

# OTTAWA COMMUNITY FOUNDATION

## Why did the Ottawa Community Foundation start Impact Investing?

Impact Investing is a way for us to channel more dollars into the community and maximize our impact. We can leverage our endowment to make a social impact while also earning financial returns that drive our grantmaking.

The Ottawa Community Foundation was established in 1987 to seed, nurture and support initiatives that strengthen Ottawa's community. We have a pretty poor set of social statistics in Ottawa: 75,000 food insecure people, 10,000 households waiting for affordable housing, 7,000 people using shelters, and one in six kids growing up in poverty.

Who is responsible for driving these numbers to zero? Government isn't going to do this alone. And the private sector hasn't risen to the occasion. Comparatively, our money is a drop in the bucket — especially if we only rely on grant making. To make our dollars go further, we decided to use our investments as a catalyst.

## How do you do it?

We initially committed 5% and then 10% of our endowment to impact investment, which is managed by a new Impact Investing Committee. Since we do not have the resources and expertise to source and perform due diligence on impact investments, we generally invest through intermediaries. We make a distinction between Market Investments and Direct Investments. Market investments are aligned with the foundation's mission and with our general investment committee's financial objectives, as they do not compromise on the expected financial return. On the market side, we committed \$5 million to sustainability-focused funds through the Mercer Sustainable Opportunities Fund, which makes investments in sustainable agriculture and alternative energy, among other areas. We are also

supporting affordable housing in Canadian cities through our \$1 million equity commitment to New Market Funds' affordable housing fund.

Within our Direct Investments, we're providing loans to local non-profits through intermediaries, for example a \$1 million investment in the Community Forward Fund (CFF). Our other investments in this pool include Youth Catalyst Funds and a Social Enterprise Platform. With these investments, we are targeting a very high social return and are willing to take a higher risk. We think we'll be able to continue to grow this allocation to up to 5% of our total capital thanks to the increased appetite from donors who increasingly look to support market solutions to social issues.

## What is your impact?

One straightforward example: the foundation was an early investor in the Community Forward Fund. Our \$1 million commitment made an additional \$2.6 million in loan financing available to charities in Ottawa and nationally in under-funded sectors such as social services, arts and culture, social enterprises and affordable housing. We believe debt financing can create deep impact through supporting early-stage social enterprises, and we are looking to allocate more to this area in the future.

"our \$1.5 million commitment enabled an additional \$2.6 million in loan financing to charities in Ottawa."



In the words of Marco Pagani  
President and CEO



Read our case study on the Ottawa Community Foundation's work in Impact Investing, the process they've taken, and how they view this work.