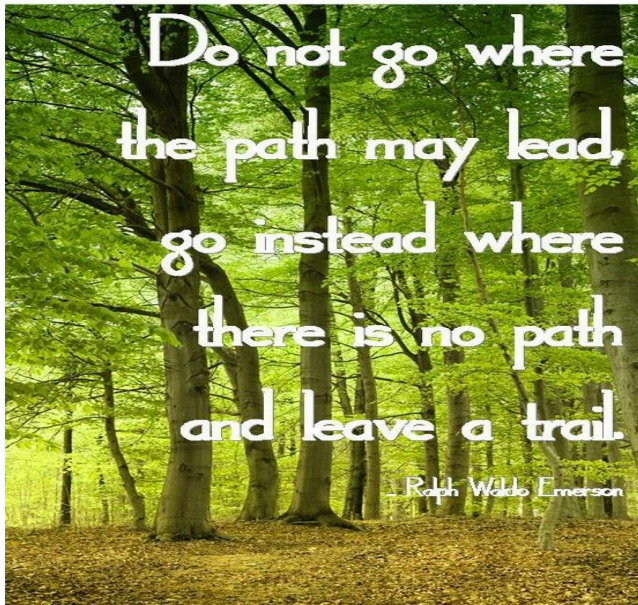




SDG
CAPITAL



Written Submission for the Pre-Budget Consultations in Advance of the Upcoming Federal Budget

By: SDG Capital Corporation

List of Recommendations

Recommendation 1: That the government adopts Agenda 2030 framework, with its 17 goals and 169 targets, and modifies its policies in relation to disbursement of public funds whether by contracts, grants, salaries, infrastructure, etc.

Recommendation 2: That the government implement an annual transparent reporting dashboard using Agenda 2030 framework in relation to disbursement of public funds made every year.

Recommendation 3: That the government allocate infrastructure funding in the amount of at least 20% of public spending for Agenda 2030 to incentivize SDG data gathering, program implementation and impact measurement during the Decade of Action.

Recommendation 4: That the government amend the Income Tax Act and its regulations in order to make clear that programs for the implementation of UN Agenda 2030 framework constitute charitable activities under the ITA.

Recommendation 5: That the government amend the Income Tax Act and its regulations in order to create a Tax-Free RRSP retrieval program to fund SDGs projects lead by impact innovators – similar to tax-free retrieval to pursue higher education.

Recommendation 6: That the government amend the Income Tax Act, its regulations or Revenue Canada' policies in order to introduce Agenda 2030 framework to Not-for-profit and Charity sectors to classify their revenues, expenses, investments, grants, etc....



Body of Submission: Background, Context and References

"The 2030 Agenda is our roadmap and its goals and targets are tools to get there.", - UN Secretary-General António Guterres

Recommendation 1: That the government adopts Agenda 2030 framework, with its goals and 169 targets, and modifies its policies in relation to disbursement of public funds whether by contracts, grants, salaries, infrastructure, etc.

Canada has announced its intention to adopt Agenda 2030 back in 2015 and has yet to communicate its National Strategy. We believe Canada has a unique positioning to build SDG momentum given its leadership in announcing a Social Finance and Social Innovation Fund, which will allow to build the financing infrastructure for Canadian innovators to thrive in service of people and planet. For this leadership to take roots and be effective in our Canadian economy, using the 17 SDGs and 169 targets to disburse public funds become an opportunity to leverage existing tools and common language to foster real innovations in service of people and planet.

We suggest promoting the SDGs as a national opportunity for economic development (#8, #9) which will be relevant to engage citizens, municipalities and provincial governments. Using this language in raising awareness will increase much-needed momentum for the UN Decade of Action. This momentum could be launched by ensuring that incentives are offered to accelerate the adoption of the SDG framework across sectors. Those incentives need to reflect that achieving the 2030 Agenda is a priority for Canada.

Please note that we believe it is important for the Canadian government to be acting not as the implementation leader, but as an enabler for others to join the implementation efforts (SDG#17). This usually can be achieved by modifying existing public policies or creating new ones to address current challenges. Adopting Agenda 2030 framework in an explicit manner will show an example for other sectors to join much needed collective efforts. As well, it is crucial that our Canadian government collaborates with other levels of government and para-governmental organizations.

Recommendation 2: That the government implement an annual transparent reporting dashboard using Agenda 2030 framework in relation to disbursement of public funds made every year.

"If you can't measure it, you can't improve it." Quote from Peter Drucker, Management Guru

Canada has put in place in 2018 an administrative SDG Unit with a very limited budget and slow pace – not a good combination to ensure effective adoption of Agenda 2030 by a complex and siloed government and unaware Canadian citizens. For this leadership to take roots and be effective in our Canadian economy, using the 17 SDGs and 169 targets to monitor public funds in a transparent manner become an opportunity to leverage existing tools and common language to increase trust from Canadian citizens towards public spending.

Recommendation 3: That the government allocate infrastructure funding in the amount of at least 20% of public spending for Agenda 2030 to incentivize SDG data gathering, program implementation and impact measurement during the Decade of Action.

Canada has put in place in 2018 an administrative SDG Unit with a very limited budget and slow pace – not a good combination to ensure effective adoption of Agenda 2030 by a complex and siloed government and unaware Canadian citizens. For this leadership to take roots, we believe that Canada should leverage the 17 SDGs and 169 targets with technology such as AI, ML, Blockchain to monitor public funds in a transparent manner. Obviously, appropriate and non-biases Data gathering becomes paramount to successfully carry this monitoring.

Furthermore, given the transversal and complex nature of SDGs solutions, a key success factor would be the creation of an effective system mechanism that will allow bridging the gap between organizations that have the means to support the 2030 Agenda and the ones that have the ideas and solutions, especially citizen-led innovations.

Large amount of capital is required to advance the 2030 Agenda. We need effective mechanisms to measure individual and collective impact. Partnerships should be primarily focused on unlocking significant patient funding for our collective ambition in Canada.

Recommendation 4: That the government amend if required the Income Tax Act, its regulations and policies in order to make clear that programs for the implementation of UN Agenda 2030 framework constitute charitable activities under the ITA.

Canada has announced its intention to adopt Agenda 2030 back in 2015. In order to foster explicit adoption from the charitable sector in Canada, we believe that there is a need to clarify and confirm that projects for Agenda 2030 implementation in Canada do qualify as charitable activities. Revenue Canada could as well provide guidance to reassure that charitable sector that is very committed to complying with existing laws and regulations. On a global level, the Canadian charitable sector seems to be late in embracing the Agenda 2030 framework and tools.

Using the 17 SDGs and 169 targets to monitor charitable funds in a transparent manner become an opportunity to leverage existing tools and common language to increase trust from Canadian citizens towards public benefits given to the charity sector.

The use of Agenda 2030 framework to monitor flow of capital should also ensure minimizing wrongful or fraudulent uses of money and provide peace of mind to citizens.

Recommendation 5: That the government amend the Income Tax Act and its regulations in order to create a Tax-Free RRSP retrieval program to fund SDGs projects lead by impact entrepreneurs & innovators – similar to tax-free retrieval to pursue higher education with Lifelong Learning Plan (LLP) or for 1st Home-Buying.

Canada has put in place several programs aimed to increase well-being of Canadians with a long-term view. We believe that there is an opportunity to create a new program aiming at supporting innovators trying to solve complex challenges that are included in Agenda 2030 framework, often with a social purpose not attractive for investment from usual funders. Currently, public corporations have access to tax-free financing with their shareholders being allowed to invest their RRSPs to purchase shares. However, this ability is quite limited for other type of innovators, either private corporations or individuals. In order to reduce inequality in this access to tax-free funds while still being careful to avoid fraudulent schemes, we suggest that this new program to support innovators be using the 17 SDGs and 169 targets to monitor adequate activities.

Based on our experience and our global researches, owners of capital (private, foundations, public) are usually looking for 'investment-ready' projects to finance, which means a ton of innovative solutions for the SDGs do not get funded. Given current crisis and understanding that entrepreneurs launching a business, which usually is a long-term project, need to have

an alternative to hoarding debts with interest payments. This SDG Tax-free plan might just be that alternative to provide pre-seed and seed capital.

Recommendation 6: That the government amend the Income Tax Act, its regulations or Revenue Canada' policies in order to introduce Agenda 2030 framework to Not-for-profit (NPO) and Charity sectors to classify their revenues, expenses, investments, grants, etc....

The NPO and Charity (Registered NPOs such as charitable and Foundations) sectors benefit from a corporate tax benefit since their activities are not subject to this type of taxation. In order to increase trust from Canadian citizens towards this benefit provided by current Canadian legislation and policies, we suggest updating the required reporting by introducing the 17 SDGs and 169 targets to monitor funds. In a similar fashion to our Recommendation 2 for Canadian Government, we believe there is an opportunity to leverage existing tools and common language provided by Agenda 2030 framework to increase transparency and better understand which type of projects are being favored by the NPO and Charity sectors. We believe that the legal status of an organization should not limit its ability to secure public or philanthropic funding, but its capacity to generate positive returns for society that are measurable should enable access to much-needed capital.

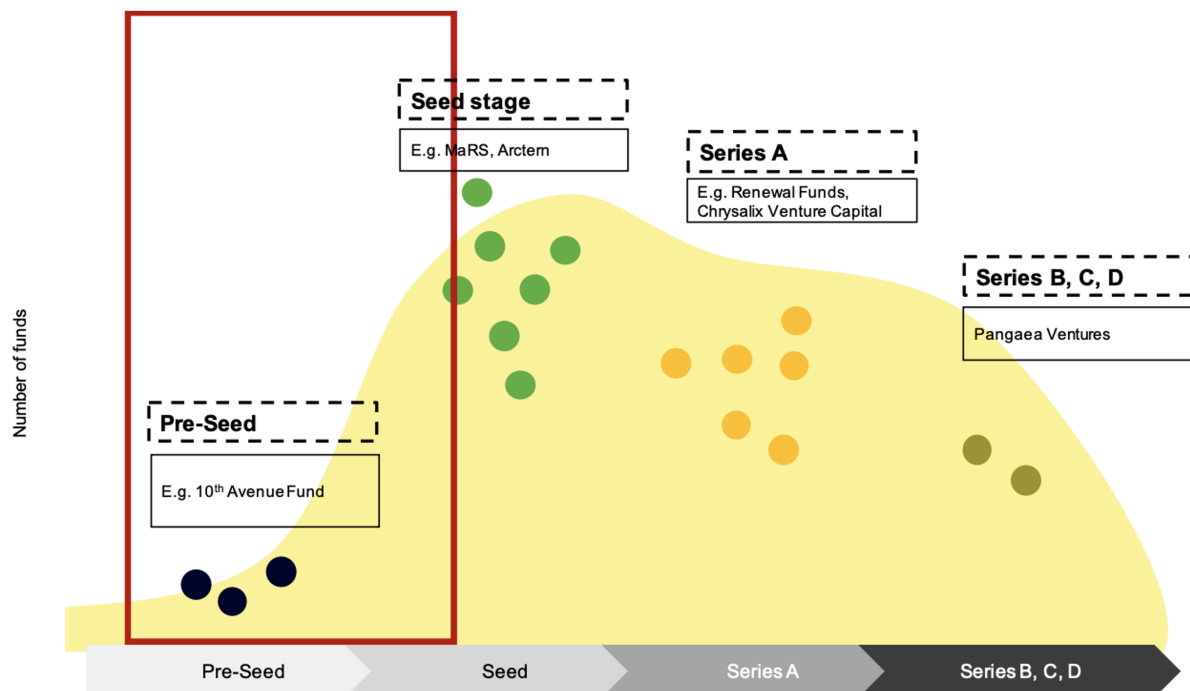
Furthermore, it would be possible to monitor granting from government to ensure reducing inequality in access to federal grants. Please note that the Canada Giving Report 2018 related that 85% of public granting at all levels of government in Canada (municipal – provincial and federal), went to only 1% of charitable organizations. The Partnerships for the Goals must address this financing issue in order to enable new organizations and innovative models to emerge and/or thrive in support of the 2030 Agenda, especially in light of our current challenges.



Reference Materials

Overview : Lack of patient capital to support Social innovations and Entrepreneurship

THERE IS A LACK OF PRE-SEED FUNDING THAT CAN PROVIDE PATIENT SOCIAL VALUE INVESTMENTS



Source: SauderS3i - Social Venture Impact Investing: the Canadian lanscape

About Us:

SDG Capital as UN's partner to accelerate the achievement of SDGs through the Decade of Actions

SDG Capital Corporation is a start-up aiming to assist deploying patient capital in an effective manner to support Agenda 2030 and SDG projects. We work collaboratively to support locally-rooted and globally connected entrepreneurial ecosystems for sustainable and measurable impact. We aim to facilitate multi-stakeholders' joint efforts for systemic changes through building a patient capital infrastructure for impact entrepreneurs and innovators. We are one of the founding members of the 'Consortium Accélérer 2030 pour le Québec' which was officially launched on May 22nd, 2020 during the Together Conference.

In collaboration with Accélérer 2030 pour le Québec and existing national networks, such as Alliance 2030, we are contributing to the creation of a national united front in order to achieve systemic impact with transparency and bridge inter-provincial differences. Our current focus is towards SDG #4, 5, 8, 10, 16 & 17.

Contact information

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Other reference materials

<http://www.accelerer2030.quebec/>

<https://pfc.ca/2030-agenda/>

<https://www.youtube.com/watch?v=cGGsvXthG-w>

<https://pfc.ca/working-with-non-qualified-donees/>