



Brief from the McConnell Foundation  
To the Senate Special Committee on the Charitable Sector

September 18, 2018

Proposal to the Special Committee:

Renew the government's relationship with the charitable and non-profit sector and encourage social innovation and social finance in Canada through **adopting the recommendations of the Social Innovation and Social Finance Strategy Co-Creation Steering Group**, released on August 31, 2018.

## 1. Who we are

The McConnell Foundation is a national private foundation based in Montreal, with additional staff in Vancouver, Toronto and Ottawa. Founded in 1937, the Foundation has played a leading role in introducing social innovation and impact investing to Canada. It works by building ‘partnership ecosystems’ that connect organizations of diverse size and focus, across civil society, government and the private sector, to effect transformative change. In addition to an overarching commitment to Indigenous reconciliation, McConnell’s initiatives include a national program which has made grants to improve the innovation capacity of nearly 500 charities; Cities for People, which supports inclusive growth and sustainability in cities; and RECODE - engaging universities and colleges in rethinking their role in communities.

## 2. Introduction

Despite our strengths and achievements, Canada faces persistent social and environmental challenges — housing insecurity, Indigenous reconciliation, transition to a low carbon economy, to name a few — that threaten our individual and collective well-being. While great strides have been made in some areas, many complex social problems persist despite the best efforts of communities and governments across Canada.

This is in part because we hold to a narrow view of society, where the private sector generates the wealth needed to improve quality of life, and the charitable sector provides relief to vulnerable people. Governments have perpetuated this siloed approach by stimulating innovation in the private sector and largely ignoring the creative capacity of the community sector. But the private sector cannot solve all of society’s problems. Society is best served when **all sectors work together** and when governments recognize the **contribution that charities, non-profits and co-operatives make to inclusive economic growth** that improves outcomes in communities.

Fortunately, a collective awareness is emerging in society around the need to do better. Social innovation and social finance encourage **cross-sector partnerships, new ways of thinking and doing, and experimentation** aimed at achieving better outcomes. These are the prerequisites of **inclusive growth**. Civil society is already pursuing this; working with unlikely allies, and testing new approaches and business models, it is going through a **necessary evolution as a sector**.

In November 2015, the Government of Canada committed to develop a Social Innovation and Social Finance Strategy for Canada. In June 2017, it formed a Co-Creation Steering Group with a one-year mandate to develop recommendations for the Government’s strategy. The Steering Group was composed of community, philanthropic, Indigenous, government and private sector representatives. To inform its recommendations, the Steering Group undertook a cross-Canada engagement process which included 50+ in-person sessions, input from 400+ expert stakeholders and practitioners, 640+ online contributions from members of the public, 35+ Indigenous organization and outreach to 15,000+ Canadian youth. What emerged was a series of recommendations that focus on the **government and civil society working together differently, rather than simply asking government to do more**.

### 3. Recommendations

In its final report *Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities*, the Steering Group offers twelve recommendations across seven action areas. These mutually reinforcing recommendations are designed to support an **ecosystems approach**, where each component complements the others.

#### Governance and Public Service Infrastructure

#1 Anchor commitment and long-term policy action toward social innovation and social finance in Canada through **federal framework legislation**.

#2 Establish and fund a permanent **multi-sectoral Social Innovation Council**. The Council would formalize a collaborative relationship between social purpose organizations and the federal government.

#3 Create a permanent **Office for Social Innovation**. This office would build the processes and relationships to ensure that those involved in implementation of the Strategy share resources and have mutual accountability.

#### Capacity and Skills

#4 Improve social purpose organizations' **access to federal innovation, business development and skills training programs**.

#5 Establish a cross-sector **Social Innovation Ecosystem Program** to address gaps in early-stage support, capacity building and impact measurement.

#### Funding and Capital

#6 Create a **Social Finance Fund** to accelerate the development of social finance ecosystems across Canada. This fund would improve access to capital for social purpose organizations, emphasizing regional and local activity, while enabling national initiatives too.

#7 Ensure **federal funding practices support and enable social innovation**. Enable grant recipients to shift from rigorous reporting of activities to flexible pursuit of outcomes.

#### Market Access

#8 Incorporate **social procurement** guidelines, tools and training into Government's focus on a cohesive sustainable procurement plan.

## Policy and Regulatory Environment

#9 Address the **legal and regulatory issues** impeding charities and non-profits from engaging in social innovation, social finance, and social enterprise.

#10 Develop **regulatory innovation** capacity using ‘**sandboxes**’ to explore and experiment with new models. This approach does not displace comprehensive reform, but allows for testing under specific, time-bound regulatory exemptions.

## Evidence and Knowledge Sharing

#11 Establish a **Social Innovation Evidence Development and Knowledge Sharing Initiative**. The gap between research and practice is costly and is a drag on productivity and innovation. This initiative aims to close this gap through Social R&D and sharing learnings around what works, similar to the UK’s What Works Centres, or the global Cochrane and Campbell initiatives.

## Mobilization and Awareness

#12 Coordinate a national social innovation and social finance **awareness campaign**.

**Indigenous organizations, communities, and individuals:** First Nations, Inuit and Métis individuals and groups who were engaged saw a potential opportunity to adapt social innovation and social finance to their cultural perspectives, in their own manner, and with their own leadership. At a pace determined by communities and National Indigenous Organizations, the Government should further explore potential Nation-to-Nation collaborations. All community participants—and civil society—have roles to play too.

## 4. Why we need to implement these recommendations without delay

A 2017 report by the Brookings Institution concluded that Canada was “not yet wholly on-track” to meet any of the 17 Sustainable Development Goals it committed to under the United Nations Sustainable Development Agenda.<sup>1</sup> We can do better.

The federal government has a once-in-a-generation chance to rethink its approach to today’s most complex challenges, equipping communities with the tools and knowledge they need to achieve better social, economic and environmental outcomes. It time for the Government to step up and demonstrate its support for social innovation and social finance. With smart investments, our communities are poised to realize their aspirations for a more inclusive, prosperous, and sustainable future.

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<sup>1</sup> Brookings Institute, “Who and what gets left behind? Assessing Canada’s domestic status on the Sustainable Development Goals”, 2017