

**WRITTEN SUBMISSION FOR THE PRE-BUDGET CONSULTATIONS IN
ADVANCE OF THE UPCOMING FEDERAL BUDGET FROM:**



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List of Recommendations

The Canadian Community Development Network (CCEDNet) recommends that the Government of Canada fully implement the recommendations from the Social Innovation and Social Finance (SI/SF) Strategy ([Inclusive Innovation](#)) including:

1. Establish the Social Innovation (SI) Advisory Council
2. Launch the Social Finance Fund (SFF)
3. Co-create a SI Ecosystem Program including:
 - a. Expanding and renewing the Investment Readiness Program
 - b. Accelerating implementation of the [Directive on the Management of Procurement](#)
 - c. Making targeted federal investments to co-op and non-profit models for business succession
4. Establish a SI Evidence Development and Knowledge-Sharing Initiative
5. Coordinate a national SI/SF Awareness Campaign

Community Economic Development: Creating Pathways to Well-being for All

Canada is facing unprecedented socio-economic challenges that include recovering from the pandemic; adjusting to rising prices for food, shelter, commodities, and other goods and services; responding to shortages in the housing supply and skilled labour; meeting climate change targets; growing Indigenous economies; and addressing the relationship between systemic racism and economic injustice. Overcoming these challenges will require a shift in economic practices away from extraction, exploitation, and endless growth towards models that build strong, resilient, inclusive, and sustainable communities with economies by and for the people. Budget 2023 presents an opportunity for the Government of Canada to take targeted action to accelerate social innovation and social finance as part of a long-term shift to economic fundamentals.

Community Economic Development (CED) creates more democratic economies. CED recognizes that economic, social, cultural, and environmental challenges are interdependent, complex, and dynamic. Across Canada, CED initiatives foster inclusive economic opportunities, access to capital for business development, local ownership, job creation, poverty reduction, and environmental stewardship. CED can also provide the foundation for COVID-19 recovery that allows us to “build back better.”

The Canadian Community Economic Development Network (CCEDNet) represents a national membership of individuals and organizations committed to strengthening communities by creating economic opportunities that enhance social and environmental conditions for all. CCEDNet members have developed a wide range of innovative models stimulating community action for inclusive economic development. CED initiatives and all levels of governments can scale up these effective approaches to overcome complex social challenges with community-led solutions and create inclusive, resilient communities and economies that strengthen the well-being of all Canadians (including citizens, immigrants, refugees, asylum seekers, temporary foreign workers) and future generations.

Guiding Principles: Promoting Self-Determination and Inclusion

Strong, resilient communities are built around the principles of democracy, human rights, social justice, and respect for equity, inclusion, and diversity. Given the wide range of diverse realities across regions and communities, co-creation between decision-makers and community is crucial. Too often, the end-users or stakeholders affected by program and policy decisions are excluded from the decision-making process. Consequently, high-value grassroots expertise is missed, decreasing the efficacy and ultimate value of investments and potentially negatively affecting peoples’ lives. CED approaches make concrete efforts to promote participation and inclusion of people; grassroots community organizations are involved in the design, planning, and implementation of programs and policy and better ensure decision-makers (including governments) are guided by those who are directly impacted.

CCEDNet and its members aspire to develop policies and implement programs guided by the following principles:

Accelerate Reconciliation with Indigenous Peoples

Indigenous Peoples have long been advocating for a new and just relationship. The Government of Canada committed to achieving reconciliation with Indigenous Peoples through renewed, nation-to-nation, government-to-government, and Inuit-Crown relationships.

All orders of government are urged to respond to the following calls and principles from the Truth & Reconciliation Commission (TRC), National Inquiry into Missing & Murdered Indigenous Women & Girls (MMIWG), and United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) Act:

- Recognize treaties, agreements, and other constructive arrangements between Indigenous Peoples and the Crown as acts of reconciliation based on mutual recognition and respect
- Recognize and respect Indigenous Peoples' right to self-determination including the inherent right to self-government in the pursuit of economic and social development which will require: a renewed fiscal relationship, developed in collaboration with Indigenous nations, that promotes a mutually supportive climate for economic partnership and resource development; economic and social progress and development on an equitable basis; community-based supports and solutions designed to improve social and economic security; and long-term, sustainable funding
- Commit to meaningful engagement/consultation, build respectful relationships, and obtain the free, prior, and informed consent to actions which impact Indigenous Peoples and their rights, including land, territories, and resources, before proceeding with economic development projects
- Ensure Indigenous Peoples have services and infrastructure that meet social and economic needs, and have access to safe housing, clean drinking water, and adequate food
- Ensure Indigenous Peoples have equitable access to jobs, training, and education opportunities, and Indigenous communities gain long-term sustainable benefits from economic development projects

Integrate an Intersectional Approach

Intersectionality is concerned with institutional and systemic barriers to equality. Kimberlé Crenshaw coined the term "Intersectionality" in "Demarginalizing the Intersection of Race and Sex" (1989), to help explain the oppression of African-American women arguing the experience of being a Black woman cannot be understood independently of being either Black or a woman, but rather include intersections and interactions between the two identities (e.g., race and gender). Today, the analysis has expanded to include (but is not limited to): class, sexual orientation, gender identity, ability, age, culture, and language. Intersectionality:

- Is a starting point for practicing equity, inclusion, and diversity
- Moves from merely describing similarities and differences distinguishing systems of oppression to focusing on how these systems interconnect and interact
- Sees privilege and power as an interactive system: a matrix of domination, exploitation, and oppression where, depending on the context, one may benefit, be penalized, or (most likely) both benefit and be penalized by a system of oppression

Pursue a Just Transition

Community economies can be sites of transformation and offer practical opportunities to address the ecological and climate crises in ways that enhance equity and well-being for all. Transformation can include creating new and stronger relationships to foster innovative and sustainable economies. While a focus on physical infrastructure is necessary for the transition away from fossil fuels, a lack of focus on social infrastructure may exacerbate underlying inequities in the labour market and the broader economy, undermining the potential to deliver on a physical infrastructure agenda. Most recently, Hadrian Mertins-Kirkwood (2022) outlined the following in *Toward an inclusive just transition*:

- Respects rights, including human, labour, Indigenous, and those of future generations
- Involves affected workers and communities as partners, not only as stakeholders, in determining their own paths forward

- Expands the social safety net to ensure affected workers and communities don't bear an unfair burden
- Creates new economic opportunities for affected workers and communities
- Focuses on proactive and inclusive workforce development to ensure that the economic benefits of transition are widely shared.

Recommendations: Full Implementation of the SI/SF Strategy ([Inclusive Innovation](#))

Recommendation 1: Establish the Social Innovation Council to enable ongoing co-creation and effective implementation of the SI/SF Strategy. Costs for the Council are estimated at \$2.5M over five years. The Council should provide advice on how federal programs and policies can best support SI/SF ecosystems as well as oversee the co-creation process for subsequent actions to implement the strategy, including:

- Embedding a commitment to SI/SF in Canadian legislation that underpins the entire SI/SF Strategy and provides a stable, long-term legislative framework for the federal government to create specific mechanisms, policy measures, and regulations required to foster the SI/SF ecosystem in Canada. Legislation can create a culture of innovation and facilitate policies, programs, and delivery tools to support SI in communities.
- Improving Social Purpose Organizations' (SPO) access to federal innovation, business development, and skills training programs to accelerate the development of Canada's SI/SF ecosystems, and ensure innovation supports that the federal government funds and delivers are fully accessible to and consider the needs of SPO.
- Addressing legal and regulatory issues that impede charities and non-profits from engaging in SI/SF towards an enabling and adaptive federal government partner that recognizes charities and non-profits as part of an ecosystem of players that together create social and economic value.
- Ensuring federal funding practices support and enable SI including the federal government and grant recipients establishing new relationships that move beyond transactional and compliance-based activities to valued partners with common policy objectives.

Recommendation 2: Launch the Social Finance Fund (SFF) to improve access to capital for SPO working to address persistent social or environmental challenges, with an emphasis on innovative approaches responding to rural, urban, and Indigenous realities as well as targeting people who have historically been excluded as recipients of capital and who live in the most vulnerable circumstances. The initial capital outlay for the SFF of \$755M over 10 years was already budgeted in the 2018 Fall Economic Statement, but additional gaps have since emerged. A further \$70M of reimbursable capital would have an estimated net cost of \$14M over ten years and would leverage \$140M of private capital for priority communities.

Recommendation 3: Co-create a five-year, whole-of-government Social Innovation Ecosystem Program with communities leading (and government enabling) to respond to key gaps identified across SI/SF ecosystems, such as:

- Expanding and renewing the Investment Readiness Program (IRP) as a long-term ecosystem and capacity building program will strengthen SPOs' ability to access capital – a need taken for granted in the private sector, but still underserved for SPOs. The IRP is meant to enhance the readiness of SPOs to access social finance, allowing them to scale up their innovative responses to pressing social needs. It accelerates innovation that brings together the most effective

elements of traditional public, private, and community sector roles and expands the pipeline of investable projects for the SFF.

- Treasury Board's Directive on the Management of Procurement (May 2022) adjusted the objective of the federal government procurement from lowest price to best value, which includes diversity, equity, and social value. This recent policy shift makes possible a range of measures to achieve public policy priorities through purchasing of existing goods, services, and construction. The Minister of Public Services and Procurement is mandated to continue increasing the diversity of bidders on government contracts. Infrastructure Canada's Community Employment Benefits requires social and economic impacts on communities to be considered in new federally-funded infrastructure projects. As new procurement practices and community benefit agreement models are put into place at all levels of government and in partnership with the private sector, focused attention and support for education, knowledge-sharing, technical advice, and intermediary services will accelerate implementation and create greater opportunities for SPOs, and ensure social value outcomes are achieved, measured, and reported.
- Targeted investments in business succession to co-op and non-profit models would be timely. Social enterprises and co-operatives are proven to be better adapted and more resilient to challenging market conditions and economic downturn. Because they are collectively owned, they stay in communities longer and are difficult to de-localize: they engage communities more actively, broaden support for local businesses that are critical suppliers of goods, services, and jobs, and favour solutions that maintain employment in communities. Even prior to the COVID-19 crisis, business succession was a growing challenge due to Canada's aging population. Mervin Cruz (2018) writes in *Getting the Transition Right – Survey on small business succession planning*, some 72% of business owners intend to exit their business within the next decade. The pandemic has only intensified those pressures and made the transition more complex. Disruptive closures of many small businesses could be avoided by employee or community buyouts, thus preserving jobs and services.

The SI Ecosystem Program should include a renewed and expanded IRP of \$195M over five years, \$25M over five years for expanding social procurement, and \$59M over five years for strengthened long-term ecosystem functions.

Recommendation 4: Establish an SI Evidence Development and Knowledge-Sharing Initiative of \$22.6M over five years to expand the evidence base and coordinate data, research, and knowledge-sharing across SI ecosystems in Canada.

Recommendation 5: Through contribution agreements with non-government stakeholders, coordinate a \$22.5M, five-year national SI/SF Awareness Campaign.