

Problems' agenda-setters or solutions' agenda-setters?

An assessment of EU foundations' role in promoting social innovation

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ABSTRACT

In the current scenario of unsustainable European welfare systems, the nonprofit sector plays a fundamental role as both a donor and a service provider. Grant-making foundations, in particular, are flourishing in several European countries and well positioned to produce social innovation. However, a lack of contributions exists on the extent to which grant-making foundations contribute to producing social innovation through their core grant-making activity.

Through a cross-country comparison of grant-making foundations in Italy, France, and Spain, we aim at understanding the role of grant-making foundations in fostering community connections and contributing to the creation of social innovation. Methods include in-depth interviews and a documentary analysis on foundations' calls for proposal.

Results show that foundations' grant-making is changing from a solutions' agenda-setting to a problems' agenda-setting role. This opens up to further investigation on the policy-making role of foundations in funding generative networks and strengthening problem solving at the community level.

INTRODUCTION

In the last decade, the welfare systems of European Countries have changed significantly, due to the necessity to deal with increasing budgetary pressures (Pierson 2006) and increasing societal needs, causing the changing demand for welfare support (Taylor-Gooby 2002; Fosti & Longo 2013). New needs are associated with the impoverishment of families, progressively ageing populations, increasing rates of immigration, widening health inequalities, and rising unemployment rates (Castles et al. 2010; Donaldson et al. 2011; Ferrera 1993; Wilkinson & Pickett 2006).

While it is unlikely that the public sector will soon increase its investments in welfare support, the nonprofit sector is playing a role in the current re-configuration of welfare systems in different European countries, both as a donor and as a service provider (Larenza 2013). Given this context, several contributors have started to underline how the nonprofit sector is well positioned to promote the creation of social capital (Burt 1997), to foster civil society networks (Fukuyama 2002), to build structured networks with public institutions as a trigger for the growth of social capital (Borgonovi et al. 2013, p.131), and to produce social innovation (Anheier, 2013).

While the nonprofit sector encompasses a huge variety of actors and players, different for sources of income, representativeness and functions (Anheier 2005), foundations are emerging amongst the most relevant players not only for the total amount of resources committed to tackling social emerging needs, but also in terms of visibility, advocacy and political action (Anheier 2013; Sagawa 2014). Moreover, the international debate recognize foundations' potential as engines of social wealth creation through the deployment of multiple assets, which goes well beyond money (Salamon 2014; Ricciuti 2015). Among foundations, grant-making foundations in particular (those foundations which have as their unique or primary function the deployment of funds to other nonprofit organizations, Anheier & Daly 2004), are a fundamental player, flourishing in several European countries (The European Foundation Center, 2008), despite the different definitions, regulatory frameworks, fiscal incentives and legal boundaries existing in different countries (Salamon & Anehier 1997).

Despite the increasing importance and role of grant-making foundations, a lack of contributions exists on the extent to which grant-making foundations contribute to producing social innovation. In fact, foundations are often involved in debates about their legitimacy, response to needs and effectiveness, but rarely about the operational side of their action. Foundations' grant-making function is often under considered and segregated as a field of management which has traditionally deserved more attention from

practitioners than from academics (Worth 2014), while *“understanding how foundations make their grant-making decisions vis-a-vis grantees is indispensable for a fruitful analysis of foundations’ behaviour”* (Aksartova 2003, p.26).

To respond to this gap of knowledge, this paper aims at understanding the role of grant-making foundations in contributing to the response to their communities’ needs by fostering community connections and contributing to the creation of social innovation. The current working paper attempts to answer the following research question: *how foundations contribute to fostering social innovation through their grant-making programmes?* The assumption on which this line of research is based is that grant-making foundations do have a political role in contributing to set the agenda of their community problems: the way and the extent to which foundations set this agenda depends a) on the resources – not only financial - put in place to reach their objectives; b) on the objects they aim at funding through their calls for proposals.

The paper is structured as follows. The first section offers an introduction on social innovation and philanthropy, focusing on European foundations in particular and the role of grant-making foundations in the three countries considered for the current study: Italy, France and Spain. The second section gives the rationale for the selection of case studies and an overview of the methods used for data collection. In the third section, findings will be explored by outlining the main elements of social innovation detected on the selected calls for ideas. Moreover, a brief discussion on the role of foundations as problems’ agenda-setters is opened. The conclusive section outlines the limitations of the study and potential avenues for further research.

SOCIAL INNOVATION AND FOUNDATIONS

Social innovation is frequently mentioned in the current debate on welfare systems and it has become a mainstream concept in policy-making (Sinclair & Baglioni 2014). According to the European Commission, part of its success rests in the fact that it is a quasi-concept, *“one whose utility lies less in fabricating certainty than in fostering cohesion across a policy network, composed of researchers, analysts and decision-makers”* (European Commission 2013, p.14). Several scholars and practitioners have attempted definitions and frameworks (The Young Foundation 2012; European Commission 2013; Anheier et al. 2014; Sinclair & Baglioni 2014). Despite the existing differences in the focus or interpretation of social innovation, two key points of the concept are worth underlining in this context:

- Social innovation is not a new concept, but it has seen a resurgence in recent years linked to its dimension of empowerment and resilient communities (European Commission 2010; European Union 2012). Often “blurred” with the concept of social enterprise or social entrepreneurship, social innovation is frequently discussed in relation to at least three aspects: a) creating or increasing social capital; b) fostering community resilience; c) recognizing and expanding the role of civil society in service delivery. These are all important elements in a context of welfare systems in crisis and under urgent need of reconfiguration (Caulier-Grice et al., 2012; Sinclair & Baglioni 2014).
- Social innovation is not a trait or a property of a single actor or ensemble of actors, but rather can be produced, supported or enhanced by public organizations, private organizations, civil society at large, networks, single individuals, reflecting the difficult boundaries that scholars attribute to the definition of “welfare system” (Fosti et al. 2014).

Given this context, a legitimate question to ask is what role (if any) foundations have, among the ensemble of civil society actors, in the promotion of social innovation. In this respect, the report on Social Innovation Research in the European Union calls for philanthropists to join the debate by wondering *“is there a specific role for the philanthropy in financing social innovation projects?”* (EU Commission 2013, p. 44). The report acknowledges that although social innovation can be rooted in different sectors, the private sector is rarely the subject of research on social innovation, with the exclusion of philanthropic studies in the United States (European Commission 2013, p.18). In some cases, the role of foundations in fostering social innovation is connected to social finance, which encourages to foundations to apply financial solutions to foster social innovation, beyond traditional grant-making (European Union 2012, p.49).

Our paper rests on the assumption that grant-making foundations can promote social innovation with several tools beyond grants, not necessarily financial. Foundations are privileged actors in the production of social innovation: they can rely on different assets that allow a risk-taking approach and a long-term view or their *modus operandi*, prevailing on the short-term horizon of electoral cycles (compared to public organizations), of profit mandates (compared to business) and of budget pressures and fundraising needs (compared to other nonprofit actors). These assets constitute one of the foundations’ comparative advantages in the creation of social wealth (Ricciuti 2015) and contribute to the role of foundations as “agents of social innovation” in Europe¹. Also the emergence of venture philanthropy in Europe has opened the debate: *“although many foundations do not use the term venture philanthropy, they increasingly support nonprofit organizations and social enterprises over multiple years, provide grants or other types of financing to support capacity building, and offer non-financial support”* (Buckland et al. 2013, p.39). Thus,

¹ Unpublished source - Speeches by Rosa Gallego and Rien van Gendt during the Annual General Assembly of Assifero – the Italian Association of Foundations, Milan, 18 May 2015.

the grant-making capacity of foundations is a powerful source of action in setting the agendas of communities' needs and stimulating community capacity building.

While it is estimated that more than 270,000 European organizations are labeled "foundations" (The European Foundation Centre 2008), the amount of philanthropic resources in Europe is reported to vary from 0.1% to 1% of GDP depending from different countries (Buckland et al. 2013). The main difficulty is that "foundation" is often a label applied to different categories of organizations, which (differently from the US) respond to different country regulations (Salamon & Anheier 1997; Anheier 2005). Without entering deeply into the debate around definitions, a working definition of foundation will be used in this paper, reflecting the list of common criteria to define foundations given by the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC) (Scott 2003) and the World Bank (Fink 2005 in: Sulla 2006):

- non-governmental, meaning that they are not dependent on governments' funding nor mandates;
- non-profit, meaning their mission is not oriented to gaining profits, but rather to re-invest profits (if any) into their charitable activities;
- possessing a principal fund of their own (the endowment), meant as the value of all their assets;
- managed by their own trustees and directors, through a specific steering committee (the board);
- promoting social, educational, charitable, religious or other activities serving the common welfare.

Moreover, within the vast array of foundations existing, we focus only on grant-making foundations consistently with the research aim. Finally, the rationale for the country-based selection of the case studies had the aim to avoid differences in the welfare system configurations - at least in terms of the relationship between the public and the private sector and the main societal problems emerging (i.e. population ageing). The model proposed by Buckland and colleagues (2013, p.36) is helpful in this respect: France and Spain have been chosen for a comparison with the Italian case as countries responding to a "welfare partnership model". These are countries in which the welfare system is traditionally subsidized by the government, and civil society organizations has been primarily involved in a view of externalization of public functions. Philanthropy, in these countries, is traditionally weak compared to liberal countries (i.e. UK). In fact, historically governments has made few investments to strengthen the civil sector and encourage civil society engagement in community welfare: rather, nonprofit organizations are an emerging player in the field (Fazzi 2013). With public resources shrinking and welfare systems in need of innovation on service delivery, the political role of foundations is decisive in supporting civil society by setting the agendas of potential solutions to common problems. The following section offers the rationale for the selection of the three case studies.

METHODS

This is a qualitative research based on a multiple case study design (Yin 2009). The case studies selected are three grant-making foundations. Fondazione Cariplo (Italy), “La Caixa” Banking Foundation (Spain) and Fondation de France (France). The reason for the choice of these foundations is twofold. First, the foundations chosen are the largest private grant-making foundations in their respective countries². Second, they have a considerable experience in funding social projects, as well as similar amounts of grants given to the main initiatives within their social or welfare related areas of funding. Main facts around the three foundations are reported in Table 1 below.

Fondazione Cariplo operates in four areas of funding: Social and Human Services (27.4% of the total expenditure), Environment (7.6%), Arts and Culture (31.7%), Scientific Research (19%), beyond other small contributions (14.4%). In terms of the number of projects, the Social and Human Services area funded 285 projects in 2014, both in Italy and abroad (through the support to international cooperation projects). The current analysis is based only on calls targeted to Italy, of which 10 million € (out of the total 38 million of expenditures of the area), were directed only to the call on Community Welfare and Social Innovation.

Fondation de France operates in four areas: Helping Vulnerable People (40,3% of the total expenditure), Developing Knowledge and Education (52,2%), Environment (6,4%), and Supporting and Developing Philanthropy (1,1%). In terms of the number of projects, the Helping Vulnerable People area have funded 4,000 projects in 2014, of which 83.7% to solidarity projects, 14.5% to health related projects and 1.8% to human rights. In terms of the type of investments, 84% are traditional grants, 15% are scholarships and 1% prizes. The area operates both in France and internationally, also targeting emergency and disaster relief. The current analysis pertains only to projects and calls targeted to France.

“La Caixa” Banking Foundation also operates on four lines of action: Offering opportunities to the most vulnerable (Social programmes, 69.2% of the total expenditure), Environmental and Scientific Programmes (38.7%), Cultural programmes (61.8%) and Educational and research programmes (7.7%). The Social Programmes area have funded 930 projects in 2014 in all the areas of intervention. The current analysis is based on the five calls considered the core of the “Social Initiative Projects”, which count all together to almost 20 million € in 2014. These calls are all targeted to Spain.

² For Fondazione Cariplo: <http://www.fondazionecariplo.it/en/the-foundation/the-origins/la-storia.html>; for La Caixa banking foundation https://www.fundacionbancarialacaixa.org/pl/general/historywp_en.html; for Fondation de France <http://fdnweb.org/ffdf/about/fondation-de-france/>.

Table 1 - Facts and figures comparing Fondazione Cariplo, La Caixa and Fondation de France

	Fondazione Cariplo	La Caixa Foundation	Fondation de France
Founding year	1991	1904	1969
Number of employees (2014)	65	na	182
Asset managed (billion €)	7,198 (2013)	342,3 (2014)**	2,100 (2013)
Total Spending per year	138.8 mln € (2013)	434.7 mln € (2014)	151 mln € (2014)
% of tot spending for welfare/social area*	27.4% (38 mln €)	69.2% (300 mln €)	40.3% (60.4 mln €)
# grants given per year for welfare/social area*	285 (2013)	930 (2014)	3800 (2013)

Notes: *for welfare/social areas we considered: for Fondazione Cariplo, only grants pertaining to the line of action “Servizi alla persona” (Social and Human Services); for La Caixa, only grants pertaining to the line of action “Ofrecer oportunidades a los mas vulnerables” (Offering opportunities to the most vulnerable/Social programmes); for Fondation de France, only grants pertaining to the line of action “Aider le personnes vulnérables” (Helping Vulnerable People). ** This piece of data needs further validation due to recent changes in the governance and investment structure of La Caixa Banking Foundation.

Preparatory to the identification of case studies, a systematic literature review on foundations and social innovation has been run in May 2015. The search has been conducted on three scientific databases related to social science and management disciplines: Business Source Complete, Web of Science and Scopus. Language filters included English, French, Spanish and Italian. The search strategy has been as follows: “social innovation” AND (philanthrop* OR foundation*) AND (Europe OR European Union). The search originated only 19 papers that were read all text. This has been completed by a search of the grey literature on general databases (Google Scholar and Google) and by handpicking books; a vast array of grey literature has also resulted from multilateral organizations (OECD, European Commission) and civil society actors.

The second step for data collection was a documentary search, based on a desk-based analysis on the Calls for Ideas limited to welfare and social funding running for the year 2014 in the three European grant-making foundations selected. The purpose of this step is to map all the information available to stakeholders about the call for proposals, with the aim of identifying the objects of funding, and the different types of resources engaged in foundations’ grant-making programmes. All documents related to those calls have been downloaded and all information concerning the understanding of social innovation and the grant-making process has been tracked in an Excel datasheet. Over 30 documents have been detected and analyzed. Table 2 reports the list of the main documents analyzed. Besides this list, we analyzed all webpages containing information on the calls, on the foundation’s strategy and lines of action (e.g. vision statements, strategic cycle etc.).

Finally, in-depth interviews are currently being conducted with key informants directly involved in the social funding areas of each foundation. In particular, the ideal sample of key informants included those who directly contributed to the strategic planning and design of the Calls for proposal. The actual sample of interviewees have included both key informants placed in the relevant areas (i.e. welfare or social engagement) and/or staff pertaining to the top executive level or the board of the organization, less involved in the mechanics of grant-making, but with a broader view on the strategy and the approach to social innovation of the foundation.

At the moment, one informant per foundation has been extensively interviewed, and the document analysis has been discussed with two additional key informants, for a total of five people involved in the study, although with very different intensity. We aim at involving at least other three people for each foundation, including top executives and decision-makers, especially for what concerns the strategic planning process and the vision guiding the calls for proposals' drafting. Interviews relied on a semi-structured questionnaire. When it was not possible to perform a face-to-face interview, the questionnaire was sent by email. A first section of questions aims at understanding what foundations mean as social innovation, while a second section aims at de-constructing the mechanics of the grant-making process and how the calls for proposals were designed and implemented.

Table 2 - Foundations' documentary analysis on calls for proposals

Fondazione Cariplo	Source
Annual Report 2014	http://www.fondazionecariplo.it/it/la-fondazione/dati-di-bilancio/rapporto-annuale-bilancio-di-missione.html
Balance Sheet 2014	http://www.fondazionecariplo.it/it/la-fondazione/dati-di-bilancio/rapporto-annuale-bilancio-di-missione.html
Action Plans	http://www.fondazionecariplo.it/static/upload/pia/piani_web.pdf
Calls of the social area: Social Housing	http://www.fondazionecariplo.it/it/bandi/index.html
Calls of the social area: Social Enterprise & Work Integration	http://www.fondazionecariplo.it/it/bandi/index.html
Calls of the social area: Community Welfare & Social Innovation	http://www.fondazionecariplo.it/it/bandi/index.html
Community Welfare and Social Innovation 2014 Feasibility Study	Unpublished document
Guidelines to the presentation of calls for proposals	http://www.fondazionecariplo.it/static/upload/gui/guida-presentazione.pdf
La Caixa Banking Foundation	Sources
Annual Report 2014	http://obrasocial.lacaixa.es/laCaixaFoundation/corporateinformation_en.html#fragment-2
Balance Sheet 2014	https://www.fundacionbancarialacaixa.org/informacioncorporativa/datosbasicos_en.html
Sustainability Report 2013	http://obrasocial.lacaixa.es/laCaixaFoundation/corporateinformation_en.html#fragment-2
Summary of the Social Initiative Projects – Financial data	Unpublished document
Internal guidelines to Calls for proposals	Unpublished document
Guidelines to Calls for proposals	http://obrasocial.lacaixa.es/deployedfiles/obrasocial/Estaticos/pdf/Convocatorias/Guia_apoyo_solicitud_proyecto_IS15_es.pdf
Calls of the social area: Interculturality and social cohesion	http://obrasocial.lacaixa.es/ambitos/home/convocatorias_es.html
Calls of the social area: Poverty and social exclusion	http://obrasocial.lacaixa.es/ambitos/home/convocatorias_es.html
Calls of the social area: Integration to work	http://obrasocial.lacaixa.es/ambitos/home/convocatorias_es.html
Calls of the social area: Social Housing	http://obrasocial.lacaixa.es/ambitos/home/convocatorias_es.html
Calls of the social area: Promotion of Autonomy	http://obrasocial.lacaixa.es/ambitos/home/convocatorias_es.html

Fondation de France	Sources
Annual Report 2013	http://www.fondationdefrance.org/La-Fondation-de-France
Annual Report 2014	http://www.fondationdefrance.org/La-Fondation-de-France
Balance Sheet 2014	http://www.fondationdefrance.org/La-Fondation-de-France
Calls for proposals of the social area: Fighting solitude	http://www.fondationdefrance.org/Nos-Actions/Aider-les-personnes-vulnerables
Calls for proposals of the social area: Prisons	http://www.fondationdefrance.org/Nos-Actions/Aider-les-personnes-vulnerables
Calls for proposals of the social area: fighting social and economic exclusion (Employment, housing, social and territorial development)	http://www.fondationdefrance.org/Nos-Actions/Aider-les-personnes-vulnerables
Calls for proposals of the social area: children, elderly, disabled people	http://www.fondationdefrance.org/Nos-Actions/Aider-les-personnes-vulnerables

DETECTING ELEMENTS OF SOCIAL INNOVATION

The current section reporting findings is structured as follows. First, we give a brief description of the extent to which social innovation is explicitly addressed in the calls analyzed. Then, we describe the elements representing the innovative funding approach from the three foundations under study. For a detail of the calls of each foundation, Table 3 below summarizes the main elements. Several pieces of information are not available in the calls' text, but they are more likely in internal documents. For this reason, interviews will be important to dig deeper into details concerning the amount and types of resources involved, as well as the vision guiding the criteria to draft grant-making calls.

"Social innovation" is explicitly mentioned as a strategic principle in both the vision statement and the calls analyzed for Fondazione Cariplo and for Fondation de France. The Community Welfare and Social Innovation call is the largest call of the Social and Human Services area at Fondazione Cariplo with a budget of 10 million euros in 2014. Social innovation is an explicit objective (starting from the title), in recognition of the fact that the contribution to new welfare models should be *"characterized by social innovation elements, by the citizens' activation and responsibility, by the gathering of public and private resources and by the strengthening of community networks"* (Community Welfare and Social Innovation, Feasibility Study 2014 p.2). Moreover, potential grantees of this call are required to demonstrate their capacity to produce innovative solutions (call on Community Welfare and Social Innovation 2014, p.3).

For Fondation de France, the "Helping vulnerable people" area has supported 4,000 projects in 2014 through the deployment of over 60 million euros, although it is the call on Fighting Solitude which alone amounted to approximately 15 million € in 2014. "Social innovation" is explicitly mentioned both in the vision statement of the Foundation (*"the Foundation supports innovative projects which respond to people's needs"* – from the Foundation's homepage) and in its Annual Report 2014 (*"Au coeur de l'innovation sociale, nous soutenons dans la durée les associations agissant au plus près des besoins, à l'échelle de la rue ou du quartier"* - Annual Report 2014, p.3). Moreover, "social innovation" is explicitly mentioned as an axis of a few calls, such as the call for projects on Employment, under the broader call on Fighting Social and Economic Exclusion (call on Employment, p.2).

For La Caixa, areas falling under "Offering opportunities to the most vulnerable" include Child Poverty, Employment, Accessible Housing, Comprehensive Care for people with advanced diseases and Elderly. There is not one call sensibly more relevant than the others, but rather an ensemble of different calls on different lines of action, named Social Projects Initiative, which include Interculturality and social cohesion, Poverty and social exclusion, Integration to work, Social housing and the Promotion of autonomy. These five calls together amounted to 19.7 million € in 2014. "Innovation" is one of the Principles of Action of La

Caixa (La Caixa Annual Report 2014, p. 9), although “social innovation” is not specifically mentioned in the description of the Social Projects Initiative area. However, a specific call is addressed to funding “*innovative practices of social transformation, favorable to be replicated*” (Calls on the Promotion of autonomy, p.5).

The objects of funding: criteria to boost social innovation - The meaning of social innovation is addressed in different ways, although some elements are in common. The first element is the focus on *structured local networks and partnerships*. Among the eligibility criteria to present a proposal within the Community Welfare and Social Innovation call of Fondazione Cariplo, beneficiaries are required to be in the form of a structured network that must include the involvement of public institutions. Projects presented by single organizations are not considered for funding. The same criterion can be found in the other two foundations, though it is considered a preferred element, not a required one, for the selection of proposals. Concerning La Caixa, overall no specific information is given on the preferred criteria to present proposals on the first four calls, (in general, eligible projects must come from the nonprofit or public sector). However, among the preferred criteria for the selection of proposals in the call on the Promotion of Autonomy, we can find: a) projects, even from a single organization, involving a coordinated and complementary intervention between players on the same territory b) projects presented by a structured networks of actors with an integrated co-planning proposal, c) projects favoring the strengthening of support networks in the local community (Call on the Promotion of Autonomy, p.5). Also for Fondation de France, innovative projects and projects in partnerships are among the preferred eligibility criteria for the call on Fighting Solitude and the call on Fighting Social and Economic Exclusion: also community networks can apply to be beneficiaries, including public and nonprofit organizations.

Strictly linked to the previous point, the capacity to produce integrated solutions is a requirement asked to potential grantees. The *co-planning* or *co-problem solving* of interventions is more or less explicitly rewarded. In the Community Welfare and Social Innovation call of Fondazione Cariplo, beneficiaries should demonstrate, in addition to the above compulsory criteria: a) to focus on the local governance of their intervention, gathering the community resources around a common problem, and b) to demonstrate an integrated planning capacity (both integrated needs assessment and strategy-making). The integrated co-planning and problem solving capacity is mentioned as a preferred criterion to be funded also for the call on Social enterprise and Work integration of Vulnerable People (Call on Social Enterprise and Work Integration, p.2). For what concerns La Caixa, no explicit reference is given to integrated planning, although incentives are oriented to solutions which foster the link with the local public administration and with the community through volunteering, with a view of rewarding the social transformation of the community. In fact, besides the three criteria already mentioned to participate to the call on Fighting Solitude, we also find a preference for: a) projects receiving an explicit support from the local public authority, b) projects

adopting *“innovative practices of social transformation, favorable to be replicated”* and c) projects promoting volunteering and adopting *“an integrated focus on people”* (call on the Promotion of autonomy, p.5).

The resources put in place: beyond traditional grant-making – Only few calls make an explicit mention to different kind of resources deployed by foundations to support their grantees. This may not mean that only traditional grants are offered, but that at the stage of presenting the call, no additional information is given on how the awarded projects will be supported. Interviews will be important to investigate this aspect more deeply. According to the documentary analysis, the Community Welfare and Social Innovation call of Fondazione Cariplo is designed to deploy different types of resources to help beneficiaries achieving their objectives. After the first selection of ideas, the Foundation offers to awarded projects both “project facilitators” and “expert fundraisers”, selected among different organizations on a competitive basis. The project facilitators help the selected proponents (structured networks) in setting the strategy, implementing the intervention and in project management related issues. The expert fundraisers help the proponents in building a fundraising plan able to pool both public and private resources and ensure a feasible exit strategy for the Foundation. After this first “tutoring” stage, the most successful projects are finally selected as grantees. Grantees receive financial support granted for three years, with an average amount of 1 to 1.5 million euros. Beyond financial support, grantees get the chance to be embedded in a community of practice, where group trainers help enhancing shared capacity building and collective learning. The first edition of the call (2014) has received 85 proposals, 19 projects were initially tutored with project facilitators and expert fundraisers, and 7 projects were final approved (Balance sheet Fondazione Cariplo, 2014). Among the documents analyzed for Fondation de France, only the call on Fighting Solitude explicitly mentions a “tutoring programme” offered to beneficiaries, beyond the financial grant offered. Finally, concerning La Caixa, there is no mention of any other type of resource beyond the financial ones, but incentives are designed to promote the constitution of partnerships instead of single organizations’ projects: projects presented by a single organization would receive no more than 40.000 euros, while projects in partnerships may receive up to 60.000 euros.

Table 3 - Overview of the Calls with innovative funding criteria

Social Areas	Calls	Resources per year (€)*	Other resources engaged *	Objects of funding (criteria)
Fondazione Cariplo Social and Human Services (38 mln €)	Community Welfare and Social Innovation	10 mln €	Project facilitators Expert fundraisers Community of practice	Projects from: 1. Structured networks of partners 2. Innovative solutions 3. Focus on territorial governance and gathering of resources in an integrated and co-planning fashion.
	Social enterprise and work integration of vulnerable people			<u>Preferred but not compulsory</u> : Projects including an active collaboration within the community, able to give voice to integrated problem-solving and solutions.
La Caixa Banking Foundation Offering opportunities to the most vulnerable/Social programmes (300 mln €)	Interculturality & social cohesion Poverty & social exclusion Integration to work Social Housing Promotion of autonomy	19.7 mln € Max 40.000 € to single organization projects Max 60.000 € to partnerships		Projects from nonprofit or public organizations. <u>Preferred but not compulsory</u> : 1. Projects from single organizations involving a coordinated and complementary intervention between actors on the same territory 2. Projects presented by local networks in an integrated fashion (additional €); 3. Projects supported by local public administrations; 4. Projects adopting innovative practices of social transformation, and favorable to be replicated 5. Projects favoring the strengthening of community networks 6. Projects promoting volunteering and adopting an integrated focus on people.
Fondation de France Helping Vulnerable People (60.4 mln €)	Fighting Solitude	Approx. 15 mln €	Tutoring	Projects from nonprofit organizations in all fields of solitude (e.g., elderly, mental illness, housing, employment) - <u>Preferred but not compulsory</u> : “innovation projects” and “projects in partnerships”
	New ideas emerging for community development			Projects from nonprofit organizations – but <u>preferred</u> beneficiaries are groups or associated individuals (e.g. in a cooperative form)
	Fighting social and economic exclusion: a) Employment b) Housing, social & territorial development			Projects from nonprofit organizations – but <u>preferred</u> local community networks including public institutions

* Where the cells are empty, it is because the amount or type of resources involved are not specified in the text of calls. Interviews will be relevant to get to know the average amount of resources offered for projects, as well as the existence of other types of resources offered to beneficiaries beyond grants.

GRANT-MAKING FOUNDATIONS: ON WHICH SIDE OF THE COMMUNITY AGENDA-SETTING?

The documentary analysis has contributed to answer the research question by putting a spotlight on the way grant-making foundations may contribute to foster social innovation approaches in their communities. In terms of resources, foundations can give much more than traditional grants; in terms of the objects of their funding, they can design grant-making calls in a way to orient the behavior of beneficiaries towards more integrated approaches to problem solving. An integrated approach to problem solving is desirable as an incentive to communities to set a common, integrated and coordinated agenda of solutions. *“Innovation rests in how they work together to create value... as a funder, I am an innovative if I give my money to reinforce the local agenda-setting process”* reports an informant of Fondazione Cariplo. The innovation proposed, in this sense, rests on the method as the same informant reports: *“we want to fund the problem-setting capacity of communities, not the solution”*. In this view, promoting structured networks and integrated planning is considered a trigger to fund generative projects, which are sustainable in that they generate social value. Requesting structured networks and co-planning as a compulsory criterion to get funded is the way the Foundation, through its core grant-making activity, is able to activate this trigger.

In this sense, grant-making foundations can be seen as problems’ agenda-setters: foundations may orient their funding to reward *the way* communities work to find a solution to common problems, not the solutions themselves. The solutions’ agenda-setting rests with the community, which have the task to gather the existing resources around a common problem. As it is possible to read in the Community Welfare and Social Innovation Feasibility Study, *“it is at the local level that there are the highest opportunities to steer the institutional and normative conditions in order to produce social change. This is the moment to rethink our territorial governance through a more open and integrated planning and service delivery”* (Community Welfare and Social Innovation Feasibility Study, p.2). Our documentary analysis shows that also Fondation de France and La Caixa have demonstrated to move in this direction. This is an extremely interesting aspect, which deserves more investigation, opening a discussion on the role that, more or less implicitly, foundations try to play or want to play in the current reconfiguration of welfare systems.

FUNDING GENERATIVE PROJECTS: A POLICY-MAKING ROLE FOR FOUNDATIONS THROUGH PROBLEMS’ AGENDA-SETTING

Funding structured networks with an integrated planning approach is not only desirable to foster the dialogue among different players and their capacity building, but also to favor, directly or indirectly, the process of gathering existing private and public resources into a territorial community. This can help a more open and participatory planning, contributing to a wider knowledge exchange within different players. This

is fundamental in welfare systems where the lack of knowledge and information (mainly between public institutions and nonprofit actors, but also between public institutions themselves at different levels) is fundamental to explain the lack of coordination in service design and delivery. Further investigation would be needed to compare the Italian welfare model to the French and the Spanish one in this respect. Generative networks are *“networks which have generated or delivered a service (or a good) by means of transforming individuals from passive service recipients into subjects in control of their capacities”* (GenNet, 2014). The generative dimension rests in the fact that changes may generate changes in a sort of “snowball” effect: grant-making foundations may accept the challenge of the re-configuration of welfare systems, not (or not only) by increasing the flow of resources in a given community, but by contributing to the development of generative projects. They can do this by giving incentives to local integrated project planning, strengthening community links while at the same time gathering public and private resources. This is a road that the foundations under study seem to have taken: further investigation is relevant to expand the debate and the identification of good funding practices in this respect.

Given this premise on the potential for generative projects and networks to contribute to the reconfiguration of welfare systems, a consideration on the role of foundations in policy-making is worth addressing here. Foundations may or may not recognize they have a policy-making role, though this kind of debate is not useful if it remains on the scientific or academic side, without observing the reality of what happens in welfare systems currently. If foundations accept their role of problems’ agenda-setters, strengthening the community problem-solving capacity, they can contribute to social wealth creation and the emergence of innovative model for a welfare which is pressed by resources shrinking. Several roles may be attributed to foundations in this policy-making action: a deeper investigation on their priority-setting and strategic planning processes will be needed to elicit the foundations’ leaders’ principles in guiding their grant-making choices.

CONCLUSIONS

This working paper is a first attempt to study the way grant-making foundations assume their policy-making role in responding to community needs. The documentary analysis is useful to derive some assumptions and go deeper into understanding the role of philanthropy in the promotion of social innovation. Both interviews and focus groups with beneficiaries may be a way forward to develop this line of research. Findings allow us to affirm that foundations *are* agenda-setters. Given that, they can chose at what level of agenda-setting they want to play their role: they can either elaborate solutions and fund those subjects which better respond to the solution envisaged (solutions’ agenda-setters), or offer a platform for communities to strengthen their networks and offer solutions to common problems through resource

gathering (problems' agenda-setters). Findings do not allow us to state which of the two roles better responds to the objective of producing social innovation, but they allow us to acknowledge that foundations are starting to change their grant-making approaches in the second direction, and that this is rather new in grant-making. Further research is needed to assess the potential of new grant-making approaches to foster social innovation.

Given these premises, some limitations must be acknowledged and open further research. First, a methodological limitation pertains to the country context selection. Not only the definition of "welfare" is not unique and the objects, boundaries and players involved in welfare systems are varied (Fosti et al. 2014), but also the role of philanthropy in the countries selected may be different due to historical and cultural reasons. This offers the opportunity for further research in the features and understanding of welfare systems in Europe. Second, if we accept that grant-making foundations are a fundamental piece of the evolving welfare scenario, we need to investigate the relationship between different public and private players in different welfare systems. This would be desirable to elicit differences and similarities among welfare systems and considering very different configurations of the political, institutional, and managerial relationships between different public and private actors.

Moreover, the foundations under study differ for their governance structures and investments: this may be relevant for the definition of their priority-setting and strategy-making. In fact, governance structures and rules may determine different decision-making processes, as well as investments may influence the balance between grant-making areas or priority setting. It is interesting to note the differences existing of assets among the foundations studied, as well as of the average amount given to social projects. The foundations' governance may be determinant in this respect: we acknowledge, for example, the difference between foundations that have the promotion of philanthropy as an area of development and may operate through their "sister" foundations, such as Fondation de France, and foundations that seem to have a highly centralized governance model, such as Fondazione Cariplo. This offers the opportunity to a deeper investigation on foundations' governance structures and decision-making rules.

Finally, a deeper understanding of the concepts related to social innovation, social value creation and community welfare is needed, to fully exploit the findings of such a line of research. Concepts such as the one of "generative networks" will hopefully gain a much higher attention in the near future. We believe that this research should be more deeply rooted in the literature around community resilience and generative networks. If we accept that structured community networks are the generative spaces of problem-solving, we need to fill a knowledge gap on the generative capacity of our communities, and the role of single individuals and organizations in contributing to a more resilient community.

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