The Future of Social Innovation in Canada

Mark Goldenberg

Research Report W|26
Work Network

November 2004
The Future of Social Innovation in Canada

Report on a Roundtable Organized by
Canadian Policy Research Networks

by

Mark Goldenberg

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This project is funded by the Government of Canada’s Social Development Partnerships Program. “The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.”
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Introduction

Canadian Policy Research Networks (CPRN), with the financial assistance of the federal department of Social Development, organized a Roundtable in August 2004 on the future of social innovation in Canada. Participants came from all parts of the non-profit sector and included representatives from all levels of government and from the research community. The goal of the Roundtable was to develop a vision of what social innovation could look like by 2010, and to propose an action agenda for the next few years. To stimulate discussion, a background paper was prepared entitled “Social Innovation in Canada: How the non-profit sector serves Canadians . . . and how it can serve them better.”

This report summarizes the outcomes of the Roundtable. It will be shared with all participants and will be provided to the department of Social Development.

Discussion Paper: Social Innovation in Canada and the Non-profit Sector

The background paper prepared for the Roundtable notes the leading role that the non-profit sector has long played in social innovation in Canada, dating back to our first hospitals and universities. It describes how the sector is uniquely qualified to foster innovation at the community level, thanks to its in-depth knowledge of the community, capacity to mobilize volunteer and professional resources, creativity and entrepreneurial skills, and the ability to take a holistic approach to social and economic challenges, finding solutions that cut across sectoral and jurisdictional boundaries and limitations.

How the non-profit sector can foster social innovation in Canada:

° Non-profit organizations can deliver services that the state cannot provide as effectively or efficiently and that the private sector cannot be expected to provide, in ways that encourage creative solutions to individual and community needs.

° They are able to implement policies and deliver programs that are “place-specific”, something that government often has difficulty doing effectively.

° They can help develop social capital and a shared sense of citizenship, thereby contributing to the working of a healthy democracy in Canada and to social learning and innovation.

From “Social Innovation in Canada: How the non-profit sector serves Canadians . . . and how it can serve them better”

The non-profit sector in Canada is vast and diverse. It includes hundreds of thousands of organizations, employs almost one million people, and calls upon the enthusiasm and dedication of millions of volunteers. The sector is active in virtually every area of social, economic and community life. It owns important assets, produces a vast array of goods and services, and makes a significant contribution to Canada’s economy.

The paper describes four broad categories of organizations within the non-profit sector in Canada: voluntary organizations; community economic development organizations; social economy organizations; and co-operatives.
The paper also outlines challenges that are faced by the sector, at the very time that it is being called upon to assume more and more responsibilities in society and when new and innovative solutions are urgently needed for deep and intractable problems in communities across Canada. Many of the difficulties the sector is experiencing arise from a recent change in funding approach by government and others that emphasizes short-term, project-based funding - with an increasingly heavy administrative burden - putting at risk the on-going core activities of organizations and undermining their ability to innovate. Inadequate access to capital and start-up funding and to support for capacity-building are other serious challenges.

The federal Budget of March 2004, however, recognizes the important contribution of the sector to society and the economy and offers hope that ways can be found to improve support to the sector and help maximize its contribution.

To move forward on social innovation, a shared vision of the sector and its potential contribution to social innovation in Canada is required, as well as a new framework for support to the sector from government at all levels and other funders.

To this end, CPRN, with financial assistance from the federal department of Social Development, organized a Roundtable in Ottawa in August 2004, bringing together leaders from the non-profit sector, the research community and government to begin a dialogue on a forward-looking vision for the sector and priorities for action.

The discussion paper will be published by CPRN and will be available at its Web site: http://www.cprn.org.

Moving forward on social innovation in Canada

Three dimensions are necessary for an effective framework for government funding support to the non-profit sector:

- One is to get the underlying financial structure right for on-going support to the sector.
- The second is to ensure access to a healthy mix of different kinds of funding, to reflect different needs across the sector.
- A third dimension is to ensure funding modalities that are efficient and effective and provide appropriate accountability to Canadians for results achieved.

From “Social Innovation in Canada: How the non-profit sector serves Canadians . . . and how it can serve them better”
Roundtable on the Future of Social Innovation in Canada

The Roundtable took place over a day and a half, August 19-20th 2004, in Ottawa. The list of participants is included as Appendix A. The Agenda is included as Appendix B.

The first morning, participants introduced themselves and outlined important issues around social innovation from the perspective of their organization or sector. A brief presentation was made summarizing the highlights of the background discussion paper, followed by general discussion. Participants then worked in small groups to identify factors that encourage and facilitate social innovation as well as challenges and opportunities in fostering social innovation in Canada, and shared their ideas in a plenary session. After lunch, participants spent the rest of the day, working together in small groups and in plenary to develop a shared vision of social innovation in Canada, looking ahead to 2010 or even 2015.

On the second day of the Roundtable, participants first re-capped in a plenary discussion the critical issues discussed the previous day, as well as key elements of the shared vision and ideas for moving forward. For the balance of the morning, participants worked in small groups and then in plenary to identify key priorities for action. This included identifying possible actions by government at all levels, non-profit organizations themselves, not-for-profit funders, and research organizations to foster social innovation, as well as the support that each would need from others. The Roundtable concluded with a brief discussion on next steps and closing remarks by Judith Maxwell, President of Canadian Policy Research Networks.

This report summarizes the outcomes of the Roundtable in terms of the following themes:

- Participants’ understanding of social innovation and the factors influencing it;
- The shared vision of social innovation articulated by participants; and,
- Their priorities for future action – by non-profit organizations, governments and others.

Understanding Social Innovation

Participants came to early agreement on a shared understanding of what is meant by “social innovation”. All felt that a broad and inclusive definition of social innovation was required. It was also noted that innovation can take place both in “incremental” fashion through on-going work and activities, and in “explosive” or “radical” fashion through “creative bursts”. Innovation can be “responsive”, as creative solutions are developed to address individual and community needs. It can also be “anticipatory”, looking ahead to future challenges and issues and developing approaches and strategies to address them.
Innovation can occur through the actions and efforts of individuals – some participants described this as “lone wolf” innovation – and can also be led by organizations and institutions.

Roundtable participants identified some of the key factors that can encourage and facilitate innovation, as well as some of the challenges, and noted some of the risks involved. They stressed positive factors such as leadership, supportive policy and regulatory frameworks, and a culture that includes tolerance for risk-taking, as essential for innovation. They emphasized the importance of adequate and appropriate “financing” (as opposed to “funding”) for innovation to occur, stressing the importance of access to financing of different kinds and from different sources. Learning on an on-going basis and in all forms – formal, action-research, evaluation, knowledge networks, peer learning – was seen as essential. The importance of collaboration and partnerships was also stressed, as well as open and effective communications – there is a need to find a “common language” that avoids jargon and gets the message across effectively to the public and funders.

Challenges and issues that were identified in fostering innovation include dealing with “silos” between sectors and among organizations. Intergovernmental/jurisdictional issues were also noted. It was emphasized, too, that innovation often requires “time” and “space” – bringing people together, building relationships – and that “replicating success” may be costly given place-specific needs and situations.

A concern that emerged was that government and other funders could make innovation an “add-on” criterion for access to funding, or be understood by funders to mean “cheaper” ways of doing things.

Participants also placed considerable emphasis on “metrics”. It is essential to be able to “make the case”, to demonstrate “value-added” and concrete results. Work is required on appropriate indicators and measures, recognizing that “success” takes different forms and may require considerable time. A new accountability framework is needed to provide necessary assurances to funders and demonstrate results to Canadians, as opposed to current “inputs-outputs” accountability and ever-increasing and more stringent reporting requirements that tie up organizations’ time and resources.

<table>
<thead>
<tr>
<th>Encouraging and fostering social innovation</th>
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<tbody>
<tr>
<td>Leadership – Champions are needed in all sectors and at all levels</td>
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<tr>
<td>Supportive policy and regulatory frameworks – To empower people at the local level</td>
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<tr>
<td>Tolerance and encouragement for risk-taking, – From government and other funders and within organizations</td>
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<tr>
<td>Appropriate and adequate financing – Access to different kinds and sources of financing (e.g. capital, start-up, capacity-building, on-going, funding to deliver programs, projects and services)</td>
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<tr>
<td>Collaboration and partnerships – And open and effective communications</td>
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<td>Learning – Including action-research, evaluation, peer learning, knowledge networks</td>
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<tr>
<td>“Neutral space” – The opportunity and means to bring people together and the time to share knowledge and information and work together on finding creative solutions to problems</td>
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<tr>
<td>“Metrics” – Measurement and accountability for results. Ways must be found to “make the case”, to show “value-added”.</td>
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A Vision for Social Innovation in Canada

Roundtable participants identified, with a remarkable degree of consensus, the key elements of a future-looking vision for social innovation in Canada and the role that non-profit organizations can play in it. The timeframe identified for the vision was five to six years, to 2010, or even longer, recognizing that action to achieve such a vision must begin now and continue over a period of years, on an on-going basis.

Participants identified some of the key factors for achieving their vision: cultural change that puts decision-making at the local level; continuous learning and information-sharing; and a new governance regime including regulatory reform, better use of the tax system to support social innovation, access to improved financing (e.g. capital, capacity-building and longer-term and community-based funding), and a results-based accountability framework.

Considerable emphasis was placed on the role of non-profit organizations in providing “neutral spaces” and “meeting places” for people to share ideas and work together, and their role in supporting active citizen engagement and a healthy democratic process.

Participants also identified questions and issues that would have to be recognized and taken into account in moving forward. These included the differences between “incremental” and “radical” innovation; the need to define “community” so as to include communities of shared interest as well as geographical and demographic communities; and federal, provincial/territorial and municipal roles and responsibilities. Participants also pointed out the need to address differences between metropolitan Canada and rural and small-town Canada, noting that structures, organizations and needs are quite different.
Priorities for Action

Participants were challenged to propose the key three or four actions that they thought would be most important or have greatest impact to realize their shared vision for social innovation in Canada. Participants identified a very wide range of actions that they considered important. The actions identified most frequently are summarized here. A more complete listing of participants’ proposals is found in Appendix C.

Priorities for action to support social innovation

- Efforts by government and other funders, and within organizations, to foster a culture that encourages risk-taking and innovation
- Actions by senior governments to delegate increased local or place-based decision-making
- Regulatory reform (e.g. treatment of advocacy, directors’ liability) and creative and supportive uses of the tax system in order to support social innovation
- New financing instruments and mechanisms to encourage and leverage support from a variety of sources and in different forms, reflecting and responding to needs across the sector
- A new results-based accountability framework and an improved contracting regime
- Inclusion of community organizations in the Cities and Communities Agenda, with funding directed to them in support of the development of social infrastructure
- A governmental framework (federal-provincial/territorial) to create a supportive environment for innovation
- “Telling the story” – through meaningful indicators and measures and a catalogue of successful innovations
- The development of new infrastructure and mechanisms for the non-profit

Possible actions by different “players”

- Non-profit sector representatives should meet with government officials on the Cities and Communities Agenda.
  - A working group from different parts of the sector should be established to work with government officials on the implementation of the federal Speech from the Throne/Budget commitments to expand access to programming for small and medium-sized enterprises.
  - Funders should review their own practices to improve flexibility.
  - Researchers and the granting councils should provide better support to community-based research and action-research.
  - Research should be undertaken on the process of social innovation, on innovative financing mechanisms beyond government, and on measuring value-added.
  - Governments should work together to improve collaboration to support social innovation and the non-profit sector. Governments should work with the sector on a results-based accountability framework.
Next steps and Closing Remarks

Judith Maxwell, President of Canadian Policy Research Networks (CPRN), thanked participants for their passion and commitment and noted that all were together on a long journey to a supportive environment and full legitimacy for the non-profit sector and the role that it can play in social innovation in Canada. While this had been only one “conversation” among many, it had helped to identify common objectives among the different parts of the non-profit sector and to “move the yardsticks”. The vision that they had developed together was a powerful one, and many of the action items that had been identified were very consistent with that vision and with each other.

She also indicated that CPRN had materials available to support local dialogue activities and other events.
Appendix A – Roundtable Participants

Roundtable on Social Innovation
August 19-20, 2004
250 Albert, 14th Floor, Ottawa, ON

Maureen Adams
Vice-President, Allocations and City Services
United Way of Greater Toronto
Toronto, ON

Olivia Enns
Director, Government Affairs and Public Policy
Canadian Co-operative Association
Co-operative House
Ottawa, ON

Tim Beachy
Chief Executive Officer
United Community Services Co-operative
& Representative of the Voluntary Organizations Consortium of BC
Vancouver, BC

Martin Green
Director
Economic Framework Policies
Industry Canada
Ottawa, ON

Robin Cardozo
Chief Executive Officer
The Ontario Trillium Foundation
Toronto, ON

Jenna L. Hall
Directrice
Développement économique Canada pour les régions du Québec
Montréal, QC

Jacques Carrière
Director, Carleton Centre for Community Innovation
Carleton University
Ottawa, ON

Martin Itzkow
Animator, Voluntary & Non-Profit Sector Organization of Manitoba Inc.
Winnipeg, MB

Duncan Cass-Beggs
Senior Policy Advisor
Human Resources Development Canada
Gatineau, QC

Caroline Lachance
Coordonnatrice adjointe
ÉCOF
Trois-Rivières, QC

Jean Christie
Executive Director
Voluntary Sector Forum
Ottawa, ON

Réjean Laflamme
Directeur général adjoint
Le Conseil Canadien de la Coopération
Ottawa, ON

Beth De Long
Executive Director
Pillar – Voluntary Sector Network
London, ON

Béatrice Landry
Director, Strategic Policy Development
Atlantic Canada Opportunities Agency
Moncton, NB

Rupert Downing
Executive Director
Canadian CED Network (CCEDNet)
Victoria, BC

Eric Leviton-Reid
Caledon Institute of Social Policy
Ottawa, ON

David Driscoll
Chair, CEDTAP, Carleton University
Port Moody, BC

Greg MacLeod
Vice-President
BCA Holdings
Sydney, NS
Appendix B – Roundtable Agenda

Roundtable on
The Future of Social Innovation in Canada

August 19 and 20, 2004
250 Albert Street, 14th floor, Ottawa, Ontario

AGENDA

Thursday August 19, 2004

8:30-9:00 Refreshments

9:00-9:45 Welcome, introductions and agenda

9:45-10:25 Social Innovation in Canada
Highlights of the Background paper followed by Q and A

10:25 Break

10:45-12:15 Social Innovation in Canada (cont)
What we know about social innovation, what factors contribute to the capacity of non-profit organizations to innovate and what stands in the way (issues and challenges).

12:15 Lunch is served in the room

13:00-14:30 Developing a vision of social innovation in Canada
Breakout groups develop compelling visions of Social Innovation in Canada in 2010

14:30 Break

14:50 Developing a vision of social innovation in Canada (cont)
Plenary identification of elements of a shared vision and compelling ideas

16:30 Adjourn
Friday August 20, 2004

8:30-9:00  Refreshments

9:00-9:20  Recap of Day 1: critical issues, key elements of the shared vision, and compelling ideas for moving forward

9:20-10:30 Priorities for action
            Exchange at tables (25min), followed by plenary discussion (45 min)

10:30     Break

10:50-11:50 Priorities for action (cont)
            4 Breakaway groups: not-for profit organizations, governments (all levels), not-for profit funders and research organizations – discuss what they can do to foster social innovation, and what support they need from the others. (30 min)

            Sharing in Plenary (30 min)

11:50-12:30 Final roundtable, next steps and closing remarks
Appendix C – Priorities and Proposals for Action

Priorities for Action Identified by Participants at the Roundtable on the Future of Social Innovation, August 19-20, 2004, Ottawa

Governance and Cultural Change

A cultural shift is required, on the part of government and other funders and within non-profit organizations, to accept and indeed encourage and support risk-taking and innovation.

A key message to government is the importance of local decision-making. Governments need to empower local officials with decision-making authority.

Financing

The non-profit sector must develop a clear and common message on specific changes that are required in funding mechanisms, building on work already done to date (e.g. the Voluntary Sector Initiative). The sector must “speak with one voice”.

New financial instruments need to be developed and tested, e.g. developing a standard for an acceptable default rate on loans. Emphasis should be placed on instruments that can leverage additional investments from other sources.

Financial instruments need to be varied - including “capital”, “seed” and “core” funding, support for start-up and capacity-building – and flexible, e.g. look at “collective assets” when considering bridge funding.

Financial support must also be provided for providing “neutral space” and “meeting places”, facilitating community dialogue, knowledge dissemination.

The commitments in the federal Speech from the Throne and 2004 Budget should be used in part to fund pilot projects on innovative approaches to financing community development activities.

Regulatory and Tax Reform

Regulatory reform is needed to promote social innovation by the non-profit sector, e.g. modernizing and expanding the definition of “charity”, perhaps responding to more hybrid-type organizations along the lines of European Union and United Kingdom models.

Reform of the Corporations Act is required (e.g. to address the special circumstances regarding directors’ liability in non-profit organizations).
Tax changes and reforms are also urgently needed to remove impediments and barriers and encourage social innovation and investment in the non-profit sector.

**Federal-Provincial/Territorial-Municipal Collaboration**

A governmental framework should be developed by the federal and provincial/territorial governments on creating a supportive environment for social innovation, building on the work already done through the Voluntary Sector Initiative. This work should be undertaken by governments, in consultation with the non-profit sector. It should eventually include the municipal level of government as well.

The Cities and Communities and Infrastructure Agendas should also include and support social innovation and the non-profit sector, e.g. “social infrastructure”. Federal resources should reach beyond cities and local/municipal governments to communities themselves and community organizations. This should be reflected in the financial tools and governance regimes that are put in place for these Agendas.

**Within the Non-profit Sector**

New and additional infrastructure and mechanisms are needed for the non-profit sector to enable it to come together at all levels (national, local and provincial/territorial), share information and knowledge, and speak with a common voice.

Non-profit organizations should work to reduce administrative and overhead costs by pooling, wherever feasible, administrative and support functions (“back-office” functions)

New mechanisms and support for collaboration within the non-profit sector are required, e.g. for training, technical assistance, networking and peer learning among practitioners at the grassroots level.

There is a need for a “meeting” place or “think-tank” or institute, outside government, to undertake research, disseminate information and “market” social innovation in the non-profit sector, e.g. explore the development of hybrid organizations that are not charities and that combine a business or economic model with non-profit orientation.

It is critical to be able to “tell the story” effectively about the non-profit sector and how it contributes to social innovation. This should include demonstrating return-on-investment and value-added, through the development of appropriate measures and indicators (“metrics”), as well as “catalogue” or “inventory” of examples of successful social innovation led by non-profit organizations.
Possible Actions by Different “Players” and Supports Needed from Others

Social Entrepreneurs

Establish a working group from different parts of the sector to work with the federal government to implement the Speech from the Throne and federal Budget 2004 commitments to open up for social economy organizations access to programs for small- and medium-size enterprises, including financing and tax instruments.

Meet with officials working on the Cities and Communities Agenda to seek to make sure that the Agenda is inclusive of communities and community organizations.

Undertake in dialogue at the regional level to engage all parts of the non-profit sector (voluntary, community economic development and social development organizations and co-operatives) in developing strategies at the provincial and territorial levels.

Funders

Provide support for significant regulatory change in order to better support social innovation.

Ensure greater flexibility in funding programs and processes, including re-examining application forms and procedures, and accountability mechanisms. Encourage their own boards of directors to show more flexibility.

Look at successes and failures, what has been funded and what has not been funded, and what can be learned and shared from these experiences.

Collaborate more with other funders.

Non-profit Organizations

Examine sector structures at the national and regional/provincial-territorial levels to build the capacity for organizations to come together, convene meetings, share information and knowledge, coordinate and work together, as well as better tailor efforts to fit with local needs.

Develop a strategy for the next 18 months, with a particular focus on the Cities and Communities Agenda.
Researchers

Provide more support for community-based research and action-research. Funding should be directed to community researchers. The granting councils should recognize community researchers as eligible for funding.

Engage in dialogue with academics and researchers on the legitimacy of action-research.

Ensure that the results and lessons learned of self-evaluations are captured and disseminated. Funders should facilitate this by explicitly building in funding for evaluation and dissemination activities and ensure that lessons learned are made more widely available.

Undertake substantive research on the process of social innovation and how it occurs, including applying theoretical concepts through demonstration projects.

Examine innovative financing mechanisms beyond government.

Pursue the “teaching” of social innovation to students and organizations, and encourage graduates to pursue work in social innovation and social enterprises.

Provide support community researchers, eg. through access to ethical research strategies.

Governments

Improve and enhance federal-provincial/territorial collaboration, including developing a common diagnostic and actions to support social innovation through the non-profit sector. Collaboration could include looking at regional and local fora, research, training, and how to make place-based models work.

Governments need and are looking to get from the non-profit sector clear and specific advice on regulatory reform and financial instruments.

A results-based management and accountability framework is key. It should be simple and less onerous. It will be important to agree on the kinds of information required. Agreement on indicators and measures can in itself encourage social innovation.