.cbc.ca/news/canada/nova-scotia/smiles-4-canada-free-orthodontist-care-need-for-patients-braces-1.3940828>.

³⁶ See, for example: Nicholls, Alex, Simon, Julie and Gabriel, Madeleine. (2015). *Introduction: Dimensions of Social Innovation*. In Alex Nicholls, Julie Simon and Madeleine Gabriel (eds.). *New Frontiers in Social Innovation Research*. NY: Palgrave Macmillan.

³⁷ This refers to National Prison Radio, which was recently covered in the Stanford Social Innovation Review. Clegg, Alicia. (2017). *Radio for Good*. *Stanford Social Innovation Review Winter 2017*, at https://ssir.org/articles/entry/radio_for_good.

³⁸ Baumol, W. (2002). *The Free-Market Innovation Machine: Analyzing the Growth Miracle of Capitalism*. Princeton, NJ: Princeton University Press.

³⁹ For instance, see a recent op-ed by Tim Drainin and Vinod Rajasekaran on social innovation and Canada's innovation agenda. Drainin, Tim and Rajasekaran, Vinod. (5 May 2016). *How Ottawa Can Get its Social Innovation Act Together*. *iPolitics*, at <http://ipolitics.ca/2016/05/05/how-ottawa-can-get-its-social-innovation-act-together/>.

⁴⁰ See Breznitz, Dan and Samford, Steven. (2016). *Innovation Agencies: The Road Ahead*. Washington, D.C.: Inter-American Development Bank.

⁴¹ *Ibid.*