

December 22, 2017

The Honourable Jean Yves Duclos
Minister of Families, Children and Social Development
Ottawa, Ontario
K1A 0A6

Dear Minister;

Re: Social Innovation and Social Finance Strategy

For one hundred years, since 1917, the United Way Centraide Movement has been dedicated to creating opportunities for a better life for all Canadians. United Way Centraide Canada (UWCC) provides national leadership and supports United Ways Centraides in local communities across Canada to invest in long-term solutions that address challenging social, economic and cultural issues. As Canada's largest non-government funder of community and social services, the UWCC Movement's insights are based on direct experience of implementing innovative solutions in communities throughout Canada.

We congratulate the Federal Government for taking the initiative to define and steward development of a Social Innovation and Social Finance Strategy for Canada. This is an exciting undertaking and like you, we believe in the imperative to unleash new ideas and new capital to propel Canadian communities towards a thriving and flourishing future.

We are pleased to submit our recommendations to the Federal Government's consultation on this important topic. UWCC's submission is comprised of two sections. The first summarizes a set of key recommendations grouped under four headings: Social Enterprise, Social Procurement, Social Finance, and Social Innovation. The second focuses on one aspect of the proposed strategy: mobilization of the private sector to contribute to social innovation and social finance through their core business, an approach we refer to as "Social Purpose Business".

Your Consultation Document defines "Social Purpose Organizations" as "the entire spectrum of organizations that seek to advance a social, cultural or environmental mission". It is in this spirit that we offer recommendations for ways the Federal Government can foster an enabling policy environment to encourage social innovation and the expansion of entities and initiatives committed to driving social good to tackle entrenched social issues in Canadian communities.

This includes promoting the growth of companies that have an authentic social purpose and embed it into everything they do. By embracing a social purpose, Canadian companies can

realize improved innovation, competitiveness and productivity, open new markets, strengthen the pride of Canadians, and enhance Canada's reputation in the world.

United Ways and Centraides have considerable experience in working with a diverse range of people and organizations pursuing social change. We believe Social Purpose Businesses complement the important role played by governments, charitable and non-profit organizations, and other social enterprises in helping contribute to healthy communities and a more socially inclusive Canada.

Thank you for considering our ideas. We are available to discuss them with you or your department staff at any time. To follow up please contact Dawn Phillips in my office (dphillips@unitedway.ca, or 1-800-267-8221 x2214) to schedule a time to meet.

Sincerely,



Dr. Jacline Nyman
President and CEO

Cc: Social Innovation and Social Finance Strategy Co-Creation Steering Group
Minister of Employment, Workforce Development and Labour
Minister of Innovation, Science and Economic Development



United Way Centraide Canada

Consultation Response

Social Innovation and Social Finance Strategy

December 22, 2017

Social Innovation and Social Finance Strategy - Consultation Response

United Way Centraide Canada Submission

Introduction

Since 1917, the United Way Centraide Movement has been dedicated to creating opportunities for a better life for all Canadians. United Way Centraide Canada (UWCC) provides national leadership and supports United Ways Centraides in over 100 local communities across Canada to meet urgent human need and invest in long-term solutions that address challenging social, economic and cultural issues.

Each year, the desire to help others motivates over one million Canadians to support their local communities through the United Way Centraide Movement. Annually, United Ways Centraides raise and invest over \$500 million to strengthen their communities. These funds support nearly 7,000 programs that touch the lives of hundreds of thousands of Canadians. Collectively, our work is focused on three key priorities:

1. Moving People from Poverty to Prosperity
2. Helping Kids Be all They Can Be
3. Building Strong and Healthy Communities

As Canada's largest non-government funder of community and social service initiatives, the United Way Centraide Movement's insights are based on direct experience of funding and implementing innovative solutions to advance these goals in communities throughout Canada.

One of the greatest strengths of the United Way Centraide Movement is its deep engagement with local communities. We view government leadership and partnership with other sectors – civil society, business and labour – as critical to our collective goal of successfully tackling the many complex social, economic and cultural challenges Canada faces while building strong healthy communities. Achieving these objectives will require a range of policy and regulatory supports, including modernization of the legislative framework for charities.

We are pleased to submit our recommendations to the Social Innovation and Social Finance Consultation.

Our submission is organized in two sections:

- The first summarizes our key recommendations under four headings; Social Enterprise, Social Procurement, Social Finance, and Social Innovation.
- The second focuses on one aspect of the proposed Strategy: mobilization of the private sector to contribute to social innovation and social finance through their core business, an approach we refer to as "Social Purpose Business".

Development of this submission leveraged the expertise and input of United Ways and Centraides from across Canada. UWCC wishes to acknowledge the leadership of United Way of the Lower Mainland for spearheading development of the Social Purpose Business component of this submission.

Our submission includes letters of support for the Social Purpose Business component from the City of Vancouver, and Canadian Business for Social Responsibility, and references or endorses submissions from the Social Enterprise Council of Canada, and the Toronto Enterprise Fund.

United Way Centraide Canada

116 Albert St., Suite 900 | Ottawa, ON | K1P 5G3
613-236-7041 | 800-267-8221
unitedway.ca | centraide.ca

Section 1

Social Innovation and Social Finance Strategy - Consultation Response

Summary of Recommendations

A. Social Enterprise

Recommendation 1:

Introduce a comprehensive set of supports designed to enable the development, sustainability and scalability of social enterprises.

Context: Social enterprise is a cross cutting tool for building healthy and inclusive communities, especially affecting vulnerable community members. Social enterprises operate in a wide variety of sectors, including health, education, employment, poverty alleviation and more; and a wide variety of industries including tech, manufacturing, food service, and many more. Social enterprises create outcomes that reduce government costs, including costs associated with health care, education, incarceration, and social services.

Rationale: We endorse the Social Enterprise Council of Canada's submission (attached), which includes a call for support to: expand market opportunities for social enterprises, promote and demonstrate the impact of social enterprises, create a supportive regulatory framework for social enterprises, enhance the capacity and skills of social enterprises, ensure access to capital for social enterprises and investment into social enterprises, and to support the animation of networks for social enterprises. We also support the SECC's call for Federal support of social enterprise to be integrated across government initiatives, including the National Housing Strategy and Poverty Reduction Strategy.

Recommendation 2:

Establish a fund to support Workforce Integration and Navigation Support (WINS).

Context: Employment Social Enterprises (ESEs) (also called work integration social enterprises) are businesses that exist to create training and employment opportunities for people facing barriers to the labour market (e.g. people with disabilities, newcomers, people with criminal records, youth facing barriers, etc.). ESEs have a proven track-record in supporting individuals, many of who have experienced long-term unemployment, to regain and sustain meaningful employment. ESEs have also demonstrated success in improving the skills, health and wellbeing, and housing of the 'target population' they employ.

Canadian ESEs face barriers to sustainability and scale however, as they have additional work integration and navigation support costs that 'traditional businesses' don't have. These are costs particular to the ESE's social mission, including the extra costs associated with supporting the employment training and transportation needs of 'target population' employees, as well as providing non-employment 'wraparound supports' to employees, such as counselling, financial literacy workshops, and meal

programs. It is estimated that on average, the 'work integration and navigation support costs' for employment social enterprises are \$7,000 per person, per year.

Rationale: Our recommendation recognizes the valuable contribution of ESEs and the importance of Work Integration and Navigation Support (WINS) to ensuring the successful participation of ESE target populations employees. The submission from the Toronto Enterprise Fund provides additional detail on this issue.

Recommendation 3:

Undertake a consultative process to support the growth of Social Purpose Businesses

Context: The Social Purpose Business approach has been successfully leveraged by for-profit enterprises for many years, as a means to increase their positive social and environmental impact in community. Our theory of change is more businesses adopting and activating a social purpose will result in considerable social innovation and mobilize greater resources to tackle entrenched social issues and pursue environmental goals in Canadian communities. By embracing a social purpose, Canadian companies can realize improved innovation, competitiveness and productivity, open new markets, strengthen the pride of Canadians, and enhance Canada's reputation in the world. This new energy will foster a virtuous circle, in which caring companies generate greater social impact, driving business results and creating stronger, healthier communities, in an ongoing positive feedback loop.

Rationale: Our recommendation is designed to establish an enabling environment for 'social purpose business' (SPB). The proposed consultation would increase knowledge and clarify opportunities related to SPB. Additionally, given the potential for SPBs to increase social outcomes, we identify a range of supports to increase awareness and support the growth of SPBs including: measuring and documenting the social and business benefits generated by SPBs, creating demand for the products of SPBs, and increasing access to capital for SPBs. These opportunities are discussed in more detail in our attached proposal on SPBs.

B. Social Procurement

Recommendation 1:

Expand use of Community Benefits Agreements and encourage purchasing from Social Enterprises in Federal Infrastructure initiatives.

Context: Community Benefits Agreements (CBAs) are agreements made between community-based groups and private or public development proponents, specifying the additional benefits that will result from implementation of infrastructure projects. The process for establishing such agreements engages and gives voice to communities most affected by development projects. Governments are increasingly recognizing the power of CBAs to leverage public dollars and advance social, economic and environmental priorities. Particularly at the provincial and municipal level, structures and processes are being utilized to institutionalize CBAs as a regular part of the development process. The government of Canada has an opportunity to multiply the impact of its infrastructure investment by making CBAs a requirement for major infrastructure projects. Bill C-344, if

adopted, is a modest step in the right direction, but would simply empower the Minister to request an assessment of potential community benefits.

Rationale: Our recommendation is designed to maximize the impact of Federal government infrastructure investments by creating an explicit expectation that secondary or 'spin-off' community benefits will be generated. Identifying social enterprise as specific priority for CBAs will help embed the business model into Canada's infrastructure project supply chain.

Recommendation 2:

Develop a Social Purchasing Policy for government contracts

Context: Social procurement is the use of an organizations' process of purchasing goods and services to achieve strategic social, economic and workforce development goals. In recent years, many 'anchor institutions', including governments, hospitals, educational institutions, and private sector corporations, have adopted social purchasing policies as a means to drive social, economic and workforce development outcomes. For example, in 2016, the City of Toronto adopted a substantial social procurement policy that has significantly broadened the market for the products and services of 'diverse suppliers' and social enterprises. Doing so has leveraged public dollars for social good.

Rationale: Our recommendation would establish the government of Canada as a major force for the development and growth of social enterprises, the vehicle for which is a robust social procurement policy that widens the market for the goods and services produced by social enterprises and diverse suppliers. The attached submission from the Toronto Enterprise Fund Submission discusses this in greater depth and offers additional recommendations.

Social Finance

Recommendation 1:

Create a national social finance wholesaler and other support structures to expand access to investment.

Context: Social enterprises struggle to raise capital, especially in the early stages. Surveys of social enterprises in Ontario, British Columbia and Manitoba have repeatedly shown that raising capital is one of the most significant challenges that enterprises face at the early stages of growth. The concept of Social Finance Wholesalers grew out of a realization that despite increasing interest in social impact investing, in the absence of the appropriate structures very little social investment was actually occurring. In the commercial investment market, a vast array of intermediaries such as banks, brokers, exchanges and venture capital firms exist and play important facilitative roles by helping to bring together investors and recipients of investment.

To address this issue, various jurisdictions have begun to explore, and some have established, social finance wholesalers, the purpose of which is to channel investment funds and champion the growth of an ecosystem of social investment intermediaries. Britain's Big Society Capital (BSC), established by the British government, is widely acknowledged as the world's first social investment wholesaler. Under the leadership of

Senator Omidvar, stakeholders, including UWCC, have been meeting to explore how a similar concept might be implemented in Canada.

Rationale: increased access to investment will enable social enterprises to grow and scale. This has the potential to yield benefits to Canadian and their communities. A new 'Fund' or 'Wholesaler' needs to be capable of facilitating a broad range of social innovations and social finance opportunities.

Recommendation 2: Explore whether Canada's unclaimed assets could be leveraged to seed a new Social Finance Wholesaler to support growth of an impact-investing marketplace.

Context: An unclaimed asset that has lost contact with its owner. This may happen when an estate has no known heirs, or a bank deposit has not been claimed for many years, or otherwise. The Bank of Canada holds \$678 M in unclaimed assets. The Bank keeps such assets in short-term public debt securities for 30 or 100 years. In 2012, the British government created Big Society Capital with an initial investment stake (£400 million) from dormant bank accounts. These unclaimed assets leveraged additional capital which were then reinvested to help homeless people into stable housing, train workers with barriers to employment, and strengthen families at risk of losing their children. To date, Canada has not leveraged our unclaimed assets to create similar social impact.

Rationale: Our recommendation is designed to explore whether and how Canada's unclaimed assets could be utilized to create financial structures to spur catalytic growth in the social finance market.

C. Social Innovation – Legislative Reform of Charities

Recommendation 1:

Undertake a comprehensive review aimed at modernizing Canada's legal framework and regulations governing charities.

Context: Charities and non-profit organizations deliver a wide range of goods and services to millions of Canadians. They are an important part of the economy, employing 2 million people and account for more than 8% of GDP. The environment in which they operate has undergone a fundamental shift. But the regulatory systems under which they operate have not. Charities are regulated by 19th century interpretations of 17th century laws. Administrative rules are too often tied into these outdated regulations. This significantly limits the ability of charities to engage in social innovation or participate in social finance structures. The Prime Minister has recognized the need for charity law reform and embedded this in three mandate letters. The government's advisory panel on political activity by charities called for a new legislative framework to govern charities.

Rationale: Our recommendation is designed to ensure charities can play an even more active role in addressing the needs of Canadians, and further leverage their capacity in new ways to advance their mission and benefit the people and communities they serve. The existing regulatory regime is overly restrictive, and wasn't crafted to enable innovative approaches to address complex issues. A new regulatory regime would help unlock the considerable potential of charities to do more.

Section 2

Social Innovation and Social Finance Strategy - Consultation Response

Social Purpose Businesses: Fostering an Environment for Growth and Innovation

The Social Innovation and Social Finance Consultation Document defines “Social Purpose Organizations” as “the entire spectrum of organizations that seek to advance a social, cultural or environmental mission”. Consistent with this we offer a number of recommendations designed to foster an enabling environment which encourages private sector entities to adopt an authentic social purpose and embed this into everything they do. Social purpose businesses can complement the important role played by governments, charitable and non-profit organizations in helping contribute to healthy communities and a more socially inclusive Canada.

Context:

According to [research](#) we have conducted into this emerging strategic business concept, we define a social purpose business as a “*company whose enduring reason for being is to create a better world. It is an engine for good, creating social benefits by the very act of conducting business. Its growth is a positive force in society.*” In our local communities we see that increasingly corporate donors seek greater social impacts from their investments, and wish to engage their organizations more holistically in contributing to community well-being, e.g. through their procurement, hiring, products, capital projects, investments, etc. The social purpose business concept differs from the traditional business tools of corporate philanthropy and volunteering as a means of contributing to community quality of life, in that by adopting and embedding a social purpose, all of a company’s assets, resources and relationships contribute to its social ambition, not just its donations and employees. We are experimenting with measures to help businesses on this journey, including, for example, by identifying the [business case for social purpose](#).

Our theory of change is that if more businesses adopt and activate a social purpose, this will result in considerable social innovation and mobilize greater resources to tackle entrenched social issues in Canadian communities.

Our theory of change is that if more businesses adopt and activate a social purpose, this will result in considerable social innovation and mobilize greater resources to tackle entrenched social issues in Canadian communities. Social purpose companies can be led by, or benefit, traditionally under-represented populations in the economy, and those who should benefit from the innovation economy, such as women, Indigenous Peoples, newcomers, people with disabilities, etc. Social purpose companies can lead, innovate, finance and champion measures to help Canada play its part to address the Sustainable Development Goals. Without the private sector, their achievement is remote.

United Ways envision a future in which a growing number of businesses choose to embrace and incorporate a social purpose into their core business. While we would not be prescriptive on which social purpose a business should pursue, we do expect that by adopting social purposes, more businesses would advance along a continuum to place social values into the heart of their

companies – and a new business ethic or norm would be created. These businesses will help address income inequality, poverty, isolation, mental health, school readiness and other social issues which are core to their business model and value propositions – not as silo'd philanthropic undertakings.

We believe that the right enabling environment will help jump-start the growth and scale of social purpose businesses across Canada. With awareness, education, partners and incentives, more businesses will become social purpose organizations, and thereby contribute to social innovations in collaboration with the public and non-profit sector. They will be able to attract social finance capital to help their organizations grow, and will themselves be in a position to contribute social finance capital to help other social purpose organizations scale.

In our view, with one hundred years of experience mobilizing community assets for social change, the time is ripe to raise awareness of this approach to business; social purpose business is an indispensable tool in the social innovation toolbox. Done well, with these enabling supports and policy measures, not only will communities benefit, but so too will business and the economy. By embracing a social purpose, Canadian companies can realize improved innovation, competitiveness and productivity, open new markets, strengthen the pride of Canadians, and enhance Canada's reputation in the world. This new energy will foster a virtuous circle, in which stronger business generates greater social impact, which drives business results and stronger communities, in an ongoing positive feedback loop.

We divide our recommendations into two parts: 1) our top recommendations for creating a strong enabling environment to stimulate the growth of social purpose business; and 2) our detailed response to the Online Consultation questions. Some of our recommendations call for further consultation and processes to develop criteria or clarify social purpose business standards, and the United Way movement offers its assistance as a convener or participant in such an undertaking.

Part 1. Top Recommendations

In the table below, we share our top recommendations for stimulating the growth of social purpose business models – key measures to reduce their cost and risk and enhance the value creation potential for business to pursue a social purpose in their core operations. These top recommendations are drawn from, and reflect, our detailed response to the Online Consultation, found in Part 2.

Main Recommendation:

We recommend that the Federal Government undertake a national consultation to clarify the definition of a social purpose business and identify a range of supports to create an enabling environment for qualifying social purpose businesses to help them activate, expand, grow and scale.

The following table is an at-a-glance summary of the objectives a federal government can pursue to create an enabling environment for social purpose business and stimulate the private sector to pursue social purpose models. They are elaborated upon under “Detailed Recommendations” below.

Public policy objectives to create an enabling environment for social purpose business	
Policy Objective	Business Benefit
A. Increase Awareness of the Social Purpose Business Model	Build their brand
B. Create Demand for Qualifying Social Purpose Business	Increase their sales
C. Provide Incentives for Qualifying Social Purpose Business	Save them costs
D. Support Social Trends Research to Inform Social Purpose Strategy	Improve their risk management
E. Increase Access to Capital to Grow Qualifying Social Purpose Business	Enhance their access to capital

Detailed Recommendations:

We recommend that the Federal Government pursue the following nine public policy measures to foster an enabling environment for social purpose businesses.

These five policy areas and corresponding eight policy measures represent our top recommendations to advance the social purpose business model in Canada, and unleash social innovation, social finance and social benefit from within the private sector.

1. Signal significance of Social Purpose Business idea by including it in Proposed National Framework Legislation

The proposed National Framework Legislation will be a key means to signal the significance of social purpose business as a contributor to social innovation and a recipient and generator of social finance capital, and therefore we recommend:

- **Signal:** Include a specific section devoted to social purpose businesses in the National Framework Legislation with explicit provisions designed to support their growth and development. This section would define the principles, criteria and qualifications of a social purpose business, to be developed through a proposed national consultation.

2. Stimulate growth of Social Purpose Business by sourcing from them through Responsible Procurement

If the Federal Government encourages social innovation through its procurement, we recommend:

- **Signal:** Signal to the marketplace the Federal Government is interested in sourcing from socially innovating suppliers, such as social purpose businesses and social enterprises.
- **Build Capacity:** In collaboration with the United Way, provide training to government vendors on how to adopt a social purpose and embed it into a company's core operations.
- **Buy and Collaborate:** Make social impact an explicit public procurement evaluation criterion, either as a minimum requirement, or weighted as 10 – 25% of the overall bid evaluation. Further, the government should collaborate with its existing suppliers to stimulate their social innovation.

3. Provide financial incentives for Social Purpose Business through Private Sector Support

The Federal Government has a range of potential policy tools that could be employed to inspire and support the private sector to pursue social innovation, including:

- **Incentives:** Explore and identify what incentives could encourage and support development of social purpose business. For example, offer an R&D Tax Credit for Social Innovation and include social innovation in existing relevant Federal Government programs that support private sector start-up and growth.
- **Research Support:** Fund leading industry associations to identify social trends and mega-forces that will affect business viability over the next 10-20 years, so they can prioritize social issues to address in their markets. Leveraging open data and in support of evidence-based decision-making, analyze government social trends research and data and package it in accessible formats for business to inform their social innovation.

We recommend that the Federal Government consult on criteria to define a qualifying social purpose business to determine eligibility for support. Social enterprises should also be given the opportunity to qualify for these incentives.

4. Increase access to capital for Social Purpose Business via a Central Investment Fund

If the Federal Government creates an Investment Fund to provide grants, loans, investments, guarantees and technical assistance for social innovation, we recommend:

- **Finance:** Permit social purpose businesses to qualify for financing from the Investment Fund and enable social purpose companies to contribute to the Fund.

We recommend that the Federal Government consult on criteria to define a qualifying social purpose business to determine eligibility for financing from the Fund.

5. Raise Awareness of Social Innovation and the role of Social Purpose Business to create social benefits

In order for the Federal Government to raise awareness of social innovation in the private sector and increase interest in the social purpose business model, we recommend:

- **Signal:** Engage leading industry associations to profile their top social purpose members and promote replicable models to their membership.

Part 2. Feedback on the Online Consultation Questions

Building on the above main recommendations in Part 1, the following input again focuses solely on the measures the United Way believes are important preconditions to increase the number and growth of successful social purpose businesses in Canada, and their positive social impact. The questions posed in the Online Consultation are listed below, followed by our recommendations directed at social purpose business.

1) Policy and Regulatory Environment

1.1 National Framework Legislation

National framework legislation is proposed to help realize the Strategy's vision and make innovation more accessible. If national framework legislation is adopted, it will include certain requirements. What would be the conditions on which the success of national framework legislation would depend?

- National Framework Legislation to advance social innovation and social finance should define and provide for the growth of social purpose businesses, as a contributor to social innovation and a recipient and generator of social finance capital. Proposed legislation should include a specific section devoted to social purpose businesses with explicit provisions designed to support their growth and development. Here is one definition based on United Way research: “A Social Purpose Business is a company whose enduring reason for being is to create a better world. It is an engine for good, creating social benefits by the very act of conducting business. Its growth is a positive force in society.”¹ Legislative and policy measures to support their growth and development can be drawn from this submission. Principles to augment this definition are expressed in our briefing paper on the Definition of the Social Purpose Business found [here](#).
- National Framework Legislation should define the principles, criteria and qualifications of a social purpose business, to be developed through a national consultation. United Way offers its support to the Federal Government in establishing a national consultation on the definition of a social purpose business.
- National Framework Legislation should include a requirement that all federal crowns and agencies adopt an explicit social purpose and embed it in everything they do, as a catalyst and role model for the private sector.

1.2 Legal and Regulatory Environment

The difference in status between charitable organisations and the private sector is problematic. How can we allow for more flexible definition of charitable organisations? or should we invent a new framework?

- Not applicable to Social Purpose Business. Please see our Summary of Recommendations for recommendations pertaining to charitable organizations.

1.3 Responsible Procurement

The role of government in procurement processes is essential. What changes need to be made to governmental procurement policies in order to encourage social innovation?

- Government should signal to the marketplace it is interested in sourcing from suppliers that pursue social innovation and create social impacts, such as social purpose businesses, and social enterprises.
- The Government should encourage and incentivize vendors to partner with social enterprises in bid submissions.
- Social impact should be an explicit evaluation criterion, either as a minimum requirement, or weighted as 10 – 25% of the evaluation. The Federal Government can require its suppliers to have an explicit and verifiable social purpose, or give preference to social purpose suppliers.

¹ https://www.uwlm.ca/wp-content/uploads/2017/12/Social-Purpose-Business-Definition_Dec_19-17.pdf

- The Government can also collaborate with its existing suppliers to stimulate greater social innovation and impacts.
- In collaboration with the United Way, the Government could provide training to vendors on how to adopt a social purpose and embed it into a company's core operations.
- The proposed national consultation on the principles, criteria and qualifications of a social purpose business should define the concept for the purposes of incorporating it into bid criteria and supplier expectations.

2) Funding Access

2.1 Financial Incentives and Federal Funding

Ministries and federal organisations could include social innovation incentives to their sectoral programs developed and implemented by industry partners (workplace organizations, professional associations, unions, Aboriginal organizations, etc.). How could they do so in the most accessible way?

- All Ministries and federal organizations should make social purpose and social impact a condition of industry and business participation in federal sectoral programs and other federal incentives.
- The Government should recognize known social innovation partners in regions and industries, and mandate inclusion of these groups in developing programs to qualify for certain funding.
- Federal crowns and agencies should adopt a social purpose for their own organizations, and embed that in everything they do. They can be mandated to pursue a social purpose and be given license to experiment and innovate in developing a social purpose and bringing it to life. This experimentation can create a useful roadmap for the private sector.
- Federal programs designed to spur economic development should have social purpose and social impact business objectives (e.g. regional development agencies, Business Development Bank of Canada, Export Development Canada, trade missions, etc.)

2.2 Private Sector Support

Some participants suggest a tax incentive program to encourage the private sector to engage in and fund social innovation projects, innovate their products, and transition their operations and supply chains to be more sustainable. A social innovation tax incentive program could be necessary to inspire and support the private sector to take more socially innovative and environmentally friendly initiatives. If it were to be implemented, how could it be designed to have the greatest positive impact?

- To ensure efficiency, effectiveness and equity in providing support to the private sector for social innovation, social purpose and social impact investments, social purpose and social impact can be included in existing federal government private sector programs and subsidies.
- Expand the Scientific Research and Experimental Development tax credit to include social innovation R&D. ("The Government of Canada provides tax incentives to encourage Canadian companies of all sizes and in all industry sectors to conduct scientific research and experimental development (SR&ED). These tax incentives come in three forms: an

income tax deduction, an investment tax credit (ITC), and, in certain circumstances, a refund.”²)

- Explicitly include social purpose innovation as a core objective of all government economic development and innovation programs, and all programs that support private sector start-up and growth, e.g. Innovation Solutions Canada, Strategic Innovation Fund and the Super Clusters Initiative.
- Provide funding to industry associations and chambers of commerce/boards of trade to conduct research on the social mega-forces that will affect business and industry viability over the next 10 -20 years so business and trade groups can help their business members prioritize critical social issues to address in their markets. Leveraging open data and in support of evidence-based decision-making, the Federal Government’s social trends research and data should be analyzed and packaged in accessible formats for business to inform corporate and industry social innovation.
- The proposed national consultation on the principles, criteria and qualifications of a social purpose business should define the concept for the purposes of incorporating it into the mandates of existing private sector programs and subsidies.

2.3 Centralized Investment Fund

A recurring idea brought forth by participants is to create a centralised investment fund specifically to support social innovation. For some, the objective would be to house capital for granting, lending and investing purposes, with regional intermediaries set up to provide technical assistance and flow-through for capital. If you support a fund what should be its objectives be and how should it function?

- Permit businesses with an explicit social purpose to qualify for financing from the Investment Fund. Ensure such businesses can also contribute to, and direct funding from, the Fund to eligible investments aligned to their social priorities.
- The proposed national consultation on the principles, criteria and qualifications of a social purpose business should define the concept for the purposes of incorporating it into the Centralized Investment Fund.

2.4 Social Finance

Several participants suggest a national regulatory framework for social finance instruments. What measures would create advantageous conditions for private, philanthropic, and social economy actors to take positive actions?

- In order to scale and support the growth of social purpose businesses, it will be important they have access to capital on favourable terms. The Federal Government can enable the growth of social finance by providing loan loss reserves, guarantees and risk-sharing through a national social finance program. Government financial agencies such as Business Development Bank of Canada and Export Development Canada can offer preferential financing to qualifying social purpose business.
- The proposed national consultation on the principles, criteria and qualifications of a social purpose business should define the concept for the purposes of determining eligibility for social finance.

² <https://www.canada.ca/en/revenue-agency/services/scientific-research-experimental-development-tax-incentive-program/evolution-program-a-historical-perspective.html>

3) Impact Measurement and Evaluation

3.1 Impact Measurement Framework

The main question regarding this theme is regarding the need to implement common metrics and methodologies that are comparable and verifiable. A national framework for impact measurement could standardize impact evaluation while remaining flexible. What type of data indicators or metrics would it require?

- In addition to standardizing *social impact* metrics, an impact measurement framework should have common *business impact* metrics, so the financial impacts of social purpose business can be measured over time, e.g. ROI, employee engagement, customer acquisition and retention, revenue growth, product innovation, etc.
- A national framework for impact measurement and reporting should include measurement of the number and growth of social purpose businesses supported through the strategy, and the volume of the government's procurement spend on social purpose business.

3.2 A Certification / Accreditation System

Participants suggest implementing a certification or accreditation system for Ministries and private business to formally recognize social impact suppliers, public organisations with social innovation initiatives, or private or philanthropic investors wanting to support social impact innovation. Do you think Canada needs to develop a social innovation "brand" or "certification" that initiatives, projects, products and organisations can qualify for? Is so, how do we guarantee its authenticity?

- It will be important to have a third-party certification system to help investors, bankers, consumers and buyers identify legitimate social purpose organizations. It could have different qualifications for different levels of social impact. Such a system should not be burdensome or expensive so that it is not a barrier to participation, especially for small businesses and social enterprises.
- The proposed national consultation on the principles, criteria and qualifications of a social purpose business should define the concept for the purposes of developing a third-party certification system.

3.3 Strategy Evaluation

The Strategy itself will require an evaluation process whether it's based on sectoral progress, international reputation, community empowerment, or other criteria. How do you think the Strategy itself should be evaluated?

- Number of businesses that have adopted a social purpose, and the social impacts and business benefits that have been generated.
- Number of social purpose organizations, \$ value and % of federal government procurement spending directed at social purpose organizations.
- Number of business and trade associations that have provided social trends research and data to their members, and are implementing social innovation programs with their members.

4) Collaboration, Skills and Mobilization

4.1 National Collaboration

A national table or network on social innovation could be an effective way to increase collaboration and dialogue across regions and sectors. What should its responsibilities be?

- A national or decentralized collaboration table or network should include social purpose businesses, and organizations helping them succeed. Among its responsibilities should be a mandate to support the creation of an enabling environment to encourage social purpose business to grow, along with their beneficial social impacts.

4.2 Valued Skills

New skills are needed to enable innovative approaches. How do we support and encourage the upcoming generation of young Canadians entering education and employment so that social innovation is an attractive field of study and employment in Canada?

- Curriculum on social purpose business models should be a core requirement in business schools, as it affects every aspect of business operations: strategy, finance, risk, human resources, procurement, distribution, marketing, etc.
- Federal Government programs that provide small business training should include training on social purpose business models and applications.

4.3 Social Innovation Awareness and Promotion

Success stories are essential in raising awareness of social innovation progress. What are 2 top Canadian success stories you think we could already promote? How can Canadians most efficiently and effectively tell their social innovation success stories? Who should be responsible for ensuring and supporting shared communication across regions and sectors?

- The United Way of the Lower Mainland's Social Purpose Business Institute, and other United Way collaborations with the private sector to advance social innovation with business, are success stories that could already be promoted. Case studies of businesses developing and activating a social purpose is an essential pre-requisite for growth of social purpose companies in Canada.
- The Federal Government could approach industry associations and boards of trade/chambers to identify the top social purpose companies among their membership; it could offer them incentives to compile and promote case studies and replicable social purpose business models.
- The Strategy should include measures to mobilize the private sector on social purpose business concepts through chambers of commerce, boards of trade, industry associations, and other industry groups with which the Federal Government has a relationship, including its own suppliers.
- To raise awareness about, and promote the social purpose idea to business, three supports will be required:
 - Further development of the social purpose business case and investor case for investing in social purpose businesses. The United Way of the Lower Mainland has conducted preliminary research on this topic that could be expanded.³ Longitudinal research on the business benefits of adopting and embedding a social purpose is

³ https://www.uwlm.ca/wp-content/uploads/2017/12/UW-Social-Purpose-Business-Case-HR_Dec_19-17.pdf

- critical. Gaps in the existing research include: how a strong community benefits business, and how contributing to social innovation strengthens a business' stakeholder relations, enables collaboration, and builds trust and resilience.
- Documented case studies and a searchable database of successful social purpose in action, describing how and why a case study business adopted and implemented a social purpose, and the social and business impacts that were generated.
 - Compilation of the macro social trends and mega-forces that will create risks and opportunities for business and their suppliers, customers and operating environments (i.e. communities). This will be necessary to help business and industries understand the imperative of pivoting their business models to address the social issues in ways that create business and societal value.

5) Community Empowerment and Vulnerable Populations

5.1 Community Empowerment and Development

Participants cite many social challenges they believe would most benefit from innovative approaches. A theme amongst them was the ability for a Social Innovation Strategy to empower communities. What are some examples of community empowerment and community development through social innovation that you would like to see the Strategy support in particular? Are there specific methods or mechanisms that are most effective?

- Engaging small businesses in their local communities to adopt and embed social purpose strategies can help them thrive while building stronger local communities, benefiting all. Local community development that mobilizes the local business sector on how to improve their organizations while improving community well-being through social purpose business strategies should be a key goal of the Strategy.

5.2 Vulnerable Populations and Persistent Social Issues

The Strategy has the potential to foster social innovation that fundamentally improves outcomes for those most in need. How can we ensure the Strategy's impact is equitable across communities, regions, generations, income levels, gender, ethnicity, and Indigenous populations?

- UW of the Lower Mainland's targeted approach to this is to ensure that social purpose businesses which participate in its capacity-building programs understand and address the root causes of poverty through the core business. UWLM will be a community partner, bringing together key actors, including social purpose businesses, to address poverty and inequity.

December 19, 2017

The Honourable Jean Yves Duclos
Minister of Families, Children and Social Development
Ottawa, Ontario
K1A 0A6



Cc: Social Innovation and Social Finance Strategy Co-Creation Steering Group, Minister of Employment, Workforce Development and Labour, Minister of Innovation, Science and Economic Development, United Way Centraide Canada, United Way of the Lower Mainland

Dear Minister Duclose,

Re: Social Innovation and Social Finance Strategy

I applaud your government for taking the initiative to develop a social innovation and social finance strategy for Canada. This is an important and exciting undertaking that can result in significant positive impacts for families, communities and Canada's global competitiveness.

Canadian Business for Social Responsibility (CBSR) is a professional association for forward-thinking companies across multiple sectors and a think tank with a 22-year track record of convening important gatherings, facilitating inter and intra industry collaboration, conducting research and producing practical tools such as The Transformational Company framework, which guides companies on embedding environment, social and governance leadership. We recently launched a public engagement campaign called *Do Business Like a Canadian*, which identifies and celebrates the following Canadian business values:

- Collaborative
- Eco-conscious
- Ethical
- Gender balanced
- Globally minded
- Inclusive
- Innovative
- Purpose driven

A national social innovation and social finance strategy would fit nicely with the campaign we are building and help us mobilize a national network of like minded networks celebrating purpose driven businesses in Canada. One such network is the United Way.

The United Way has developed a submission to you and your Social Innovation and Social Finance Strategy Co-Creation Steering Group. We strongly endorse this submission, especially the focus on social purpose businesses as valuable contributors to healthy communities and greater inclusivity in Canada.

We believe the time has come to define and support the growth of businesses that adopt and embed a societal purpose into everything they do. We believe that is what *doing business like a Canadian* is all about.

We support the United Way's recommendation that the Federal Government undertake a national consultation to define a social purpose business and identify a range of support to create an enabling environment for social purpose businesses to help them activate, expand, grow and scale.

As Canada's premier business network for sustainable business and social responsibility, we offer our support and expertise to the Federal Government in further defining a social purpose business and identifying the public policy measures that can amplify this idea within the private sector.

Please do not hesitate to contact me should you have any questions about CCSR's public engagement campaign or our other activities as well as our support for the United Way's submission.

Sincerely,

A handwritten signature in cursive script, reading "L. Rotchild".

Leor Rotchild
Executive Director
CCSR
1-416-703-7435 x 225
leor@csr.ca
www.csr.ca

December 15, 2017

The Honourable Jean Yves Duclos
Minister of Families, Children and Social Development
Ottawa, Ontario
K1A 0A6

Dear Minister Duclos:

RE: Social Innovation and Social Finance Strategy

I am writing to express the City of Vancouver's support for your government's commitment to develop a Social Innovation and Social Finance Strategy, and to support the United Way's submission to your national consultation process.

Together with the United Way, we recognize that new and innovative approaches are required to tackle social issues in our city, unleash breakthrough ideas and forge new paths forward. The United Way, who participate on our Healthy City Leadership Table, approached us recently to help launch their new Social Purpose Business Initiative in the Lower Mainland. We see this as a great example of how local government can work together with philanthropic and business sectors to leverage opportunities for innovation.

The United Way's initiative will support businesses to adopt and activate a social purpose, contribute to social innovation and unlock new resources to tackle social issues in Canadian communities.

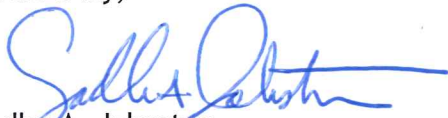
The response from business sector leaders in Vancouver has been positive. Last June I was privileged to co-host with the CEOs of the United Way and Mountain Equipment Co-op (MEC) a breakfast consultation on the idea of Social Purpose Business with CEOs of companies. I heard first-hand from Vancouver's business community who expressed enthusiastic support for the Social Purpose Business concept. Some have already joined a United Way cohort to co-innovate social purposes for their companies in 2018. We are also reaching out to other local governments in the region to encourage their collaboration. The City of Surrey is on board, and we expect other municipalities to join. We envision that this model could be replicated with other cities across the country.

We are excited that the Federal Government is taking this opportunity to get feedback on how it can use its policy tools to create an enabling environment to encourage the private

sector to adopt and activate a social purpose. We believe this is both good for business and good for communities. Most importantly, it will stimulate businesses across Canada to contribute materially to the United Nations Sustainable Development Goals - as not only a philanthropic endeavour, but as a fundamental business imperative.

Please feel free to contact me if you have any questions regarding the City of Vancouver's Social Purpose Business partnership with the United Way or their submission to your consultation process.

Yours truly,



Sadhu A. Johnston
City Manager

tel: 604.873.7627
sadhu.johnston@vancouver.ca

cc: Social Innovation and Social Finance Strategy Co-Creation Steering Group, Minister of Employment, Workforce Development and Labour, Minister of Innovation, Science and Economic Development, United Way Centraide Canada, United Way of the Lower Mainland