

Social Finance Breakfast Roundtable Summary

November 22, 2013

Ottawa

Canada's Public Policy Forum convened a roundtable discussion with a select group of senior policy leaders and social innovators. This leadership-level meeting featured the CEO of MaRS Discovery District, Ilse Treurnicht, who presented new research by the MaRS Centre for Impact Investing and Purpose Capital on the state of impact investing in Canada; as well as a brief from the Canadian Leadership for Impact Investing meeting that took place October 2, 2013, in Calgary.

This session complemented the Public Policy Forum's annual Gordon Osbaldeston Lecture which was held the previous evening. Ms. Treurnicht delivered this year's lecture and spoke on the topic of innovation, with a particular focus on the role of social innovation and engagement within the public sector.

David Mitchell, President and CEO of the Public Policy Forum, moderated the roundtable. Marcel Lauzière, President and CEO of Imagine Canada, offered some concluding remarks. A complete list of roundtable participants and the meeting agenda is appended to this report (Appendix B). The discussion was convened under the Public Policy Forum Rule, whereby comments were made on a not-for-attribution basis.

The discussion was wide-ranging, with participants concurring that social finance offers significant, but as yet unrealized, opportunities for Canada. Cross-sectoral engagement and collaboration is necessary to address remaining challenges and barriers in this important field.

What is the state of social finance in Canada?

At a time of increasingly complex societal challenges and tight fiscal constraints, all participants agreed that social finance offers an opportunity for Canada to mobilize new sources of capital to generate positive social and financial returns. Despite recent advancements in the field of social finance, Canada remains in the early adoption stage and has yet to reach a stage of maturity. Participants agreed that transformational change takes time and commitment; as such, it should be viewed as part of a broader learning experience. Some participants have already witnessed such change, reporting that there is increasingly more openness to innovation and more permission to think differently.

What are the challenges facing social finance leaders?

One of the main challenges for the social finance sector, according to participants, is insufficient dialogue between the private, public, and non-profit sectors. Conversations can often remain internal to specific sectors, impeding broader collaboration and the cross-pollination of ideas among stakeholders.

Participants noted that governments at all levels (federal/provincial/territorial/municipal) are often reluctant to engage in and join discussions around social finance initiatives, or feel discouraged from doing so. According to some, this could be, at least in part, due to inflated risk perceptions compounded by a depreciation of the necessity for innovation. In fact, several saw potential government partners shy away from social impact investments when perceived risk was high, even when actual/real risks were low.

To counteract perceptions of high risk, participants stressed the importance of risk management, as well as performance and success measurements. While representatives of governments and other evidence-based organizations emphasized the need for measuring success, they also reflected on the difficulties of doing so. Participants agreed that, in the face of increasing complexity, clear indicators of success are required.

What strategies can social finance leaders adopt to address these barriers?

The need for broader engagement and cross-sectoral dialogue was stressed, particularly the importance of having the federal, provincial, and territorial governments at the table. Potential strategies to improve engagement included lowering risk factors for governments, for example by offering tax incentives. It was also argued that the public-private model of partnership was outdated and needed to be redesigned to better include non-profit organizations (4Ps).

Reflecting on the key recommendations advanced by the MaRS Centre for Impact Investing (MCII), participants were able to identify a series of quick-wins for the federal government. Reducing barriers to impact investing by allowing foundations to invest in Limited Partnerships was seen as a “low-hanging fruit” that could easily be achieved. Some participants also suggested that the Canada Revenue Agency simplify the language surrounding eligible income. Other MCII recommendations were discussed, including:

- Investing in new or existing impact investment funds, using first-loss capital to leverage private impact investment;
- Reviewing the rules pertaining to non-profit organizations and charities under the *Income Tax Act*, with a view to enabling the development of investment-ready social enterprises; and
- Launching a Social Impact Bond (SIB) in a priority policy area within the next two years.

To improve communication, participants emphasized the need to identify champions to disseminate key messages and build momentum. Some recommended nominating social finance leaders who would be in charge of implementing communication plans to help drive public opinion and influence public policy. Participants also recognized the importance of

political leadership, and for a clear social finance mandate from the highest levels of governments.

Finally, it was noted that the discourse surrounding social finance could be rephrased or rearticulated to better represent the actual drivers behind social innovation. Participants argued that social finance could be better represented by anchoring capital to values and putting mutual care, rather than the use of funds, at the centre of the policy dialogue.

What's next?

Participants noted that issues related to social finance have been well-researched and are now well-documented. A multiplicity of recommendations for the private, public and non-profit sectors have already been advanced. Stakeholders from various sectors and regions of the country are now keen to engage in more practical discussions to develop best practices of social finance in Canada.



Social Finance Breakfast Roundtable

Friday, November 22, 2013

8:00 a.m. – 10:00 a.m.

Public Policy Forum Boardroom (Suite 1405-130 Albert St., Ottawa, ON)

Agenda

08:00 a.m.	Welcome and tour de table David Mitchell, President and CEO, Public Policy Forum
08:30 a.m.	Opening Remarks Ilse Treurnicht, CEO of MaRS Discovery District
08:45 a.m.	Roundtable Discussion
10:00 a.m.	Adjourn

Discussion Questions

Three questions are proposed:

- What is actionable over the next three years to propel impact investing to reach its potential?
- What institutional and public policies create barriers to capital flow?
- What needs to be in place for institutional investors to deepen engagement in impact investing through education, product development, and demonstrating market value?

Participant list

Michael Allen

President and Chief Executive Officer
United Way Ottawa

Erica Barbosa Vargas

Manager, Social Finance
The J.W. McConnell Family Foundation

Rhonda Bradley

Senior Advisor, Public Affairs
United Way of Ottawa

Julie Cafley

Vice President
Public Policy Forum

Andrew Chunilall

Chief Operating Officer
Community Foundations of Canada

John Connell

Vice President, Government Relations
Business Development Bank of Canada

Isabelle Couture

Research Assistant
Public Policy Forum

Jeff Dale

Chairman and Chief Executive Officer
Snowy Cloud Inc.

Tim Draimin

Executive Director
Social Innovation Generation

Al Etmanski

President and Co-founder
Planned Lifetime Advocacy Network (PLAN)

Tessa Hebb

Director
Carleton Centre for Community Innovation

Derek Howe

Partner, Finance
Windmill Development Group, Ltd

Marcel Lauzière

President and Chief Executive Officer
Imagine Canada

David McGovern

Senior Assistant Deputy Minister
Employment and Social Development Canada

David Mitchell

President and Chief Executive Officer
Public Policy Forum

Linda Morris

Senior Vice-President, Business Development,
Member and Community Engagement
Vancity Credit Union

Valérie Picher

Senior Manager, Community Relations
TD Bank Group

Joanna Reynolds

Associate Director
MaRS Centre for Impact Investing

Julius Tapper

Manager, Community Relations
TD Bank Group

Brian Toller

Chair, Board of Governors
Community Foundation of Ottawa

Ilse Treurnicht

Chief Executive Officer
MaRS Discovery District