

# Country Case Studies on Inclusive Business

*Policymakers have expressed interest in learning from peers that have already begun to support inclusive business. To support this request for knowledge-sharing, the G20 Global Platform on Inclusive Business developed a series of short pieces that examine the motivations, institutional coordination mechanisms, priorities and challenges that countries face as they support inclusive business.<sup>1</sup>*

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## Canada

Canada has a growing pool of socially-oriented business policies, many of them focused on social enterprises. As laid out in Canada’s 2015 Economic Action Plan, the Canadian government is committed to supporting social entrepreneurs with innovative solutions and in 2015 announced the implementation of a social finance accelerator initiative to help develop promising social finance proposals.<sup>2</sup> The Canadian government is interested in social enterprises because they have economic impact, address employment barriers, work locally, create jobs, fight poverty, work with diverse communities, and are developing new enterprises. The term “inclusive business” is recognized by some in the government and is commonly grouped into the overarching social economy agenda.

### Box 1: Advice for Fellow Policymakers

- Consider social procurement
- Open small and medium enterprise services to inclusive businesses including to those with a non-profit status
- Create a supportive legislative and regulatory framework
- Increase the technical capacity of inclusive businesses
- Consider the need for capital to help grow inclusive business

### Critical Stakeholders

#### *Federal Level*

Federal level institutions supporting social enterprises have shifted over the past decade. In 2003 a Federal Parliamentary Secretary with a special focus on the social economy was created and in 2004 the Social Economy Initiative was launched. Funding was allocated to support the social economy nationally through capacity building, financing, and research. The program was completed in 2006. In addition to the support for social enterprises, the government has also undertaken supplier diversity efforts to recognize under-represented business communities and connect them to corporations that are actively reaching out to groups not traditionally included in the supply chain. For example, the Canadian Aboriginal and Minority Supplier Council and Women’s Business Enterprise Canada (WBE).

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<sup>1</sup> This document has been prepared by the International Finance Corporation, a member of the World Bank Group, for the G20 Global Platform on Inclusive Business.

<sup>2</sup> [http://www.budget.gc.ca/2015/docs/plan/ch4-2-eng.html#Social\\_Finance\\_Accelerator\\_Initiative](http://www.budget.gc.ca/2015/docs/plan/ch4-2-eng.html#Social_Finance_Accelerator_Initiative)



### *Provincial Level*

Several provincial governments are working to encourage social enterprise, social purpose business, and socially responsible business practices. For example, the Ontario and Manitoba provincial governments launched their respective social enterprise strategies in 2013 and 2015 respectively. Other provinces, such as British Columbia, created a Social Development and Social Innovation Ministry that have a role in promoting inclusive business practices through a range of supporting policies.

### *Ministry of Employment and Social Development Canada (ESDC)*

In 2010 the ESDC was tasked with the responsibility for social enterprise development. ESDC has funded a number of pilot projects that directly and indirectly support the growth and sustainability of social enterprise sector in Canada. In 2011 it implemented a social finance accelerator to help promising social finance proposals become investment-ready, attract private investment, and turn social entrepreneurs' proposals into action.

### *Parliamentary Committees*

Over the past few years, a number of Parliamentary committees have recognized the potential role of social innovation and social enterprise in Canada, including the Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities; and the Standing Committee on Public Safety and National Security.

## **Institutional Coordination**

Canadian institutions use a variety of methods to coordinate on topics related to inclusive business. Notable coordination efforts include:

### *The Canadian Task Force on Social Finance*

Launched in 2010 the task force examines legislative and regulatory barriers to social finance. Member departments include the ESDC, Canada Revenue Agency, and Department of Finance Canada. ESDC leads the social innovation and social finance strategy and established a social enterprise sub-group in partnership with Public Safety Canada.

### *Interdepartmental Working Groups*

Interdepartmental working groups address issues related to topics such as social enterprise, corporate social responsibility, impact investing, social impact bonds, and a community futures fund. These working groups bring together government partners to foster collaboration and maximize outcomes of collective efforts.

### *Bilateral Coordination*

ESDC coordinates directly with federal partners such as Innovation, Science and Economic Development (ISED), Public Services and Procurement Canada, and with Regional Development Agencies.

### *Social Development Partnerships Program and the Homelessness Partnering Strategy*

Many social enterprise projects are undertaken through this program. Active institutions include ESDC, ISED, Global Affairs Canada (GAC), Indigenous Northern Affairs Canada (INAC), and Public Services and Procurement Canada (PSPC).

### **Box 2: Challenges and Successes**

There is currently limited buy-in from government departments to support social enterprises through government policies. For example, including social value as a procurement criterion has been met with much resistance. Additionally, there is a lack of quality data on the number, geographic and sectoral distribution of social enterprises across the country, as well as a lack of quality data and research on the outcomes and impact of social enterprise. This data would bolster the discussion on supporting social enterprise in Canada.

### **External Engagement**

#### *Public Events*

ESDC regularly communicates with social enterprises and sector experts, and participates in local, national, and international social enterprise conferences. In 2015 ESDC supported the Canadian Conference on Social Enterprise, a high-profile annual event that brought together Canada's social enterprise thought leaders and practitioners to gather and share information. The event focused on business development, cross-sector partnerships, and social procurement.

#### *Industry and Academic Networks*

There are many Canadian industry associations and universities which work in the area of corporate social responsibility and sustainability in Canada, including the University of Toronto, McGill University, Ryerson University, and Western University. The Network for Business Sustainability actively brings together the private sector, public sector, and academia across Canada and, increasingly, internationally as well.

### **Box 3: Spotlight on Selected Policy Instruments**

*Social Enterprise Demonstration Fund:* Funded by the Ontario government, the fund provides growth financing for Ontario-based social enterprises. Through the Fund, Ontario will support 11 social finance organizations across the province. These organizations will, in turn, provide loans or grants to early-stage social enterprises, helping them start or grow their businesses. Ontario's \$4 million contribution is expected to leverage more than \$6 million in investment from other sources, including the private sector.

*Community Contribution Company:* A new legal form passed in 2013 in the province of British Columbia, enables creation of a hybrid type of company – one that is for-profit with a socially beneficial purpose. As a result, it provides broader options for revenue generation and to attract investment, however is subject to certain requirements including restrictions on the distribution of dividends to retain profits within the company or to direct profits towards social benefit.

*The Procurement Strategy for Aboriginal Businesses:* Creates preferential public procurement rules at the Federal level for Aboriginal businesses using a set-aside policy.