

Ensuring inclusive growth through collective entrepreneurship

Brief presented by the Chantier de l'économie sociale

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## Introduction

2018–2019 promises to be a pivotal year for the federal government in terms of making concrete progress in support of inclusive growth. For this to happen, it must follow through on commitments made during and after the election, including recognition and support for social innovation and social finance in Canada. The government also announced at the time that it would cooperate with those already working to support this inclusive growth. In Quebec, this includes more than 7 000 collective enterprises employing over 210 000 people and generating revenues in the neighbourhood of \$40 billion, which is equal to the combined GDP contribution of the aeronautics, mining and construction sectors.

The social economy brings together collective enterprises in fields as varied as social finance, services for seniors, childcare services, professional integration, technological innovation and the environment. It is an economic force that works for the common good and puts community performance ahead of shareholder return.

Collective entrepreneurship is supported by an ecosystem of organizations offering services for the conception, start-up, development or financing of businesses and to assist with individual and collective capacity building. In some OECD countries, the social economy is supported by the national government and even recognized in framework legislation. This is the case in Quebec, where such legislation was passed unanimously in 2013, reflecting the general consensus regarding the impact of collective enterprises on socio-economic development.<sup>1</sup>

While the Government of Canada is working toward inclusive growth and has committed to the Sustainable Development Goals, it has yet to take concrete action in support of collective entrepreneurship. It is high time that it followed the lead of provinces and OECD countries in fully supporting this form of entrepreneurship to ensure true inclusive growth.

The Chantier de l'économie sociale works with a wide variety of partners to promote and develop the social economy, and as such, is recognized by the Government of Quebec as a privileged interlocutor in this field.<sup>2</sup> With a view to ensuring that such businesses have the same access to federal programs as other businesses, and due to its direct interest in the work of the Social Innovation and Social Finance Committee established by the federal government, the Chantier would like to make the following budget recommendations.

## Recognize and make a constructive contribution to Quebec's social economy

Collective enterprises respond to the needs of communities, and to that end, demonstrate significant potential for technological and social innovation. Like any other Canadian business, they must be able to take full advantage of the support available through Government of Canada economic strategies and programs. The Chantier de l'économie sociale therefore recommends that the Government of Canada:

- **Ensure a fair regulatory and taxation environment**

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<sup>1</sup> [Social Economy Act](#).

<sup>2</sup> The Chantier is a hub of social economy organizations from a variety of backgrounds. The composition and current members of the Board of Directors may be consulted at [Chantier de l'économie sociale](#).

- Make federal business and skills development, training and innovation support programs available to collective enterprises
- Increase the knowledge of public servants responsible for implementing collective entrepreneurship programs in order to simplify the file analysis process and improve access to federal programs for collective enterprises
- Create a unit within government for coordinating these efforts across departments and for reporting on the results
- **Consider the potential and the specific nature of collective entrepreneurship in government commitments to sustainable and consistent procurement**
  - Support initiatives to promote, market and build the capacity of enterprises with significant social impacts, primarily social economy enterprises
  - Finance a centre of expertise in social procurement, and involve organizations and networks with recognized expertise in supporting public institutions and enterprises in the field of responsible purchasing, including in the social economy
- **Capitalize social finance**
  - Reiterate support for the Chantier de l'économie sociale Trust by contributing to its recapitalization, in partnership with the Government of Quebec and other social finance partners in Quebec
  - Encourage private capital contributions and the leverage effect of monies invested in community, cultural and housing infrastructure by supporting the establishment of co-investment funds created and managed at the regional level and adapted to local realities

## Provide the Social Innovation and Social Finance Strategy with adequate resources

Innovation can be technological or social, and both approaches must be supported equitably. The Chantier de l'économie sociale therefore recommends that the government:

- **Provide social innovation processes with budgets equivalent to those for technological innovation**
  - Instill a culture of innovation in government program administration, as set out in the President of the Treasury Board mandate letter, by earmarking 5% of each department's budget for innovation development, both internally and in its field of activity

- Support intermediary structures that foster the emergence and durability of social innovation projects through start-up support, networking and capacity building for promoters, similar to the assistance provided to developers of technological innovations
  - Support social innovation research (study and research grants), including research conducted in partnership with communities, and in this context, use funding to recognize the contribution of partners in the field
  - Recognize and support social innovation among First Nations by promoting their inclusion and adapting funding accessibility strategies to their reality
  - Support community-based digital research and development, in particular through the capacity building of FabLabs and support for the development of collaborative tools and free software
- **Support collaborative projects and initiatives**
    - Support the development of cross-sectoral thematic clusters on key social issues (e.g., aging, green energy, social inclusion) to increase social innovations and create social enterprises
    - Support the creation of a pan-Canadian social innovation knowledge-sharing network to coordinate and promote multi-stakeholder participation and knowledge exchange for the benefit of the community, and by fostering intersectoral collaborations
    - Provide financial support to intermediary organizations at the territorial level (provincial and sub-regional) that are mandated to bring together a set of partners and promote and develop social innovation. These organizations include the Chantier de l'économie sociale, the Pôles d'économie sociale au Québec, and the Canadian Community Economic Development Network
    - Support collective enterprises in the digital sector in developing cooperative and collaborative platforms so as to position Canada as a leader in a collaborative economy that respects workers and serves citizens
  - **Coordinate a national awareness campaign on social innovation and social finance**
    - Encourage and support youth engagement through scholarships, research and internships

Generally speaking, the Chantier de l'économie sociale hopes and recommends that the Government of Canada's next budget will recognize and contribute to Quebec's social economy. It is important that this budget include financial and other means for providing concrete support for strengthening, networking

and developing the ecosystem to support collective entrepreneurship, and more broadly, social innovation, in particular to allow for the emergence of innovative projects that reflect local conditions and respond to local needs.