



Honourable Rechie Valdez  
Minister of Small Business

Honourable François-Philippe Champagne  
Minister of Innovation, Science and Industry

14 December 2023

**Re: Enhancing BDC Support for Co-operatives and Social Enterprises**

Minister Valdez and Minister Champagne,

We want to thank you for sharing the valuable Legislative Review Report for the *Business Development Bank of Canada Act* recently tabled by the Honourable Rechie Valdez, Minister of Small Business (and Minister responsible for non-financial co-operatives). We were very pleased to read in the report's introduction the BDC commitment to provide entrepreneurs the services they need to unleash their full potential and maximize their contributions to inclusive economic growth, which we support fully.

We would like to focus on the report's section related to supporting underserved business models (pages 36 and 37), noting in particular how not-for-profits, co-operatives, and social enterprises remain underrepresented within the BDC's broader portfolio.

We strongly endorse the recommendation on page 65 of the report, that BDC should play a more pronounced role to address systemic barriers facing equity-deserving groups and underserved market segments and improve overall market participation, including expanding and clarifying eligibility requirements to better meet the needs of new businesses, co-operatives, and social enterprises.

Co-operatives and Mutuals Canada (CMC), Buy Social Canada (BSC) and the Canadian Community Economic Development Network (CCEDNet) can assist the BDC in accelerating action on this recommendation, by helping to improve reach and visibility, addressing accessibility, and building strong partnerships to fill market gaps.

BDC's action on this would be aligned with the Minister of Small Business' mandate letter direction to expand borrower eligibility in the Canada Small Business Financing Program to include non-profit and charitable social enterprises. It would also be a vital and timely complement to the new capital being provided to co-operatives, non-profits, charities, and other social purpose organizations through wholesalers delivering the Social Finance Fund, announced earlier this year.

We would like to offer our support to help the BDC better understand the unique advantages and challenges faced by co-operatives and social enterprises, and the opportunities that greater engagement with these businesses can offer.

### **Social Enterprises and Buy Social Canada**

Social enterprises are businesses that have an embedded social, cultural, or environmental purpose and reinvest the majority of any profits back into the purpose, delivering vital services to equity-deserving groups and other underserved populations.

Buy Social Canada is a social enterprise. Through education, advocacy and engagement, we bring together purpose-driven purchasers and social value suppliers to build business relationships that generate social benefits for communities across the country, and advance social procurement and community benefit agreement policies and practices.

Buy Social Canada offers the only Canadian Third-Party Social Enterprise Certification, which is aligned with international standards and criteria. Buy Social Canada serves as the Secretariat for the Social Enterprise Council of Canada and shares three Board of Director seats.

Buy Social Canada's expertise and experience extends across consulting, policy design, tool and resource development, and training and workshops, always with a focus on utilizing local community assets, ensuring knowledge transfer and local capacity building.

### **Co-operatives and Mutuals Canada**

Co-operatives and Mutuals Canada (CMC) is the national apex organization for Canadian co-operatives and mutuals. Our member-focused association unites, engages and leads the co-operative movement by advancing its priorities nationally, as well as internationally through the International Cooperative Alliance (ICA). Our goals are to build bridges, break barriers and create durable opportunities for the co-operative sector in Canada.

CMC has a significant national reach and contributes to the growth of the sector through advocacy, research, education and engagement opportunities. Our membership, which includes provincial and territorial associations, as well as sectoral federations, represents non-financial co-operative enterprises operating in almost every industry, in addition to credit unions, caisses and mutuals operating in the financial sector. CMC also has experience and a track record as a reliable partner to the Government of Canada.

## **Reaching Underserved Markets and CCEDNet**

CCEDNet is the largest network of economic and social development organizations in Canada, with members in every province and territory and a 20-year track record of peer-learning, skills development, action research and knowledge mobilization to support informed leadership on socio-economic development challenges in urban, rural, Indigenous, and Northern settings. The Network's activities are diverse and pan-Canadian in scope, focused on convening for ecosystem development, learning and capacity building, advocating for an enabling policy environment, communicating about community-led economic development models, and undertaking research and development to further advance the field.

CCEDNet has long understood the crucial role that co-operatives and social enterprises play in reaching untapped markets, creating opportunities for marginalized communities, and delivering essential goods and services, especially in rural and remote areas.

## **The Path Forward to Enhance BDC Services and Lending to Social Enterprises and Co-operatives**

The Legislative Review Report confirmed our understanding, and that of many other stakeholders, that the BDC underserves, has not actively pursued, and does not currently have the expertise to serve the 25,000-strong social enterprise and co-operative sectors. Since we have raised these concerns over many years, we were pleased to note a new interest in rectifying this going forward.

Just as BDC has played a key strategic role in the Women's Entrepreneurship Strategy and the Black Entrepreneurship Program, so too can it support the Social Innovation and Social Finance Strategy, making capital accessible to co-operatives and social enterprises. Many of those enterprises are also led by entrepreneurs who comprise priority areas for BDC, including women, Black Canadians, youth, Indigenous and newcomer entrepreneurs in rural areas.

Minister Valdez, as you said at the Sustainable Finance Forum, all small businesses and all Canadians deserve an equal opportunity. With their resilience and social purpose, co-operatives and social enterprises make up a vital part of Canada's small business landscape, a component that can reinforce inclusivity at the core of building an economy that works for everyone.

To make that happen, we are asking Minister Valdez and Minister Champagne to provide direction to BDC to amend its policies, procedures, and practices to include the implementation, measurement and reporting of specific programs to increase the number of co-operatives and social enterprises in BDC's broader capacity building and lending portfolios.

We are also seeking a commitment by the Government of Canada and the BDC to explore formal partnerships and an allocation of capacity building funds to better serve and ensure accessibility to, non-traditional business models. This would include providing capacity building tools, resources, consulting and financing for emerging co-operatives and social enterprise businesses, as well as providing internal training and support to BDC staff.

CMC, Buy Social Canada and CCEDNet look forward to arranging a time to meet with the relevant parties to discuss further.



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CC:

Honourable Mary Ng  
Minister of Export Promotion, International Trade and Economic Development

Honourable Gudie Hutchings  
Minister of Rural Economic Development and Minister responsible for the Atlantic Canada Opportunities Agency

Honourable Jenna Sudds  
Minister of Families, Children and Social Development

MP Ryan Turnbull  
Parliamentary Secretary to the Minister of Innovation, Science and Industry

MP Bryan May  
Parliamentary Secretary to the Minister of Small Business and Parliamentary Secretary to the Minister responsible for the Federal Economic Development Agency for Southern Ontario

MP Maninder Sidhu  
Parliamentary Secretary to the Minister of Export Promotion, International Trade and Economic Development

MP Élisabeth Brière  
Parliamentary Secretary to the Minister of Families, Children and Social Development

**Additional resources:**

- [SME Profile: Co-operatives in Canada](#), Innovation, Science and Economic Development Canada, Small Business Branch, Philippe Rosa, March 2023
- [SME Profile: Social enterprises in Canada](#), Innovation, Science and Economic Development Canada, Small Business Branch, Adrien Egbers and Lyming Huang, March 2022
- [What We Heard: Motion-100 Consultations](#), Innovation, Science and Economic Development Canada, 2019
- [Rural opportunity, national prosperity: An Economic Development Strategy for rural Canada](#), Infrastructure Canada, 2019
- [Sell with Impact: Stories and Research from the Canadian Social Enterprise Sector](#), Buy Social Canada, 2023
- [Canadian Social Enterprise Sector Survey Project](#), 2010 to 2015