

**WRITTEN SUBMISSION FOR THE HOUSE OF COMMONS FINANCE COMMITTEE PRE-
BUDGET CONSULTATIONS IN ADVANCE OF THE 2024 FEDERAL BUDGET FROM:**



Canadian Community Economic Development Network (CCEDNet)

819-795-3056

info@ccednet-rcdec.ca
<https://ccednet-rcdec.ca>

August 4, 2023

List of Recommendations

Canadian Community Development Network (CCEDNet) is a national membership of people and organizations committed to strengthening communities by creating economic opportunities which enhance social and environmental conditions for all. CCEDNet recommends the Government of Canada fully implement the Social Innovation and Social Finance (SI/SF) Strategy ([Inclusive Innovation](#)) recommendations:

- 1.** Renew and expand the Investment Readiness Program (IRP) to serve as a permanent, whole-of-government Social Innovation Ecosystem Program, i.e. \$324M over 5 years: \$170M for social purpose organization (SPO) investment readiness, \$59M for ecosystem building, \$22.6M for evidence-development & knowledge-sharing, \$22.5M for awareness raising, \$50M for best-value procurement, and business succession to co-ops and nonprofits.
- 2.** Expand the Social Finance Fund (SFF) to include a Black-led and Black-serving fund manager. (Conditionally repayable capital allocation of \$70M over 10 years, at an estimated net cost of \$14M over the same period).
- 3.** Draw on the Social Innovation Advisory Council (SIAC) to 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 SI/SF Strategy. (No financial impact on Budget 2024)

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

Marginalized communities across Canada are facing unprecedented social, economic, and environmental challenges – the sense of urgency and crisis is palpable. Overcoming these challenges – rooted in economic systems that treat people and the planet as commodities – require more than minor adjustments to current practices. It requires a shift in economic practices away from extraction, exploitation, and near-sighted growth towards models that build strong, resilient, inclusive, and sustainable communities with economies by and for people – a social and solidarity economy.

Social innovation and social finance are key federal opportunities to accelerate this economic shift. In 2018, following a year-long engagement process, the Government of Canada appointed a Co-Creation Steering Group (17 social innovation and social finance leaders, practitioners, and experts from community, philanthropic, financial, and research fields) that released a federal Social Innovation and Social Finance Strategy (SI/SF Strategy), [Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities](#).

Implementation of the 12 recommendations has been slow. The 2018 Fall Economic Statement announced a \$755M Social Finance Fund (SFF) and \$50M Investment Readiness Program (IRP); the 2021-22 Federal Budget re-affirmed commitments to launch the SFF and renew the IRP for another \$50M over two years; and just this year, the SI Advisory Council (SIAC) and SFF fund managers were announced.

The SI/SF Strategy is about how social purpose organizations (SPOs) can grow a new type of economy that can be both charitable and enterprising, a social and solidarity economy. Social innovation refers to a new idea that better responds to a social need, than existing solutions. Social finance refers to an approach to making capital (e.g., loans) accessible to SPOs that carry out economic activities to achieve social and environmental goals. It is meant to help SPOs grow their earned income from social purpose activities, not replace other sources of funding.

Social innovation and social finance are different from government grants and contributions because they are part of an ecosystem approach to transformative economic change. That is the real innovation – creating business models and operations that provide needed goods and services to Canadians, while also benefiting workers, communities, and the planet.

The foundations of our economy and way of life need to be reimagined. Across Canada, thousands of initiatives, combining economic know-how and social goals, have emerged and are producing important results, at both the social and economic levels, towards building a more democratic and inclusive economy – a social and solidarity economy – through citizen-based action.

The Honourable Karina Gould, former Minister of Families, Children and Social Development, has said, this is the economy Canadians want – an economy that is good for both people and the planet.

Guiding Principles: Promoting Agency and Inclusion

Community economic development (CED) is a community-driven process that advances local action to create economic development opportunities while enhancing social and ecological well-being on a democratic and inclusive basis, particularly by people who are most marginalized.

Strong, resilient communities are built around the principles of democracy, human rights, social justice, and respect for equity, inclusion, and diversity. CED approaches make concrete efforts to include people who are often excluded from decision-making that directly impacts them re: program and policy design, plans, and implementation.

CCEDNet's efforts are guided by the following principles: Acceleration of reconciliation with Indigenous Peoples; Integration of an intersectional approach; and Pursuit of a just transition.

Recommendations

CCEDNet recommends the Government of Canada fully implement the Social Innovation and Social Finance (SI/SF) Strategy ([Inclusive Innovation](#)) recommendations:

Recommendation 1. Renew and expand the Investment Readiness Program (IRP) to serve as a permanent, whole-of-government Social Innovation Ecosystem Program:

- Continue grants to strengthen social purpose organizations' (SPOs) ability to access capital – a need taken for granted in the private sector, but still underserved for SPOs. The IRP is not intended to fund SPOs service delivery; it 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.
- Support longer-term ecosystem-building activities to continue strengthening understanding and capacity for SI and SF among SPOs and communities, especially SPOs led by marginalized groups.
- Coordinate a national SI/SF awareness campaign to increase understanding of Canadians' roles as innovators, volunteers, donors, consumers, and investors to create better outcomes in communities, e.g., highlight social innovations, foster cross-sector partnerships and multi-sector involvement, and support and reach youth and marginalized groups.

- Establish an SI initiative that develops evidence and shares knowledge to expand the evidence-base and coordinate data, research, and information-sharing across SI ecosystems in Canada. For example, more supports would enable SPOs to connect with each other and have timely access to information in order to share success stories and build stronger communities of practice.
- Focus attention and support knowledge-sharing, education, technical advice, and intermediary services to accelerate implementation and create greater opportunities for SPOs, and to ensure social value outcomes are achieved, measured, and reported. For example, the Treasury Board Directive on the Management of Procurement and the Public Service Procurement Canada social procurement policy shift the objective from lowest price to best value, leveraging procurements to support environmental, socio-economic, and Indigenous considerations. Infrastructure Canada's Investing in Canada Infrastructure Program includes a Community Employment Benefits requirement on many major infrastructure projects (like transit projects) receiving federal contributions. These shifts make possible a range of measures to achieve public policy priorities through purchasing of existing goods, services, and construction, and increasing the diversity of bidders on government contracts.
- Support business succession to co-op and non-profit models through access to existing funding programs and amendments to policies, legislation, and regulations. For example, any tax or other incentives which may be provided to the new Employee Ownership Trust model should also be provided to worker-owned co-operatives and multi-stakeholder cooperatives with substantial worker control. In addition, with many small business owners preparing to retire, employee or community buyouts would preserve jobs and services as well as avoid disruptive closures of many small businesses. A level-playing field would enable employees buying the company employing them to have a choice regarding various models of employee ownership.

Recommendation 2. Expand the Social Finance Fund (SFF) to include a Black-led and Black-serving wholesaler / fund manager, modeled after the capital provided to the Indigenous Growth Fund. The SFF, launched in May 2023 to help advance the growth of the social finance market by increasing access to flexible financing opportunities, e.g., loans, will enable SPOs to innovate and expand their social, economic, and environmental impacts.

- A Black-led fund manager will strengthen the capacity of the SFF to achieve its mandate of reaching underserved populations, sectors, and regions in Canada.

Recommendation 3. Draw on the Social Innovation Advisory Council (SIAC) to engage stakeholders and provide advice on how federal programs and policies can best support SI/SF ecosystems, and to oversee the co-creation process for subsequent actions to implement the strategy. The SIAC, created in February 2023 to help advance Canada's SI/SF Strategy, should work to:

- Embed a commitment to SI/SF in Canadian legislation that underpins the entire Strategy and provides the 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.
- Improve SPOs' access to federal innovation, business development, and skills training programs to accelerate the development of Canada's SI/SF ecosystems, and ensure federally-funded and delivered innovation supports are fully accessible and consider the needs of SPOs.
- Address legal and regulatory issues that impede charities and non-profits from engaging in SI/SF towards an enabling and adaptive federal partner that recognizes charities and non-profits as part of an ecosystem of players that together create social and economic value.
- Ensure federal funding practices support and enable SI, including building new relationships between the federal government and grant recipients that move beyond transactional and compliance-based activities towards valued partners with common policy objectives.

Members' Specific Recommendations

Buy Social Canada

1. Innovation, Science and Economic Development Canada, regional development agencies, and other federal departments/agencies recognize non-profit social enterprise business models as a strategic means for the federal government to meet its economic, social, and environmental goals and therefore expand government support; include and broaden the Business Development Bank of Canada and Community Futures advisory services, lending, and investments to include non-profit social enterprises. No fiscal impact.
2. Public Service and Procurement Canada accelerate social and diverse procurement implementation by engaging with and supporting diverse, social, and Indigenous intermediary services to advance emerging suppliers' readiness and cross-sector relationships with Tier 1 suppliers. (\$15M annually for 5 years)
3. Employment and Social Development Canada support and fund the full implementation of the SI/SF Strategy recommendations, including immediate multi-year re-funding of the IRP. (\$50M annually for 5 years)
4. Infrastructure Canada support and fund community-based and intermediary services to ensure and enhance the implementation of the existing Community Employment Benefit Policy on all federally funded infrastructure and construction projects. (\$10M annually for 5 years)

Canadian Worker Co-operative Federation (CWCF)

1. Provide tax and other incentives to worker co-operatives in harmony with any incentives provided to Employee Ownership Trusts.
2. Support CWCF's Building Community Resiliency program to maintain and create jobs and businesses, primarily through conversions to worker co-operatives.
3. Focus economic programs on equity-denied groups.
4. Amend the Income Tax Act in order to create tax fairness for worker co-operatives.

Imagine Canada

1. Engage the nonprofit sector in the design of a Home in Government. Dedicated funding in Budget 2024.
2. Improve the Treasury Board Secretariat's Policy on transfer payments to make funding for non-profits more equitable and effective. No financial impact
3. Develop a federal labour and workforce strategy for the non-profit sector and increase access to skills development and digital transformation programs. No financial impact.
4. Mandate Statistics Canada to improve the quality and accessibility of the data collected on the nonprofit sector. (\$1M in 2024-25 and \$650K ongoing)

Toronto Community Benefits Network

1. Support the implementation of community benefits employment programs in infrastructure projects. (0.1% of the annual infrastructure budget towards capacity building funds)
2. Establish a comprehensive Community Benefits Employment Strategy for Infrastructure and Clean Energy Initiatives as part of the Sustainable Jobs Plan. (No financial impact)
3. Support the development of a national evaluation framework to support the implementation of community benefit employment programs in infrastructure projects with in-built evaluation, monitoring, and reporting mechanisms. (No financial impact).