

Impact

A Social Enterprise Strategy for Ontario



**For a strong economy
and a fair society**

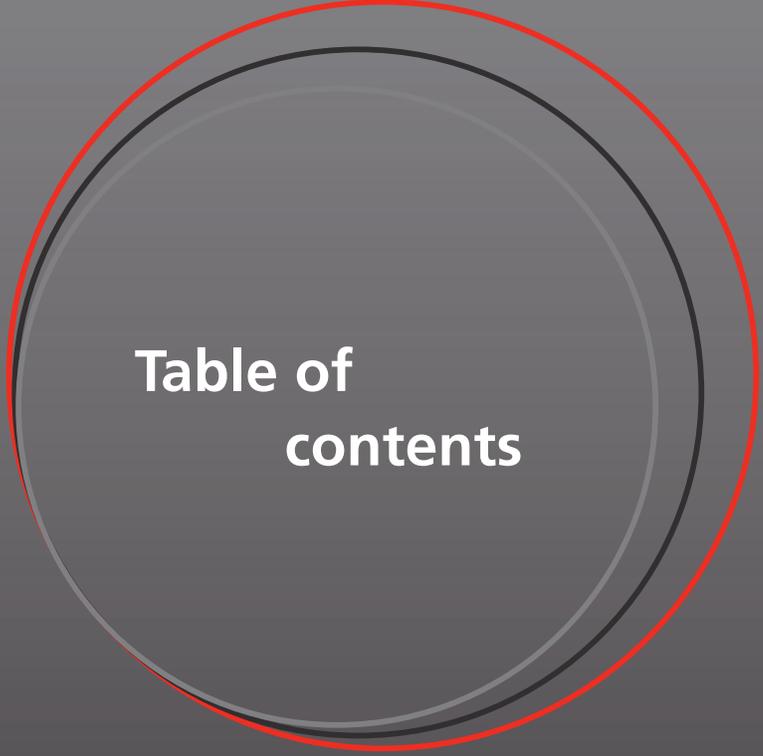


Table of contents

- 1 Message from the Minister
- 2 Introduction
- 3 Executive summary
- 5 What is social enterprise?
- 8 Ontario's social enterprise sector
- 13 Enabling and inspiring young social entrepreneurs
- 16 *Impact – A Social Enterprise Strategy for Ontario*
- 17 The four pillars of change
- 27 The future belongs to Ontario
- 28 Glossary

A Message from The Minister



Social enterprise is thriving in Ontario. Across the province, businesses with a social purpose are making an important impact.

Leading the movement is a new wave of Ontario entrepreneurs – many of them young people – who aren't satisfied with just making a profit; they want their businesses to contribute toward social good. And as a result, social enterprises are helping to build a fairer and more prosperous economy and society.

Before and since entering government, I have been a strong believer in the power of social enterprises to innovate and deliver effective solutions for dealing with our most pressing challenges. Whether they are co-operatives, for-profit or not-for-profit companies, social enterprises are generating an impressive social – as well as financial – return on investment. That's why it makes sense for government to support and partner with these innovative organizations.

Doing good is important. Doing it well is just as important. This strategy outlines our government's plan to foster an innovative, coordinated and collaborative social enterprise sector, positioning Ontario as a global leader in social enterprise. It's designed to facilitate partnerships with social ventures so that good ideas can move from the drawing board into our communities.

Our plan starts by making the growth of social enterprises easier by removing some of the barriers they face and making available social finance tools that connect them with investors who are interested in achieving a social return on investment, as well as a financial one. These are called "impact investors" and their numbers are growing. They are eager to support businesses that share their commitment to building a better province and a better world.

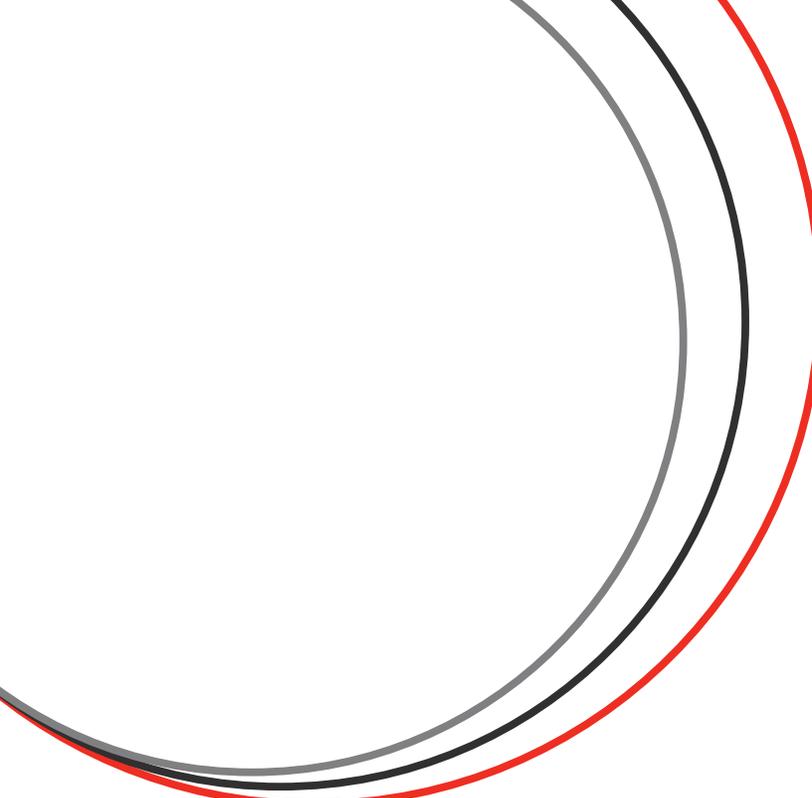
This plan aims to inspire the launch of many exciting new initiatives that

will connect and strengthen the social enterprise sector across the province. It will create incentives and funding mechanisms needed to help launch more social enterprises and make existing social enterprises scalable and investment ready.

Social enterprises are the rising stars of the global economy. Together, we can ensure that they have no better place to grow than here. By making social enterprises stronger, we make our communities stronger and we build a prosperous and fair Ontario for everyone.

A handwritten signature in black ink, reading "Eric Hoskins", with a stylized flourish at the end.

– Dr. Eric Hoskins,
Minister of Economic Development,
Trade and Employment



Introduction

The Ontario government believes that social enterprises represent an exciting emerging sector – one that creates jobs, attracts investment and helps better our society and our environment.

Impact – A Social Enterprise Strategy for Ontario is our commitment to support this important sector. It gives social entrepreneurs the attention they deserve as we work together as partners to address key economic and social goals. We are taking bold action to support this sector and accelerate its growth.

While social enterprise is already thriving in Ontario, our goal is to

ensure that Ontario is the leading social enterprise jurisdiction in North America. We want to support and attract both entrepreneurs and investors to do business in Ontario while contributing to the social good. This plan will: increase the number of social enterprise start-ups; leverage private sector impact investments to help social enterprises scale up; and launch new initiatives to support the creation of an estimated 1,600 new jobs in the social enterprise sector.

We're setting these goals because we know that social enterprises contribute not only to a more prosperous society, but to a fairer one as well.

Impact – A Social Enterprise Strategy for Ontario builds on our government's strong record of supporting social enterprises:

- » In 2008, the Ontario Innovation Agenda highlighted the growing importance of social enterprise. The Ontario Poverty Reduction Strategy supported social ventures in tackling complex policy issues.
- » In 2010, the Social Finance Task Force issued its recommendations to help social enterprises adopt innovative business models and enhance public and private support of social finance.

- » In 2011, Ontario launched its first-ever Social Innovation Summit, creating a Wiki to engage over 400 contributors in developing a social innovation policy paper.
- » In 2012, the Ministry of Economic Development, Trade

and Employment's Office for Social Enterprise was created. In 2013, the Office worked with the Mowat Centre for Policy Innovation to gain further insight into the social enterprise sector. More than 100 stakeholders contributed their thoughts and expertise.

Their insights have informed this social enterprise strategy, which is designed to provide social enterprises with what they need to start, develop and grow in Ontario.

Executive Summary

Impact – A Social Enterprise Strategy for Ontario outlines the clear steps that our government will take to support social enterprises in Ontario, accelerate their growth and establish Ontario as a global leader in the area of social enterprise. These steps are based on four key pillars:

PILLAR 1: Connecting, coordinating, communicating

- » Promote the Office for Social Enterprise as the lead coordinating body within government
- » Support the social enterprise sector's work on strengthening its coordination so that it is even better positioned to partner with government and the private sector

- » Support the collection of baseline data on the state of the sector, including job creation and economic impact, through research and knowledge sharing
- » Launch an Open for Business Roundtable process, in early 2014, to identify and resolve administrative, and regulatory burdens that may be preventing social enterprises from starting up and scaling up
- » Explore introducing legislation to enable the creation of new "hybrid" corporations (for example, for-profit corporations that are dedicated to a social purpose, and required to re-invest a portion of profits into that social purpose)

Publish an annual report and scorecard to track progress and identify areas for learning and improvement.

PILLAR 2: Building the social enterprise brand

- » Create an interactive web portal where social entrepreneurs can connect with other entrepreneurs and investors, and access services
- » Increase the reach of ONE, the Ontario Network of Entrepreneurs, to support and promote social enterprises
- » Launch a targeted social media strategy to showcase Ontario's social entrepreneurs to potential investors, attract investment and promote the sector.

**PILLAR 3:
Creating a vibrant social
finance marketplace**

Host an international impact investing conference – the first of its kind in Canada – in Toronto, in March 2014, to give international investors the opportunity to connect with Ontario’s best and brightest social entrepreneurs

- » Work across government to make new social finance tools available, including crowdfunding
- » Position Ontario as a leading impact investing jurisdiction by promoting the new Social Venture Connexion, the first-of-its-kind, on-line investment platform in North America
- » Pilot one or more Social Impact Bonds – a first in Ontario – by government in partnership with innovative health or social

service providers and impact investors

- » Launch the Social Enterprise Demonstration Fund, a new \$4-million fund to pilot social finance projects across the province, by working with private sector investors to unlock more capital for social entrepreneurs.

**PILLAR 4:
Delivering service, support and
solutions**

- » Convene experts to identify challenges with social finance data and recommend how social return on investment should be measured and reported. This work will help identify what data investors need when evaluating social enterprise investment opportunities
- » Invest a further \$3 million over three years to support

SiG@MaRS so that social entrepreneurs can network, measure the impact of their businesses and acquire new skills

- » Support the Solutions Lab at MaRS, an innovative design centre, as it tackles complex social challenges
- » Integrate social enterprises into government procurement processes through a pilot program for the 2015 Pan Am/Parapan Am Games by helping them connect and improve their capacity to bid successfully
- » Support Aboriginal economic development by increasing social enterprise opportunities within their communities and by providing Aboriginal social entrepreneurs with links to one another and other social entrepreneurs across the province.

With a fully implemented Social Enterprise Strategy, Ontario aims to be the North American leader in the social enterprise space, attracting the best and brightest social entrepreneurs and impact investors from around the world. The Province will have:

- » increased the number of social enterprise start-ups
- » raised more private sector impact investment to help social enterprises scale-up.
- » created **1,600 new jobs** especially for youth, Aboriginal people, persons with disabilities and other marginalized populations.

What is social enterprise?

A social enterprise is an organization that uses business strategies to maximize its social or environmental impact.

Across Ontario, Canada and the world, social enterprises are working alongside government to tackle society's persistent challenges, ones that are too difficult – and too important – for the public sector to solve alone.

And they are doing it with impressive results.

Social enterprises offer innovative new ways of operating for public benefit. They often employ people

who typically have more difficulty finding jobs, such as at-risk youth, Aboriginal people, persons with disabilities, newcomers, or those with mental health or addiction challenges. One example? TurnAround Couriers. It employs at-risk youth as bicycle couriers and office staff and gives them work experience

The social enterprise sector has a positive effect in Ontario by creating jobs, growing entrepreneurship, protecting the environment, promoting local food, helping and empowering Ontario's most vulnerable residents, reducing poverty, and having other impacts.

Social enterprises create opportunities for the people they work with and the communities they serve. With more than 10,000 social enterprises in Ontario, employing an estimated 160,000 people and serving 3.4 million customers per year, the influence of the sector is important and growing.

“Social entrepreneurs are disruptive innovators. They create new ways to dislodge the barriers that inhibit human progress. They are impatient with incremental progress, aiming for large-scale social change. They are masterful collaborators, skilled at creating the alliances and networks needed to bring about the change they envision.”

Jeffrey Skoll, first president of eBay; founder of the Skoll Foundation and Participant Media



Tonya Surman and Eli Malinsky lead social change teams at the Centre for Social Innovation, Toronto. Photo: Jane Farrow

The Centre for Social Innovation (CSI) is a social enterprise with a mission to catalyze social innovation in Toronto and around the world. Founded in 2004 by five dynamic entrepreneurs, CSI is based on the belief that society is facing unprecedented economic, environmental, social and cultural challenges and that innovations will be key to turning these challenges into opportunities to improve our communities and our planet. CSI has three offices in Toronto and one in New York City. In areas from health and education to arts and the environment, CSI provides social entrepreneurs with support to develop and apply their ideas, including work space, capacity-building workshops, networking and access to funding.

The Centre for Social Innovation

What is it?

Social enterprise

A business with two goals: achieve social, or environmental outcomes, and maximize revenue

Social entrepreneur

Someone who creates innovative solutions to today's most pressing social issues

Social finance/ impact investing

Involves investing funding to deliver community benefits and financial gains

Rise Asset Development

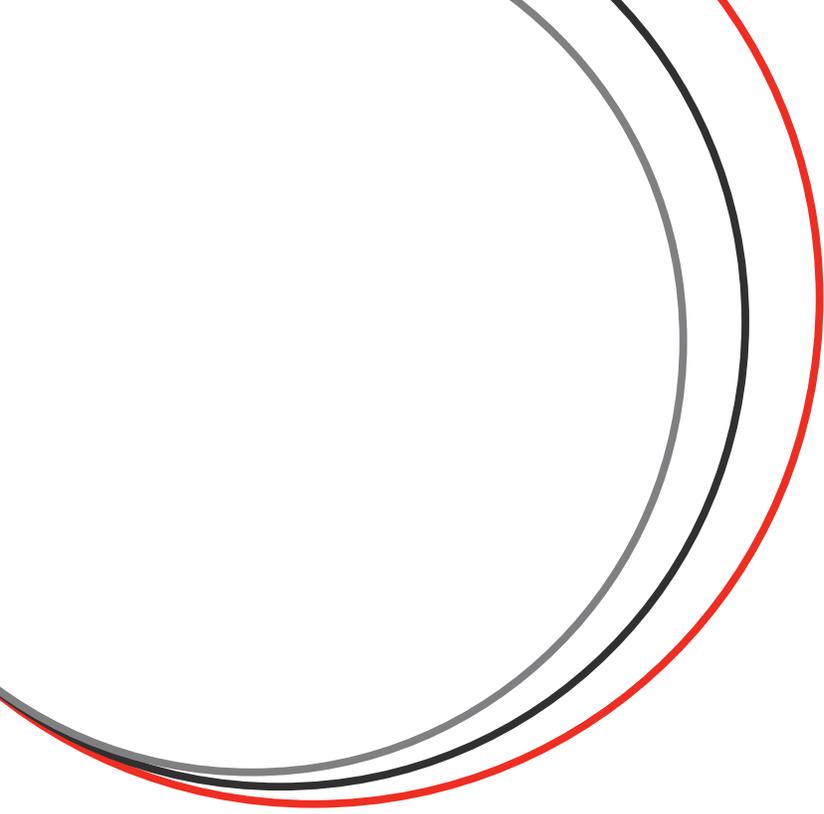
It's hard for Ontarians with mental health or addiction challenges to get and hold jobs, but since 2009 it has been a little bit easier, thanks to philanthropist Sandra Rotman. Recognizing the untapped potential of this population, Ms. Rotman brought together the finance skills of the Rotman School of Management and the mental health expertise of the Centre for Addiction and Mental Health to create Rise Asset Development. It's a social enterprise that provides small start-up loans and mentoring to entrepreneurs with a history of mental health or addiction challenges. To date, Rise has loaned money to 22 people who have used it to build everything from an Internet business to a general contracting company.



Rise staff brainstorm ideas to help clients become successful entrepreneurs in Toronto.
Photo: Rise Asset Development

Ontario has about **10,000 social enterprises*** that served almost 3.4 million clients** in 2012.

Sources: *Social Economy Centre **Social Enterprise Survey for Ontario. Canadian Community Economic Development Network 2012



Ontario's social enterprise sector

Ontario's social enterprise sector is active, engaged and growing, but it is not without its challenges. While leadership must come from within, we believe that government can be an effective partner in supporting the sector's growth and success.

We have laid out an ambitious and bold social enterprise strategy that will turn Ontario into the leading jurisdiction for social enterprises in North America.

To accomplish this we will:

- » increase the number of social enterprise start-ups across the province
- » increase the number of jobs in the social enterprise sector, particularly for youth, women, newcomers, Aboriginal people, persons with disabilities, and those with mental health or addiction challenges

- » attract more private sector impact investment to help social enterprises scale up and build sustainable businesses.

We've already made great progress.

Since 2007, the Ontario government has invested more than \$6 million in the SiG@MaRS (Social Innovation Generation) program. This program supports social entrepreneurs at all stages, helping them to develop and deliver programs that accelerate the growth of social enterprises.

Ontario's strategic actions to support and grow social enterprise

In 2011, the Ontario government and SiG@MaRS co-hosted a Social Innovation Summit that brought representatives from the political, business and non-profit sectors together to discuss how to work collaboratively to create new solutions for pressing problems in Ontario. During the summit, a social innovation Wiki was launched to continue the discussion and inform Ontario's social innovation policy paper.

To make it easier for enterprising not-for-profits to apply for funding, we introduced Grants Ontario, a site for administering grant applications. It provides a central portal where organizations can get information on 60 different provincial grant programs, as well as file and track their applications for grants online.

In 2013, the Ministry of Economic Development, Trade and Employment established the Office for Social Enterprise. Its job is to play a coordinating role across government by promoting social enterprise across the province and partnering with the private, not-for-profit and co-operative sectors to expand the tools available to social entrepreneurs.

In May 2013, the ministry partnered with the Centre for Social Innovation, TD Bank, KPMG, Microsoft Canada, Alterna and Social Capital Partners to launch the Ontario Catapult Microloan Fund. The first of its kind in Canada, it recognizes the growing importance of social enterprises to the economy. Through the fund, Ontario social enterprises may qualify for a loan of up to \$25,000, as well as support services such as business mentorship.

To appreciate the range of challenges and opportunities for social enterprises in Ontario today, the Office for Social Enterprise, together with the Mowat Centre, held a series of consultations, in May 2013. These roundtables built on earlier consultations, including the spring 2011 Ontario Social Innovation Summit.

The Mowat consultations identified policy and program gaps in the province's social enterprise ecosystem and provided insights into how the Ontario government can be a successful partner in advancing the sector.

2007

SiG@MaRS (Social Innovation Generation) formed to champion social innovation in Canada, supported by \$6 million of Ontario government funding

2008

Ontario Innovation Agenda highlights growing importance of social innovation and social enterprises

2008

Ontario's Poverty Reduction Strategy initiates support of innovative social ventures to tackle complex policy issues

2009

Social Finance Task Force releases report to help social enterprises adopt innovative business models and enhance public and private support of social finance

2011

Ministry of Citizenship and Immigration releases *Partnership Project* report calling for greater government involvement in fostering social innovation/social finance

2011

Social Innovation Summit and Wiki layout a path towards a “made-in-Ontario” social innovation strategy

2011

Ontario expands capacity of its regional innovation network, ONE, (Ontario Network of Entrepreneurs) to support social ventures and enterprising not-for-profits

2011

Ontario Centres of Excellence pilot \$1-million social innovation partnership program

2012

The Ontario Trillium Foundation launches Future Fund, a program to build capacity in the social enterprise space, focused on the needs of young entrepreneurs

2012

Office for Social Enterprise formed within the Ministry of Economic Development, Trade and Employment

2013

Launch of *Impact – A Social Enterprise Strategy for Ontario*

“Social entrepreneurs are not content just to give fish or teach how to fish. They will not rest until they have revolutionized the fishing industry.”

Bill Drayton, social entrepreneur, author, *Leading Social Entrepreneurs Changing the World*

Mowat reported its key findings in a Sector Signal report and made four key recommendations:

1. Make procurement opportunities and accessing capital easier for social enterprises by capitalizing on existing opportunities such as leveraging unclaimed properties for community benefit.
2. Strengthen the infrastructure that supports social enterprise through access to intermediaries, private sector funding and new legislation.
3. Support the social enterprise ecosystem by building community and online hubs to connect the sector.
4. Build Ontario’s social enterprise brand by developing shared metrics to measure the social return on investment of social enterprises.

We know that we need an integrated, coordinated and collaborative social enterprise strategy, which is why we developed *Impact – A Social Enterprise Strategy for Ontario*. It was created in consultation with stakeholders, including social entrepreneurs, impact investors, researchers and academics, social innovation networks and hubs, policy makers and regulators.



PARO Presents Store, in Thunder Bay, supports northern women entrepreneurs and artisans. Photo: PARO

PARO Centre for Women's Enterprise

PARO means "I am ready" in Latin and since 1995 this Thunder Bay-based social enterprise has helped thousands of women in Northern Ontario — including Francophone and Aboriginal women — turn their business ideas into reality. The brainchild of entrepreneur Rosalind Lockyer, the PARO Centre for Women's Enterprise began as a women's microcredit fund. Today it is one of the strongest peer lenders of small business loans in North America. It also offers professional development workshops, one-on-one counselling, grant application assistance, and a wide range of training programs in marketing, bookkeeping and financial literacy. PARO has won a number of awards, including the Thunder Bay Chamber of Commerce Award for Business Excellence in the Not-For-Profit category.

La Siembra Co-operative

Co-operatives are often considered to be the original social enterprise. The La Siembra Co-operative in Ottawa was the first Canadian business to promote fair trade practices and counteract the potential exploitative effects of trade on the lives of farmers in developing countries. The creation of three young entrepreneurs who had worked overseas and seen worker exploitation in action, La Siembra sources its cocoa and sugar from 23 producer co-operatives in 11 countries across Central and South America and Southeast Asia to produce Cocoa Camino, its award-winning chocolate product line. La Siembra itself has also won numerous awards, including the 2012 Canadian Fair Trade Award: Cooperative Category from Fairtrade Canada.



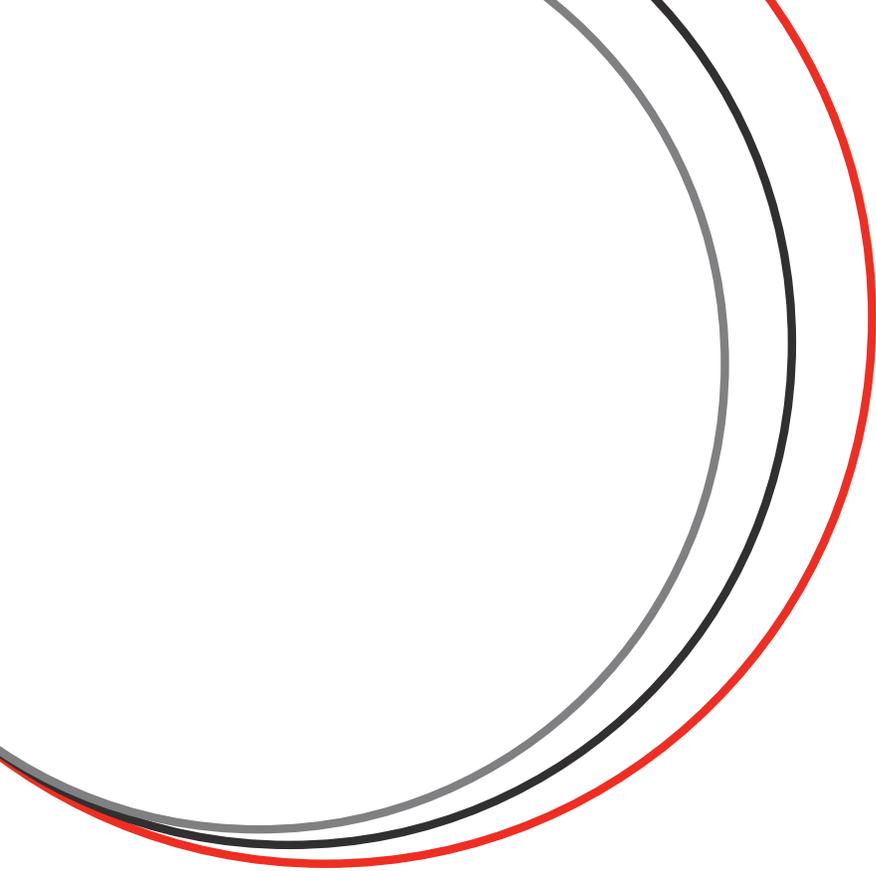
Benito Zapata, cocoa producer farmer member of CEPICAFE, Peru. Photo: Coopérative La Siembra

JUMP Math

Math skills are critical to success in the 21st century economy, but far too many students are falling behind. Enter JUMP Math, a social enterprise founded in 2002 by mathematician and playwright Dr. John Mighton. Convinced that with proper training anyone can be good at math, Mighton developed a program that gives teachers a radically different way to teach students in grades 1 to 8. The results are impressive: last year, a randomized control study found Grade 5 students using JUMP doubled their math knowledge in five months, compared to students in a regular math program. This year, JUMP Math will reach more than 100,000 Canadian students in their classrooms and, with a recent investment by LIFT Philanthropy Partners, the program will be able to keep expanding.



Students enjoy learning with the JUMP Math 'guided discovery' method. Photo: JUMP Math



Enabling and inspiring young social entrepreneurs

A thriving social enterprise sector creates opportunities for the next generation of social entrepreneurs.

At a time when youth unemployment remains stubbornly high, we need to find ways to put the talents of our young people to work in addressing issues that matter to them and their communities.

Impact – A Social Enterprise Strategy for Ontario aims to engage Ontario's young people to become active social entrepreneurs through:

- » experiential learning opportunities, such as the Digital Media Zone at Ryerson University and the School for Social Entrepreneurs – Ontario
- » the Ministry of Economic Development, Trade and Employment's Youth Entrepreneurship Partnerships Program (YEP), which supports entrepreneurship among youth aged 15 to 29
- » Studio Y: A Youth Impact and Leadership Academy at MaRS, a program supported by a \$10-million investment over five years from the Ministry of Children and Youth Services
- » The Ontario Trillium Foundation's Youth Social Entrepreneurship Future Fund Program, which helps young social entrepreneurs by building and strengthening the supports systems and infrastructures available to them.



Ontario is home to Canada's first School for Social Entrepreneurs, part of an international network including Australia and the UK. Photo: SSE – Ontario

In the spring of 2013, the School for Social Entrepreneurs – Ontario (SSE-O) graduated its first class of students. Located in the Regent Park neighbourhood of Toronto, SSE-O is modeled after a successful U.K. initiative. It delivers a unique educational experience where seasoned social entrepreneurs share their successes and failures, and small groups of students problem-solve real challenges by visiting established local social enterprises to learn firsthand about operating a business. The goal is to give young people the tools they need to create social enterprises that will lead to transformational social change.

School For Social Entrepreneurs – Ontario (SSE-O)

Ontario Trillium Foundation

The Ontario Trillium Foundation has earmarked \$4-million in 2012-13 to support Future Fund projects that will focus on youth social entrepreneurship in Ontario. Seven Future Fund projects were launched in summer 2013. One of them, by the Nishnawbe Aski Nation (NAN), will deliver culturally appropriate support and training to help youth in the 40 NAN communities in Northern Ontario to become social entrepreneurs.



Hamoon Ekhtiari received a Trillium grant to connect young social entrepreneurs to capital in Toronto.
Photo: Vince Taloota / Toronto Star

“Young workers and entrepreneurs contribute to our economy and keep Ontario prosperous. They often lead the way in innovation and creativity when they start new businesses, contribute new ideas and share new perspectives. Ontario’s economy benefits from the contributions of talented youth.”

From Stepping Up – A Strategic Framework to Help Ontario’s Youth Succeed, 2013
Premier’s Council on Youth Opportunities

Sure Start Program

With investment support from the Ministry of Economic Development, Trade and Employment’s Youth Entrepreneurship Partnerships program (YEP) the town of Ingersoll is busy training the next generation of social entrepreneurs. Their innovative Fusion Youth Centre takes the fear out of being an entrepreneur by getting young people to participate in three appealing social enterprises: an e-waste enterprise that recycles and rebuilds computers using donated parts, a music recording social enterprise, and a multimedia and graphic design business. All of these social enterprises provide services to businesses in the Ingersoll area. The program also includes workshops on self-management skills, which are the key to success in any business. Since 2009, the Sure Start Program and earlier initiatives have helped 1,500 students between the ages of 12 and 18 develop entrepreneurial thinking and skills.

**One in three
social enterprises
in Ontario
projected
revenues of
\$1 million or
more annually.**

Source: *Social Finance Census*
2010. Ontario Nonprofit Network;
SiG@MaRS

“Traditionally, when faced with a tough social problem, governments and philanthropists write cheques — and then keep writing cheques. This approach is simply not sustainable. We need to find a new model that challenges the conventional wisdom that doing business and doing good work is somehow contradictory.”

Bill Young, founder of Social Capital Partners

Impact – A Social Enterprise Strategy for Ontario

Social enterprise presents a new model for businesses with two goals: to earn revenue and to achieve social, cultural, economic or environmental good.

While social enterprise is gaining a higher profile, there's still work to be done to achieve a wider

understanding of the social business model and create a favourable climate in which social enterprises can flourish.

That is what *Impact – A Social Enterprise Strategy for Ontario* aims to do. It is our \$25-million social enterprise strategic plan for

2013 – 2016 based on four key 'pillars' or focus areas. It will be led and coordinated by the Office for Social Enterprise, working with partners inside and outside of government. The strategy is based on the following four key 'pillars' or focus areas.

The Four Pillars



Pillar 1

1. Connecting, coordinating, communicating

Without a ready and reliable system of services and support, some social entrepreneurs find that they have to work twice as hard to get half as much done.

Government can help by making connections, building networks, and coordinating relevant and related activities across ministries, as well as throughout the sector. We must also communicate as often and openly as we can.

To do this, we will:

- » Promote the Office for Social Enterprise as the lead coordinating body within government
- » Support the social enterprise sector's work on strengthening its coordination so that it is even better positioned to

partner with government and the private sector

- » Support the collection of baseline data on the state of the sector, including job creation and economic impact, through research and knowledge sharing
- » Launch an Open for Business Roundtable process, in early 2014, to identify and resolve administrative and regulatory burdens that may be preventing social enterprises from starting up and scaling up
- » Explore introducing legislation to enable the creation of new "hybrid" corporations (for example, for-profit corporations that are dedicated to a social purpose, and required to re-invest a

portion of profits into that social purpose)

- » Publish an annual report and scorecard to track progress and identify areas for learning and improvement.

Impact – A Social Enterprise Strategy for Ontario will complement a number of other key government initiatives, including:

- » the Partnership Project
- » Ontario's Poverty Reduction Strategy
- » Ontario's Youth Jobs Strategy
- » Ontario's Comprehensive Mental Health and Addictions Strategy.

Co-ops: the original social enterprises

- » **Co-ops are owned/operated to benefit members**
- » **They have been in existence for more than 140 years**
- » **12% of Ontarians belong to one or more credit unions or caisses populaires**
- » **Ontario has 1,300 independent co-ops in 1,900 locations across 400 communities**
- » **11% of co-ops are in northern Ontario**
- » **1.4 million people across the province belong to a co-op**

Source: The Ontario Co-operative Association



Pillar 2



2. Building the social enterprise brand

Social enterprise may represent a powerful new business model, but it's a relatively new concept for most people.

We need to change that. We need to promote and raise awareness of our social enterprise sector to attract the attention of local, national and global impact investors, as well as other partners.

To build Ontario's social enterprise brand we will:

- » Create an interactive web portal where social entrepreneurs can connect with other entrepreneurs and investors, and access services
- » Increase the reach of ONE, the Ontario Network of

Entrepreneurs, to support and promote social enterprises

- » Launch a targeted social media strategy to showcase Ontario's social entrepreneurs to potential investors, attract investment and promote the sector.

Pillar 3

3. Creating a vibrant social finance marketplace

Like all entrepreneurs, social entrepreneurs need money to develop their ideas, test them and bring them to market. If successful, social entrepreneurs will likely need additional financing to expand their product or service and venture into new markets.

Traditional businesses have access to share-offerings or loans. Charities can appeal to individuals, foundations and governments for donations or sponsorships. But this funding is often not available to social enterprises, which rely on earned revenue or equity investors to finance their growth.

Financing is a major concern for social entrepreneurs. In fact, 80 per cent of them identify access to capital as the major barrier to success.

To create an environment that is conducive to social finance, *Impact – A Social Enterprise Strategy* for Ontario will:

- » Deliver an international impact investing conference – the first of its kind in Canada – in Toronto, in March 2014, to give internal investors the

opportunity to connect with Ontario's best and brightest social entrepreneurs

- » Work across government to make new social finance tools available, including crowdfunding
- » Position Ontario as a leading impact investing jurisdiction by promoting the new Social Venture Connexion, the first-of-its-kind, on-line investment platform in North America
- » Pilot one or more Social Impact Bonds – a first in Ontario – by government in partnership with innovative health or social service providers and impact investors
- » Launch the Social Enterprise Demonstration Fund, a new \$4-million fund to pilot social finance projects across the province, working with private sector investors to unlock more capital for social entrepreneurs.



The global opportunity

Respondents to a survey planned to commit \$9 billion USD to impact investing in 2013, up from a total commitment of \$8 billion USD in 2012.

Sources: *Perspectives on Progress*.
J.P. Morgan and the Global Impact Investing Network 2013



Pillar 4

4. Delivering service, support and solutions

One of the big challenges social enterprises face is the lack of reliable, standardized data.

Just how much social or environmental impact is a given social venture having in the community? How does this stack up against other investment-ready social ventures? We don't really know for sure, and this lack of data makes it hard for prospective funders and investors to size up potential investments — and for worthy social enterprises to attract financing from institutional investors, such as banks and pension funds.

To help close this gap, we will:

- » Convene experts to identify challenges with social finance data and recommend how

social return on investment should be measured and reported. This work will help identify what data investors need when evaluating social enterprise investment opportunities

- » Invest a further \$3 million over three years to support SiG@MaRS so that social entrepreneurs can network, measure the impact of their businesses and acquire new skills.

The government will also:

- » Support the Solutions Lab at MaRS, an innovative design centre, as it tackles complex social challenges

- » Integrate social enterprises into government procurement processes through a pilot program for the 2015 Pan Am/ Parapan Am Games by helping them connect and improve their capacity to bid successfully
- » Support Aboriginal economic development by increasing social enterprise opportunities within their communities and by providing Aboriginal social entrepreneurs with links to one another and other social entrepreneurs across the province.

“Addressing core social issues and generating a financial return are not mutually exclusive — and they are both critical to building long-term success. We need to invest in those entrepreneurs who are deliberately and strategically connecting business success with social progress and environmental sustainability.”

Gordon Nixon, president and CEO, Royal Bank of Canada



SVX

The recently launched Social Venture Connexion (SVX) connects social enterprises with qualified impact investors. It's the first online platform of its kind in North America. Spearheaded by SiG@MaRS with funding from the Ontario government and the private sector, this new exchange links social enterprises that are looking for investment with impact investors. During its first year of operation, the goal is to help 10 Ontario social enterprises raise \$2.5 million in capital.

SVX catalyzes impact investment for social entrepreneurs like Seema Pabari, founder of Tiffinday, an eco-conscious food and catering company. Photo: MaRS Discovery District

Niagara Recycling

Niagara Recycling is a successful business that has been providing recycling services to households in the area since 1978. Niagara Recycling provides job opportunities for people with developmental disabilities through its Waste Management Training and Employment program. The company re-invests revenue in the Niagara Training and Employment Agency and other initiatives that support families and people with Autism Spectrum Disorder (ASD) and other special needs. It was created by John Brennan, who wanted to ensure that people like his son, who were deemed by some as 'unemployable', could get training and jobs. Since 1996, Niagara Recycling has contributed approximately \$1.25 million to important social initiatives, including a summer camp for children with ASD and an afterschool respite program for families with children with ASD.



Niagara Training and Employment Agency clients, enjoy meaningful employment at Niagara Recycling. Photo: Regional Municipality of Niagara



Income from paid activities at the Brick Works returns to the community through new programs to improve environmental quality. Photo: Tom Arban

Evergreen Brick Works is an outstanding example of social enterprise in action inspired by Geoff Cape. A collection of run-down heritage buildings in Toronto has been revitalized into a global showcase for green design and urban sustainability. Evergreen Brick Works offers visitors interactive workshops and community festivals, and a full suite of programs combining ecology, design, technology and the arts. The income Evergreen generates from all paid activities on site is returned to the community in the form of new programs and services. Unique in the world, Evergreen Brick Works was named one of the top 10 geotourism destinations in the world by *National Geographic*.

Evergreen Brick Works

Social Enterprise Demonstration Fund

The Ministry of Economic Development, Trade and Employment's \$4-million Social Enterprise Demonstration Fund will provide grant and/or loan funding to early-stage social enterprises in communities across the province. Doing so will build capacity and improve their ability to attract investors. The government will work in partnership with not-for-profit organizations to disburse funds and leverage private sector funding. This fund – the first unique to social entrepreneurs – will provide social enterprises and government with a learning platform for future social finance programs.



IZ Adaptive Clothing owner/designer Izzy Camilleri (I) has developed styles that work for people in wheelchairs. Photo: Keith Beaty / Toronto Star

“The last decade has seen the beginning of a sea-change in perspectives on how business and investment relate to wider social and environmental issues, and we have witnessed the catalytic impact forward-thinking government policy can play in promoting new ways to leverage entrepreneurship and investment to address pressing societal challenges.”

Michelle Giddens, partner, Bridges Ventures, U.K.

Social Impact Bonds (SIBs)

Social Impact Bonds or SIBs are an innovative social finance tool which allows private institutions to work collaboratively with government to deliver social interventions. SIBs have been piloted in several jurisdictions around the world and are typically prevention-focused with payments tied to outcomes. As SIBs are a new tool in Ontario, the government recognizes that there are unknowns and potential challenges to their successful implementation. Our new SIB pilot will be tailor-made for Ontario and will provide the chance to gauge success and evaluate opportunities for future government projects.

Bullfrog Power



Bullfrog Power’s mission is clear: to provide Canadians with easy and practical 100 per cent renewable energy solutions for their homes, businesses and transportation. Bullfrog is a social enterprise founded by Greg Kiessling and Tom Heintzman in 2004 on the belief that consumers have a unique power to change the world, and that it’s important to make clean energy choices available to them. Now, more and more companies and individual Canadians are becoming “Bullfrog powered”, including writer Margaret Atwood, opera singer Measha Brueggergosman, photographer Ed Burtynsky, journalist Seamus O’Regan and chef Jamie Kennedy. Bullfrog advocates for conservation and energy efficiency and donates 10 per cent of after-tax profits to organizations that support environmental sustainability.

Construction of the Ravenswood wind farm near Grand Bend, Ontario. Photo: Jeff Tribe

Catalyst Crowdfunding

Catalyst is Ontario’s first donation-based crowdfunding platform rooted in a real world community of social innovators. Crowdfunding is the use of small amounts of capital from a large number of individuals to finance new business ventures. Catalyst was created by Toronto’s Centre for Social Innovation (CSI). It focuses on raising funds for social enterprises. Social entrepreneurs who make use of the site can also tap into CSI’s shared services and programming to accelerate their success.



Staff member Christine Lefloch (l) and training volunteer (r), at St. John’s Bakery, Toronto. Photo: Peter Power / Globe and Mail



Impact Junk Solutions

Steve Fay, Impact Junk Solutions, a social enterprise of WOTCH Community Mental Health Services in London. Photo: Impact Junk Solutions

At Impact Junk Solutions, the business concept is simple: create jobs for people recovering from mental illness and provide a better alternative for junk removal services. The unique social enterprise was created two years ago by Kevin Dickins, manager of community programs at London's WOTCH Community Mental Health Services in London, and Brent Carr, WOTCH operations manager. Impact's employees collect people's unwanted junk – everything from utensils to furniture, electronics to toys – and offer it to people in need in the community through outlets such as Habitat for Humanity's ReStore, Mission Services and Goodwill. In the process, Impact Junk helps divert tons of material from London's landfill, while giving meaningful employment to people with mental illness who are rebuilding their lives.



HUB Ottawa

HUB Ottawa's motto is "driving innovation through collaboration for a better world." In just over a year, the social incubator has signed up more than 200 social entrepreneurs, professionals, artists and designers. Working out of a shared downtown office, members have access to business support services and can connect with experts to kick-start projects, build partnerships and cultivate new networks. HUB Ottawa is part of a global network of 30-plus open HUBS, with 5,000 members on five continents bettering the world. Fifty more HUBS are already in the works.

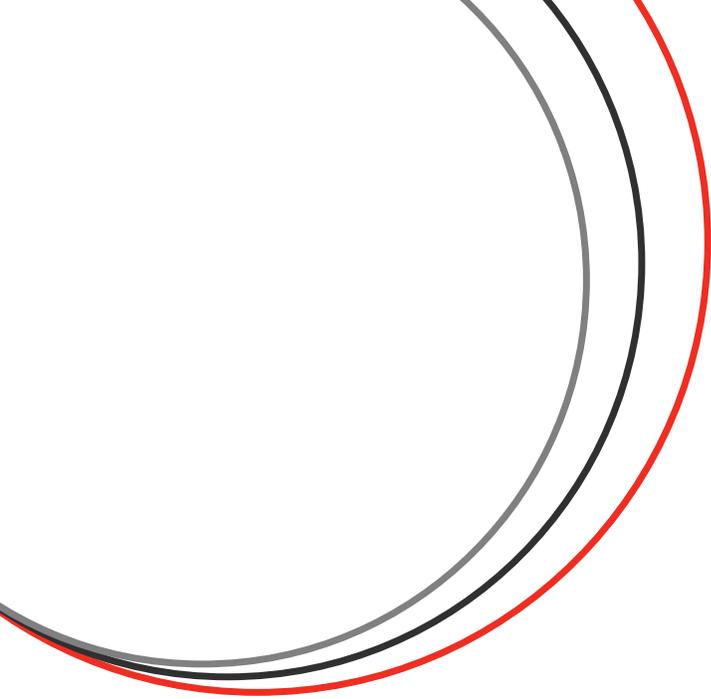
HUB Ottawa offers a sleek new space for innovators, entrepreneurs and artists collaborating for a better world. Photo: HUB Ottawa

La Maison Verte

La Maison Verte (LMV) was founded 30 years ago in Hearst by the women's group l'Association Parnis-Elles. Its mandate was to create jobs for women in the region. Today, it's a thriving operation with six full-time and up to 25 part-time employees who produce vegetables and tree seedlings for greenhouses and supply local markets with tomatoes and bedding plants. LMV also runs a local program where people can buy weekly food baskets and is exploring a partnership with Local Health Units to donate food baskets to single mothers and young families. As La Maison Verte demonstrates, sometimes a good idea can grow into something more.



Louise Talbot, chief technician, La Maison Verte, monitors growth of seedlings for Ontario's reforestation program. Photo: La Maison Verte



“The business entrepreneur improves our quality of life by creating wealth and economic growth. The social entrepreneur improves our quality of life by confronting the inequality that is often the collateral occurrence of free markets. Both kinds of entrepreneurs are necessary.”

The Right Honourable Paul Martin, founder of the Capital Aboriginal Prosperity and Entrepreneurship (CAPE) Fund

The future belongs to Ontario

Today, Ontario is home to some of the most remarkable social entrepreneurs in the world: Dr. John Mighton, who took math and made it fun and easy for kids to learn; Geoff Cape, who turned an abandoned brickyard into a self-financing global showcase for green design and urban sustainability; Rosalind Lockyer, whose PARO organization is helping thousands of women in Northern Ontario start and grow their own businesses; John Brennan, whose Niagara Recycling makes it possible for the “unemployable” to find work; Tonya

Surman whose Centre for Social Innovation is helping to produce the next generation of social entrepreneurs...the list goes on.

By 2016, imagine if thousands more social entrepreneurs are working across Ontario. Energetic, imaginative and business savvy, they’re creating opportunities where none existed before. Their work is making society better. They’re creating jobs and economic prosperity, a more inclusive society, entrepreneurial opportunities for youth, cleaner air, more useable green spaces, and a healthier

environment – and showing the world how it’s done.

That vision is within our reach, but to make it happen, everyone involved — social entrepreneurs, impact investors, academics and researchers, policy makers and regulators, social innovation networks and hubs, and government — will need to work together.

Let’s start working towards that future now.

Glossary

Co-operative: an organization that is owned and run jointly by its members, who share the profits or benefits.

Crowdfunding: an approach to raising capital for new projects and businesses through contributions from a large number of stakeholders. There are three types of crowdfunding models:

1. donations, philanthropy and sponsorship, where there is no expected financial return
2. lending
3. investment in exchange for equity, profit or revenue sharing.

Hybrid legislation: legislation that supports the creation of businesses with features of both profit and not-for-profit corporations.

Impact investments: investments made in companies, organizations and funds to generate measurable social and environmental benefits, as well as a financial return.

Microlending/microcredit: the provision of small amounts of credit or loans to low-income entrepreneurs.

Social entrepreneur: someone who recognizes, creates and leads new business opportunities but is motivated by social goals rather than increasing their personal wealth.

Social impact bonds (SIB): innovative social finance instruments that enable public-private-social enterprise partnerships to deliver social interventions more effectively and sustainably. They are often prevention-focused, with payment to the private sector investors tied heavily, if not entirely, to outcomes.

Social impact measurement: the use of measures to demonstrate that a social change has occurred as a result of a program or initiative.

Social innovation: new ideas and strategies that address pressing social needs, from working conditions and education to community development and health.

Social finance: an approach to managing money that delivers a social as well as an economic return. Social finance includes community investing, microlending, social impact bonds, and sustainable business and social enterprise lending.

For more information on
Impact – A Social Enterprise Strategy for Ontario
and how you can get involved, please visit:

www.ontario.ca/socialenterprise

E-mail: social.enterprise@ontario.ca

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