

Room to Flourish: Lessons for Canadian Grantmaking Foundations from Sweden, Germany, and the Netherlands

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Research Question

- What contexts allow for Canadian foundations – which create much of the social capital that plays in both political and economic life – to develop ?
 - Canadian regulatory laws
 - Comparative contexts: Sweden, Germany, and the Netherlands
 - Social Origins Theory Comparative Analysis
 - (Salamon and Anheier 1998)

Paper Outline

1. Detail the evolution of grantmaking in Canada and its current foundation landscape.
2. Overview the current debate on the failure of the Liberal Canadian government to pass more lenient regulatory laws for the foundation sector.
3. Examine the evolution of the grantmaking foundation sectors in Sweden, Germany, and the Netherlands within the context of *Social Origins Theory* and compare to Canada.
4. Evaluate the current grantmaking landscape in these countries as compared to Canada.
5. Conclusion: Set forth regulatory lessons learned for Canadian grantmaking foundation sector.

Part 1: Evolution of Grantmaking in Canada and the Current Foundation Landscape

- Long history of encouraging social participation through its grantmaking foundation sector.
 - Yet, this history has evolved in a regionally specific manner.
 - Foundation Sector in Western Canada
 - Foundation Sector in French Speaking Canada
- Today, Canada has:
 - (1) well-developed welfare state
 - (2) well-developed and growing philanthropic infrastructure.
- Rapid growth in the past 20 years

Part 2: Current Debate on Canadian Regulatory Laws

- Regulatory Challenges
 - Current state of Canadian regulatory laws has severely limited the extent to which its foundation sector has been allowed to flourish.
- Regulatory Expectations with the election of the Liberal Government in late 2015.
- “Advocacy chill” prior to the election of the Liberal Government
 - 54 charities subject to CRA political activities audits in 2015.
 - Logistical hurdles have unnecessarily impeded Canadian foundations to perform their functions

Part 3: Social Origins Theory Applied to Foundation Sectors in Sweden, Germany, and the Netherlands.

- Social Origins Theory (Salamon and Anheier 1998)
- Case Selection
- Sweden
- Germany
- The Netherlands

Size and Scope of Each Sector

- Canada
 - Size: 10,500 private and public foundations
 - Expenditures: \$4.6 billion

- Sweden
 - Size: between 13,700, to 25,000 foundations
 - Expenditures: €600 million

- Germany
 - Size: 19,150 foundations
 - Expenditures: €17 billion

- Netherlands
 - Size: 7,500 foundations
 - Expenditures: €6 billion

Part 4: Current Grantmaking Landscape in Sweden, Germany, and the Netherlands Compared to Canada

- Sweden
 - Malleable and large foundation sector
 - Fluid Tax regulatory laws
 - Any purpose at all as long as they are not in conflict with the Law or Moral standards.
- Germany
 - Similar institutional forms as Canadian Foundations
 - Difference in laws regulating which entities can be donated to.
- Netherlands
 - Foundations mostly financed from public resources whereas most Canadian foundations receive private donations from donees.

Part 5: Conclusion– Regulatory Lessons Learned for the Canadian Grantmaking Foundation Sector

- Sweden
 - Foundation Sector has traditionally complemented the welfare state. Thus, the tax and regulatory regime has for the most part been flexible and at times informal.
- Germany
 - Foundation law is murky → has led to a large number of foundations
- Netherlands
 - Flexibility in regulation.
- Takeaways for Canadian Grantmaking
 - Greater Flexibility
 - Lower level of regulatory restrictions on philanthropic activity
 - May affect size and scope of Canadian landscape