

2021-2 Enabling Social Finance in Manitoba

Mover: SEED Winnipeg

Whereas: The Manitoba Social Finance Working Group (MSFWG) has been gathering since 2016 to identify gaps, challenges and opportunities in the financing ecosystem for the social economy, including non-profits, cooperatives and social enterprises. The working group comprises organizations, networks, and funders including Assiniboine Credit Union, the Canadian CED Network Manitoba, the Jubilee Fund, Local Investment Toward Employment, the Manitoba Cooperative Association, SEED Winnipeg, the United Way Winnipeg, and The Winnipeg Foundation.

Whereas: In 2013, social enterprises in Manitoba earned at least \$63.6 million in revenues, including \$43.9 million in sales of goods and services. Social enterprises provided employment for at least 4,450 workers, who earned more than \$34.4 million in wages and salaries.

Whereas: There are more than 400 cooperatives, credit unions, and caisses populaires in Manitoba, comprising of over 900,000 memberships and more than \$22 billion in assets. Cooperatives are a more sustainable business model given their collective ownership and community commitment; 62% of new co-ops are still operating after five years, compared with 35% for other new businesses. After 10 years, the figures are 44% and 20% respectively.

Whereas: The Government of Canada initiated the Social Innovation and Social Finance Strategy in 2017.² This strategy includes the Investment Readiness Program (IRP) and a Social Finance Fund. The IRP is meant to create and advance new earned revenues possibilities for “social purpose organizations” through one-time grants, with two intake-cycles in 2020. The Social Finance Fund was announced in 2018 as \$755 million over 10 years in repayable capital for social purpose organizations, to be matched by non-government investors, albeit many details remain to be confirmed.³

Whereas: The Province of Manitoba is active in social finance through the Community Enterprise Development Tax Credit, the Social Innovation Office, and Social Impact Bonds. The Social Innovation Office has a mandate to “[support] areas across government to implement innovative solution development, for example through social financing, social enterprise and social procurement.” Furthermore the Province of Manitoba has initiated 6 Social Impact Bonds, and has set a mandate for the Social Innovation Office to initiate 3-5 SIBs in 2020-2021.

Whereas: Social Impact Bonds are a financing tool to use non-government sources of capital to invest in preventive interventions that provide savings to governments. Government pays investors a return on their investment for the savings generated. While the programming supported through SIBs has been successful in its goals, the financing model has been criticized for providing unsustainable returns to investors and requiring high transaction costs when normal government funding arrangements can support the same programming.⁴

²<https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/reports/recommendations-what-we-heard.html>

³<https://futureofgood.co/article-series/canadas-social-finance-fund-what-now/>

⁴<https://www.policyalternatives.ca/sites/default/files/uploads/publications/Manitoba%20Office/2020/06/SIBs%20Financing%20Child%20Welfare%20revisited%202020.pdf>

Whereas: Access to the appropriate capital and financing is essential to the sustainability and success of any organization. Despite the critical role the social economy plays in addressing social and environmental challenges, these organizations face unique challenges due to their blend of business practice and social impact.

Whereas: Manitoba currently lacks a social finance intermediary with an appropriate mandate to access the Federal Social Finance Fund and the broader social finance market. The majority of social finance intermediaries in Canada have required operating subsidies for at least start-up and until a sufficient scale can be reached.⁵

Whereas: A social economy supported by a strong social finance ecosystem accomplishes CCEDNet Manitoba's public policy roadmaps of local and fair economies, ending poverty, tackling climate change, and sustainable community-led development.

Be it Resolved that the Province of Manitoba:

- A. Support the development and/or start-up of a social finance intermediary able to access capital from the Federal Social Finance Fund and broader social finance market, including through the provision of an operating subsidy.
- B. Support the enablement of a social finance ecosystem in Manitoba by providing backbone resources for the Manitoba Social Finance Working Group and designating a Provincial representative to this group.
- C. Enable the Manitoba social finance ecosystem to support the development of various social finance tools and models, as opposed to a sole focus on SIBs.

How the Resolution will be Advanced: Manitoba Social Finance Working Group will continue to lead advocacy on this resolution. As well, this resolution will be advanced at the national scale through the CCEDNet Policy Council and People's Centred Economy group, as well as through Manitoba representation on the Table of Impact Investment Practitioners.

⁵<https://newmarketfunds.ca/wp-content/uploads/2018/04/Eight-Tracks.pdf>