



*Des communautés
plus fortes au Canada*

*Strengthening
Canada's Communities*

The Honourable Jean-Yves Duclos, PC, MP
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Re: Recommendations for the Social Finance Fund

Minister Duclos and Minister Hajdu,

The Canadian CED Network wishes to extend our congratulations on the historic announcement of a Social Finance Fund in the Fall Economic Statement. Building on the valuable process put in place and the excellent work of the Co-Creation Steering Group for a Social Innovation and Social Finance (SI/SF) Strategy in Canada, the Fund is a very important first step towards advancing innovative solutions to Canada's most complex challenges.

The governance and parameters of the Fund will be critical details to be determined if the fund is going to achieve its intended outcomes. In that light, we wish to offer the following recommendations on how the fund could be designed to maximize impact and success.

1. An ecosystem approach is essential
2. A regional scale is most effective for delivery of programs and services and adaptation to local assets and opportunities
3. Capital needs to be rooted in demand
4. Investment readiness must be interpreted broadly, supporting the breadth of SI/SF Co-Creation Steering Group recommendations
5. Focus on social impact
6. Self-determination is inherent
7. Continued co-creation is vital

1. An Ecosystem Approach is Essential

The most advanced social innovation jurisdictions in the world have a sophisticated ecosystem of supports that are required to engage a range of stakeholders, deliver core functions and help project and business ideas emerge and grow. Whether it is the international best practices that inspired the Social Enterprise Council of Canada's six pillars of a supportive social enterprise ecosystem, or the global leadership demonstrated by Québec, several key roles are consistent: convening / governance, finance, training, procurement /

market access, and research, impact measurement and knowledge mobilization. CCEDNet is pleased to be playing an intermediary role to support many of these functions being addressed in a coordinated way through the Social Enterprise Ecosystem Project, with the support of ESDC, and that ecosystem support model also frames the Procurement and Investment Readiness Fund that has just been launched in Ontario.

2. Take a Regional Scale

The geographic scale, linguistic duality, and diverse range of existing organizations, contexts and opportunities are just some of the reasons why a regionally adapted approach is best suited to supporting ecosystem development. We recommend a similar proportion as was used in the recent [Women Entrepreneurship Strategy Ecosystem Fund](#), where approximately 80% of funds were designated for regional projects, and 20% designated for national or multi-regional projects.

3. Capital Needs to be Rooted in Demand

The availability of investment capital is only valuable to the extent that it addresses real demand and responds to priorities identified by potential future investees. Appropriate mechanisms should link capital supply with demand, including needs analyses (where relevant) so that social purpose organizations have a role in directing capital to where it can be most useful. Furthermore, support for community and sector-led investment funds to build their capacity to access matching federal capital would greatly expand the range of funds and settings that are able to benefit from the opportunity.

4. Investment Readiness Must be Interpreted Broadly

As the effective models of ecosystem supports demonstrate, a range of supports are required to get social enterprises and innovative models to the stage where they are ready to receive investment in order to scale up their activities. All of the functions described under point 1 above should be eligible activities for the Investment Readiness stream of the Social Finance Fund, with the flexibility to allow sector actors to propose actions that are adapted to the needs and priorities of diverse settings and ecosystem development stages across the country.

5. Focus on Social Impact

The recommendations of the Co-Creation Steering Group rightly call for improved access to federal innovation, business development and skills training programs, but those changes will take time, and currently many programs remain inaccessible to charities, non-profits and social purpose organizations. The Social Finance Fund can best address this pressing gap by maintaining the social enterprise definition established by ISED and focusing on charities, non-profits and social purpose organizations, including co-operatives that seek to achieve social, cultural or environmental aims through the sale of goods and services and which have a statutory requirement to reinvest the majority of net profits into a social objective with limited distribution to shareholders and owners.

6. Self-Determination is Inherent

Consistent with the principles of recognition, complementarity and subsidiarity outlined in *Inclusive Innovation*, we support the resolution passed at the December 2018 Special Chiefs Assembly of the Assembly of First Nations, calling for a fair and equitable portion of the Social Finance Fund to be designated specifically for First Nations, Métis and Inuit organizations and priorities.

7. Continued Co-Creation is Vital

We look forward to further action on the remaining recommendations made by the Co-Creation Steering Group, notably the recommendations that support ongoing engagement of stakeholders. The intersectoral nature of the complex and emergent challenges social innovation and social finance seek to solve requires all relevant stakeholders to be engaged and part of the learning generated through collaborative action. The creation of a multi-sectoral Social Innovation Council to work across sectors and jurisdictions, an Office of Social Innovation to work across departments, and legislation to anchor that approach are the cornerstones of a successful strategy.

Once again, congratulations on the announcement of the Social Finance Fund and we look forward to actively supporting its success in the future.

Sincerely,



Laurie Cook
President, CCEDNet



Marianne Jurzyntec
Chair, CCEDNet Policy Council

References

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- The Six Pillars of a Supportive Social Enterprise Ecosystem <http://secouncil.ca/index.php/about/the-six-pillars/>
- Best practices in public policies regarding the European Social Economy post the economic crisis. <https://ccednet-rcdec.ca/en/toolbox/best-practices-public-policies-regarding-european-social>
- Evaluating the Formation of Enabling Public Policy for the Social and Solidarity Economy from a Comparative Perspective <https://ccednet-rcdec.ca/en/toolbox/evaluating-formation-enabling-public-policy-social-and>
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- Strengthening Communities Through Government and Social Economy Partnerships <https://ccednet-rcdec.ca/en/toolbox/strengthening-communities-through-government-and-social>
- Canada Case Study: Co-Construction of Public Policy for the Social Economy <https://ccednet-rcdec.ca/en/toolbox/canada-case-study-co-construction-public-policy-social>