

# Social Enterprise Demonstration Fund

Social enterprises represent an exciting emerging sector – one that creates jobs, attracts investments and helps better our society and environment. The Ministry of Economic Development, Employment and Infrastructure's (MEDEI) launched the Social Enterprise Demonstration Fund (SEDF) to support the continued growth of the social enterprise movement. The SEDF is a \$4M fund which partners with non-profit intermediary organizations and with private sector investors (e.g. banks, foundations) to provide funding and support to Ontario's social enterprises.

**Social enterprises are organizations that use business strategies to maximize their social or environmental impact.**



The **Toronto Tool Library** offers a wide range of tools for loan, an on site wood-working facility, and education for youth and adults.

Social enterprises are creating positive social and economic returns in Ontario. Nearly 70% of non-profit social enterprises in Ontario have “poverty reduction” as their primary focus and social enterprises are recognized as paying fair living wages (\$47,680 average per FTE in 2011). In fact, Ontario's Poverty Reduction Strategy specifically references the role that social ventures play in tackling complex policy issues. Social enterprises also play an important role in providing employment opportunities for members of traditionally disadvantaged groups, such as Aboriginals and persons with disabilities.

From an economic perspective, Ontario's 10,000 social enterprises employ approximately 160,000 individuals and play a key role in unlocking the growing pool of “impact investing” assets available in Canada (estimated at \$5.3 billion with a 20% growth in the supply of capital from 2010 to 2012).

However, in order to thrive, social enterprises require start-up and growth financing. A recent survey revealed that over 80% of social enterprises identify access to capital as the prime issue impeding their growth.

The SEDF addresses this issue by partnering with the private sector to leverage Ontario's \$4M investment into a total capital pool of over \$10M. It is being delivered through community-based intermediaries to ensure flexibility at the community level. The SEDF call for proposals was issued March 18, 2014 and a total of twenty-six applications were received. On February 19, 2015, Premier Wynne announced that eleven intermediaries had been selected for funding.



**JUMP Math** is an innovative, research based program used by teachers to foster a deep understanding and love of math in their students.

## The SEDF:

- **Achieves value-for-money through being delivered by intermediaries:** These intermediaries understand the unique challenges and opportunities in their communities and have the experience, expertise and infrastructure to efficiently and effectively allocate funding and support.
- **Facilitates private sector partnerships:** By providing the initial capital, the Ministry enables the intermediaries to attract additional private sector funding. The intermediaries are able to expand their network and secure in-kind contributions (e.g. business mentorship) in addition to capital. As a result, the Ministry's \$4M investment leveraged over \$6M in funding from other sources, including TD Bank, Alterna Savings and the J.W. McConnell Foundation.
- **Promotes innovative social finance tools:** The SEDF enables the intermediaries to provide funding in the form of grants, loans, equity investments or other financial tools. As a result of this flexibility, intermediaries are able to a) provide financing that is adaptable to the needs of the social enterprises, and b) institutionalize sustainable "evergreen" funding models. For instance, if an intermediary provides a loan to a social enterprise, once that loan is returned, the funds, as well as the interest collected on the loans, can be re-loaned.
- **Advances Social Return on Investment (SROI):** As part of the SEDF evaluation, an SROI analysis will be conducted. SROI is an internationally-recognized, principles-based methodology that assigns financial value to a social impact that might otherwise be overlooked or misunderstood. The quantification of social returns represents a valuable opportunity to understand the true impact of programs and prioritize initiatives accordingly.
- **Disseminates social finance information within government:** The SEDF demonstrates the significant potential of integrating social finance mechanisms into the government's policy toolkit. The SEDF offers an opportunity to disseminate knowledge and awareness of social finance tools and provides a number of excellent case studies highlighting strategies for achieving social and economic returns through public-private partnerships.

Ultimately, the SEDF contributes to a stronger social enterprise sector, achieving social and economic returns for Ontario.



**Evergreen Brickworks** offers visitors workshops, community festivals and programming combining ecology, design technology and the arts. The income Evergreen generates from all paid activities on site is returned to the community in the form of new programs and services.