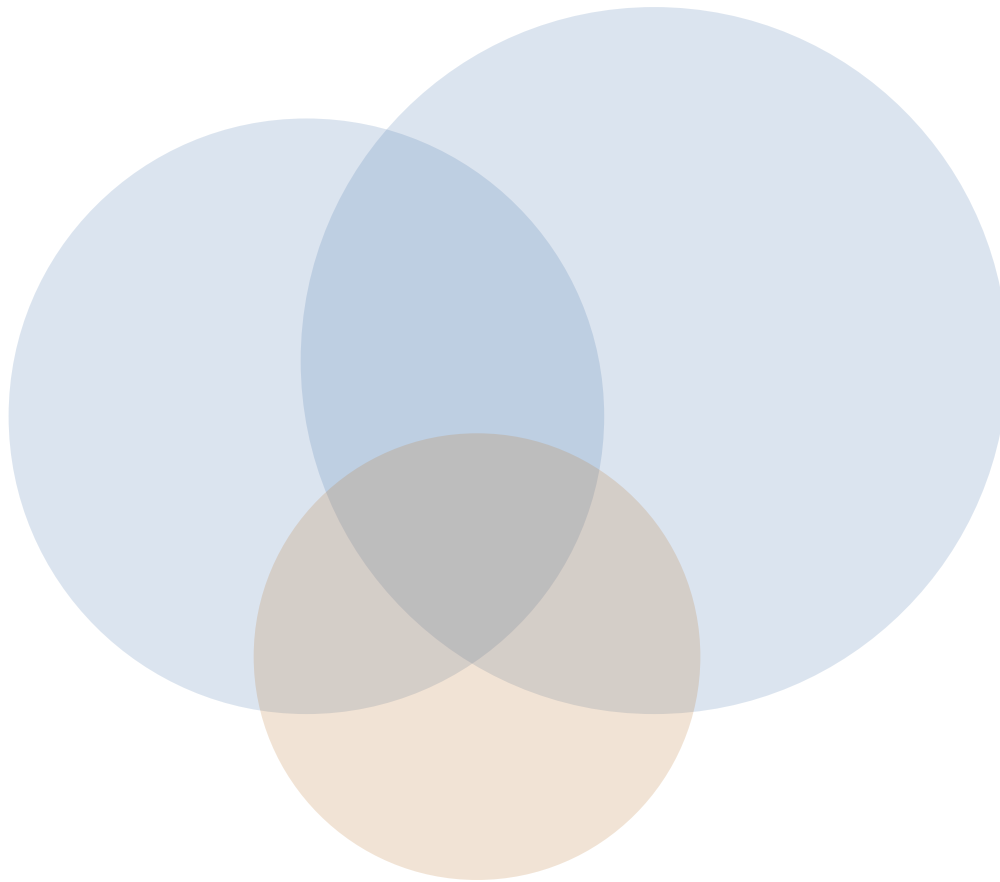


Manitoba Social Enterprise Strategy

A STRATEGY FOR CREATING JOBS THROUGH SOCIAL ENTERPRISE



ACKNOWLEDGEMENTS:

This document was co-created by the Canadian Community Economic Development Network and the Government of Manitoba, in direct consultation with Manitoba's social enterprise sector. We are grateful to everyone who gave their time and energy to the creation of this strategy. Special thanks goes to Darcy Penner for writing the document, and Garry Loewen for facilitating the community consultations.

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MESSAGE FROM CCEDNET

The members of the Canadian Community Economic Development Network – Manitoba (CCEDNet – Manitoba) are committed and passionate community advocates and developers. Dedicated to creating fairer, sustainable and healthy communities through community-led work, these people and organizations are consistently innovating through new practices and approaches to achieve this broad mission.

One innovation is the emerging field of social enterprise. While nonprofits starting businesses is not a panacea for all our social problems, this is an exciting and engaging approach where organizations shift the dynamics of traditional business to a focus on blended value, community ownership, and social impact. This trend is emerging across Canada, and we can proudly say that Manitoban social enterprises are leading examples of using business practice to address collective issues.

Part of what makes this work successful in Manitoba is a robust and growing social enterprise eco-system. This includes the wide variety of community-led social supports, business developers, networks like CCEDNet, growing connections to the private sector and a supportive provincial government. After the Social Enterprise Working Group (a group of Winnipeg practitioners hosted by CCEDNet – Manitoba) met in 2013 to brainstorm a strategic approach to scaling up the impact of our social enterprise sector, CCEDNet – Manitoba asked the Province of Manitoba to co-create and co-produce a Manitoba Social Enterprise Strategy (MSES), focusing on creating employment opportunities for people with barriers to employment. While this Strategy will be a roadmap for sector development, it is crucially a co-created plan where our government partners have listened to the community and examined where further support can be created or leveraged.

The Strategy laid out below focuses especially on those social enterprises that provide training and employment opportunities for people with barriers to employment. The incidence of poverty and unemployment in our province is an issue that needs dedicated and ongoing action that includes but is by no means limited to growing social enterprises. Our sincere belief is that by implementing the following recommendations, we will see more supportive jobs created and more pathways out of poverty realized. Communities in Manitoba have identified this approach as one way they can succeed, and this is one way that we can support community-led and -owned opportunities.

We are thankful for all the members, partners and community leaders who gave their time and input towards this document. We are also thankful for our co-creators at the Province of Manitoba who have been dedicated partners in this work.

We look forward to moving from co-creation into co-production. The implementation of this Strategy and the resulting development of networks and enterprises have tremendous potential to contribute to fair, equitable and sustainable communities.



Sarah Leeson-Klym
Regional Director



Darcy Penner
Social Enterprise Policy & Program Coordinator

MESSAGE FROM THE PROVINCE OF MANITOBA

The Manitoba Social Enterprise Strategy reflects a concerted partnership effort to reduce poverty and promote social inclusion by creating job opportunities for those facing systematic barriers to work. This Strategy has been led by a joint community-government steering committee, bringing together long-time social enterprise developers and managers with key government representatives responsible for employment, training, and community development program delivery. We look forward to a continued partnership to implement this detailed plan of action for growing the number of jobs created by social enterprise.

Manitoba has experienced steady economic growth and, despite broader global economic uncertainty, has continued to produce favourable economic conditions. Economic growth is generally above the Canadian average, with Manitoba growing at the third fastest rate from 2009 to 2013, and we consistently have the third lowest unemployment rate in Canada. This has led many businesses noting over and over that finding new workers is their biggest barrier to growth. Manitoba is also one of the most affordable places to live in Canada, in part thanks to our low hydro, auto and home heating rates, delivered by publically-owned Crown corporations, who create jobs in our province and share the economic benefits with all Manitobans.

Despite this strong foundation, not all Manitobans are fully able to participate in our economy and communities, and demand from the private sector for new workers has not automatically translated into jobs for the lowest income Manitobans wanting to work. While targeted income supports such as Rent Assist, child benefits, and Employment and Income Assistance exist to support those most in need, these are not sufficient for all Manitobans to escape poverty.

These two challenges – reducing poverty and growing the labour force – when viewed together, inspire a multitude of innovative solutions that can help meet the growing labour needs of the economy while reducing poverty and increasing social inclusion, by targeting training and employment supports to those most in need.

Social enterprise is one of those inspiring solutions. As a revenue-generating business that is focused on a social mission, and not simply on maximizing profits, social enterprise provides an innovative vehicle to create jobs, train workers and provide opportunities to those who otherwise might not have been given a chance. By providing a path to work that otherwise may not have been there, social enterprise changes lives, families and communities.

We thank all those who volunteered their time, effort and input into supporting the development of this strategy, and look forward to working together with CCEDNet and the broader social enterprise sector, creating good jobs and opportunities for Manitobans.

Original signed by,

Honourable Kevin Chief,
Minister of Jobs and the Economy

Honourable Kerri Irvin-Ross,
Minister of Housing and Community Development, Minister of Family Services

INTRODUCTION

“Manitoba social enterprises, such as BUILD and ImagineAbility, have a proven track record of helping people – who may have never held a job – enter the workforce. This year we will work with social enterprises to create a comprehensive strategy to grow the sector and create more first jobs.”

2014 Manitoba Budget Address

Social enterprise has been a growing practice in the non-profit sector, with innovators seeing value in using the market to accomplish social goals and governments showing increased interest in this model for pragmatic solutions to social issues. In Manitoba, CCEDNet’s members have focused on social enterprise as a vehicle for poverty reduction through supportive job creation. Following the 2013 Social Enterprise World Forum in Calgary, CCEDNet – Manitoba convened the Social Enterprise Working Group to consider what it would take to strategically scale up the impact of social enterprise in Manitoba. That meeting resulted in a policy resolution approved by CCEDNet – Manitoba members later that year asking the Province of Manitoba

to work with the community to co-create a strategy to grow social enterprise. Although social enterprises address a wide range of issues and exist in a wider range of sub-sectors and industries, members focused on job creation for people with multiple barriers to employment.

Along the same timeline, the Manitoba government has also been working on job creation. In 2012, the province set a target of adding 75,000 new workers to Manitoba’s economy by 2020. The 2013 Speech from the Throne set out an ambitious skills agenda focused on jobs creation, growing the Manitoba economy and creating opportunities for young people. The province has also been undertaking structural changes to better

align training resources with its poverty reduction and social inclusion activity. In 2012, responsibility for Employment and Income Assistance was moved into the Jobs and the Economy department, and in the spring of 2013, the province released its Strategy for Sustainable Employment and A Stronger Labour Market, outlining a new strategic vision for these efforts. After bringing CCEDNet – Manitoba’s policy resolutions to the attention of the relevant Ministers, the Province of Manitoba made a commitment in Budget 2014 to work with social enterprises to create a comprehensive strategy to grow the sector and create more first jobs, noting the value and opportunity presented by social enterprise.

What is Social Enterprise

Social enterprises are non-profit organizations that use a business model to realize social, cultural and environmental outcomes, such as fostering a more sustainable environment, providing important community services like child care, generating revenue for non-profits or creating jobs and training opportunities for people with barriers to employment. Some social enterprises are programs or for-profit subsidiaries of parent organizations, while others encompass the whole

operation of a non-profit. Social enterprises have proven effective at delivering community-led, sustainable solutions to the complex problems facing our communities while making up a large and growing proportion of our local economy.

In 2013, CCEDNet – Manitoba updated a survey of the size and scope of the social enterprise sector, first completed in 2010. The 125 social enterprises that responded were from a broad range of enterprises,

including those with a different purpose than a focus on employment and training. These enterprises generated at least \$63.6 million in revenues, including at least \$49.3 million in sales. They paid at least \$34.4 million in wages to more than 4,450 people, of whom 3,550 were employed as part of the broader mission of the organization. These enterprises also trained 8,350 people and involved 6,480 volunteers.

Poverty & Unemployment in Manitoba:

Some Manitobans live with inadequate incomes and face barriers that prevent them from fully participating in our communities. Aboriginal people, newcomers, people with disabilities, people with mental health challenges, single parents, single seniors and women are more likely to live in poverty.¹

Unemployment is a major cause of poverty for many of these communities. People with barriers to employment are often shut out of the traditional work force for

reasons ranging from a lack of high school graduation, to lower level language skills, to historical and continuing discrimination. Far too many Manitobans who want to work are prevented from finding employment, and increasing the scope and impact of the social enterprise sector can play a key role as part of a comprehensive solution to this problem. By connecting multi-barriered individuals to a comprehensive program of social supports and job training, social enterprises have proved effective at providing a sustainable hand up.

These innovative businesses reduce poverty, reduce crime, grow our labour market, increase our tax base and decrease the costs associated with health care, justice and social services. Increasing these positive impacts is dependent upon these enterprises scaling up and expanding in a supportive environment. Fostering a robust social enterprise sector in Manitoba requires a strategic approach to ensure the necessary, supportive ecosystem is in place.

A Strong Foundation

The best and most sustainable path out of poverty is in supporting individuals who face barriers to entering the labour market, for those who are able to work. That journey is unlikely to succeed without basic needs being met. Individuals working with social enterprises to get a foothold in the workforce require safe and affordable housing, basic income supports and accessible childcare, and those with mental health and addictions issues will require appropriate services to help them gain the stability they need to move forward.

All Aboard is Manitoba's poverty reduction and social inclusion strategy, which formalizes and builds upon poverty reduction efforts already underway in the province. The All Aboard strategy outlines seven priority areas, including:

- Building Blocks for Employment;
- Targeting Supports for Those Most in Need;

- Food Security;
- Housing;
- Closing the Gap for Aboriginal Manitobans;
- Creating Opportunities for Youth; and
- Providing Early Childhood Development and Parenting Supports

Some key All Aboard initiatives in 2014 include:

- continuing to build and sustain the supply of social and affordable rental housing;
- providing targeted training and workforce development supports;
- improving income supports and introducing new benefits such as Rent Assist;

- expanding access to childcare and supports for early childhood development; and
- enhancing support for food security initiatives.

While this social enterprise strategy documents specific recommendations to grow and expand the number of social enterprises so that more Manitobans can access employment, all partners recognize that this strategy will not succeed without continued investments in supporting low income Manitobans with income supports, accessible childcare, safe and affordable housing, and targeted health and social services, as outlined in All Aboard.

For more information on All Aboard please go to: www.gov.mb.ca/allaboard

¹ All Aboard: Manitoba's Poverty Reduction and Social Inclusion Strategy, Annual Report 2012/13 (September, 2013), Government of Manitoba.

THE STRATEGY

Co-construction & Co-production

The Manitoba Social Enterprise Strategy (MSES) is a co-constructed strategy developed by Manitoba's social enterprise sector and the Province of Manitoba. This partnership saw the sector and the province come together with equal representation on a steering committee and in the consultation process to develop, evaluate and prioritize action items for non-profit, public and private sectors.

Working with the MSES Steering Committee, CCEDNet – Manitoba and the Government of Manitoba co-hosted two consultative sessions with social enterprise stakeholders. The first identified and confirmed the strengths and needs of the social enterprise sector, and brainstormed what actions could be taken to best support strengths and address needs. Using feedback from community consultations,

information found during best-practice research and government program review, along with expert consultations, CCEDNet – Manitoba and the Government of Manitoba drafted a strategy to be taken back to key stakeholders for further consultation. The result is a comprehensive collection of policy recommendations, finely tuned to the strengths and opportunities of the Manitoba social enterprise sector.

The Six Pillars of Social Enterprise Development

In 2008, the Social Enterprise Council of Canada developed a policy and development framework focused on the most immediate needs of the social enterprise sector. Known as the Six Pillars of Social Enterprise Development, these policy areas have been repeatedly demonstrated as necessary and effective

areas of development for a healthy social enterprise eco-system.

The MSES was designed utilizing the framework provided by these pillars of development and provides an inventory of concrete policy and program recommendations for each pillar

of development. These development pillars and the recommendations are not isolated from one another and will have varying windows of opportunity and need. Therefore, an integrated approach for implementation is necessary, as all the pillars need to develop together for greater success in social enterprise development.

Vision and Purpose

The vision for this strategy is the creation and support of strong and growing employment-focused social enterprises that provide training

and employment opportunities for those who need it the most.

The purpose of the strategy is to

collaboratively create an inventory of concrete and relevant proposals to help accomplish this vision.

Ongoing Consultation and Going Forward

The MSES Steering Committee agreed to first aim for a completed strategy to be ready for consideration in the 2015 provincial budget process. In spring 2015, CCEDNet – Manitoba and the Government

of Manitoba will review what was successfully incorporated and what needs further development. By June of 2015, the Steering Committee will reconvene, report back to the community, and make

a long-term plan of action for ongoing development and prioritization of the strategy's recommendations.

Pillar #1

ENHANCE ENTERPRISE SKILLS

Blending innovative business operations with social outcomes requires a unique set of management and governance skills that are not common in traditional for-profit and non-profit communities. Manitoba has seen a grassroots growth in education and training opportunities for this emerging business model, helping the non-profit sector and experienced business managers integrate social values and business operations. Social enterprises need on-going learning opportunities along the entire business development path, from early learning and feasibility through business planning and into operations. Supporting the community-organized best-practice programs being developed will enhance the existing strength in the social enterprise sector and foster more successful businesses providing for our communities' needs.

SECTOR NEEDS: ONGOING LEARNING OPPORTUNITIES TO BUILD THE SPECIFIC MANAGEMENT SKILLS NEEDED TO BLEND FINANCIAL AND SOCIAL GOALS.

► Examples of existing resources targeted at social enterprise:

- **Enterprising Non-Profits – Manitoba (ENP-MB)**, a national collaboration that promotes and supports social enterprise development and growth, and administered provincially by CCEDNet – Manitoba, that since the fall of 2012 has hosted 5 *Build and Grow Your Social Enterprise* workshops attended by over 120 people.
- **SEED Winnipeg** provides business development training and ongoing consultation for small businesses, including social enterprises, whose development they have supported. The business services include full business development training during feasibility research stage and then one-to-one consultations for business plan design if feasibility research is positive. Technical assistance and ongoing consultation is provided after launch of the business.
- **Futurpreneur Canada**, formerly Canadian Youth Business Foundation, provides entrepreneurs ages 18-39 with low-interest financing, mentorship and access to business tools and resources and offers new business resources such as non-profit business plan samples, social purpose business plan samples and social purpose business video series for social entrepreneurs and non-profits. This initiative is delivered in partnership with Trico Charitable Foundation and coaching support is provided by Enterprising Non-Profits Canada (ENP). Entrepreneurship Manitoba (Province of Manitoba Department of Jobs and the Economy) is a Community Partner of Futurpreneur Canada providing business plan review services and business advisory services to Futurpreneur clients.
- Post-secondary institutions such as **The University of Winnipeg** and **University of Manitoba** offer a limited number of courses on non-profit management, community economic development and social enterprise development. **Red River College** offers a CD/CED diploma that includes a component on social enterprise development.

► **Capacity and Demand:** The level of assistance required by individuals and organizations starting social enterprises is often greater than existing programs offerings targeted specifically for social enterprise permit.

- **ENP-MB** has consistent and ongoing interest in their workshops. There is an identified need for more advanced learning around different steps on the development path, specific business skills and leadership/management training. There has also been identified interest in development supports outside of Winnipeg that cannot be met without travel subsidies or support for long-distance delivery methods.
- **SEED Winnipeg** has continual uptake for its business development programs by social enterprises. However, its largest demand from social enterprises is ongoing

business consultation and mentoring services after the launch of the enterprise, which it does not have sufficient resources to meet.

- There is currently no program that offers advanced management training for social enterprise in Manitoba. The University of Winnipeg offers two courses on social enterprise through its Urban and Inner City program, and Red River College's CD/CED program includes a social enterprise component.
- **Futurpreneur Canada** services delivered through Entrepreneurship Manitoba has the capacity to service more clients through existing operations.

► **Examples of existing resources not targeted at social enterprise:**

Existing business development service agencies can currently provide social enterprises with general purpose business supports. These organizations and programs include:

- **Community Futures:** Assists rural and northern entrepreneurs with preparing and assessing business plans and provides business and market information. CF can provide services to social enterprises,

and some have provided business consultations and financing.

- Government of Manitoba programs:

- **Entrepreneurship Manitoba** offers general business counseling, a business plan review service and a business review and advisory service. EMB also offers business seminars and webinars and a three-day Business Planning Workshop. This knowledge assists entrepreneurs with market research. EMB also hosts a Social Enterprise Webportal linking social entrepreneurs to existing supports and services.

- **Manitoba Agriculture, Food and Rural Development (MAFRD) Growing Opportunities (GO) Offices and Centres** are front-line delivery locations that provide a wide range of business development services to agricultural-based businesses and organizations.

- **Communities Economic Development Fund (CEDF)** is a Manitoba Crown corporation administered under the Communities Economic Development Fund Act (1971).

CEDF provides business development services and financial assistance programs to any client in northern Manitoba and to any Aboriginal client throughout Manitoba except within the City of Winnipeg.

- **Manitoba Marketing Network** provides monthly seminars/ workshops and expert advice in the area of marketing. The non-profit is funded by Entrepreneurship Manitoba. The executive director is also a business consultant for Entrepreneurship Manitoba.

► **Examples of potential programs targeted at social enterprise:**

- **CCEDNet – Manitoba and SEED Winnipeg**, are exploring options for providing a social enterprise management certificate, earned through completion of a program that includes 6 full-day workshops, 6 web-based conferences and ongoing coaching for areas in: planning and demonstrating value; managing multiple priorities; managing a diverse workforce; engaging external stakeholders; financial management; and marketing and sales.

RECOMMENDATIONS:

- 1 Support community-organizations to provide more business development workshops, grants, and consultation services to contribute business acumen skills to staff capacity for new and existing social enterprises. This is needed in the development phase, as well as ongoing consultation and mentoring services once enterprises have launched.**
- 2 Ensure business supports are in place for social enterprises across Manitoba by strengthening and promoting existing supports, resourcing Winnipeg-based supports to service more of Manitoba, and broadening the scope of existing non-rural business development organizations to include social enterprise.**

- .3 Partner with various business networks (Manitoba Chambers of Commerce, Women’s Enterprise Centre, Aboriginal Chamber of Commerce, etc.) to encourage connections between the business sector and community sector in order to:**
 - .3.1 Provide mentorship and pro bono business consulting opportunities for social enterprise managers; and**
 - .3.2 Connect professionals with industry experience to social enterprise management opportunities.**
- .4 Ensure social enterprises are accessing existing business consultation services by:**
 - .4.1 Better promoting that non-profits are eligible for these services; and**
 - .4.2 Providing support to existing business development organizations to assist non-profits in navigating existing resources. This could include a new resource (website or booklet) to help business development organizations provide initial advice and support for non-profits seeking to develop a social enterprise.**
- .5 Explore ways to attract business students to the social enterprise sector, such as:**
 - .5.1 New business courses on social enterprise in Manitoba post-secondary institutions;**
 - .5.2 Awareness campaigns (e.g. Bus Crawl);**
 - .5.3 Career fairs at high school and post-secondary institutions; and**
 - .5.4 Internship opportunities.**
- .6 Provide the necessary supports to ensure a social enterprise management certificate program is developed and delivered in Manitoba.**

Pillar #2

ENSURE ACCESS TO CAPITAL AND INVESTMENT

All businesses require access to capital, and they need the right money at the right time. Social enterprises, generally non-share incorporations, have limited options beyond traditional grant models and straightforward loan arrangements. By strengthening existing Manitoba-made solutions, such as the CED Tax Credit and the Jubilee Loan Fund, and drawing from best-practice Canadian examples, such as Québec's Chantier de l'économie sociale, these recommendations will work to reduce social enterprises' barriers to accessing the different types of capital they require. Integrating finance opportunities with supports for skill development to ensure the investment readiness of our social enterprises will strengthen the social and financial return on investment.

SECTOR NEEDS:

- Access to capital, including a) Start-Up Grants, b) Ongoing Grants, c) Loan Financing, and d) Equity Investments.
- Better terms and conditions for loan financing.

a) Start-Up Grants:

Social enterprises need gifted money at the start-up phase to conduct non-profit organizational readiness, feasibility studies, business plans and start-up.

► Examples of existing resources targeted at social enterprise:

- **The Neighbourhoods Alive! Tax Credit** (or **Manitoba Social Enterprise Tax Credit**) provides a 30% tax credit to Manitoba corporations when they make a minimum \$50,000 donation to an organization with charitable status for the purpose of starting a new revenue-generating enterprise or employment-focused social enterprise.
- **Enterprising Non-Profits – Manitoba** provides matching grants of up to \$10,000. Grants may be used to pay for professional fees for technical assistance and/or staff costs and resources related to planning or organizational development activity.

► Capacity and Demand:

- **The Neighbourhoods Alive! Tax Credit** has been used once by L'Arche Tova Café. The program has the capacity to deliver more credits; for this to happen, the tax credit needs to be improved or have its awareness increased.
- Since 2012, **ENP-MB** has had four Social Enterprise Development Grant rounds with 15 recipients and over \$99,000 allocated. ENP-MB is currently over tapped, and has to deny development funding to sound applications. ENP-MB's provincial funding for training and operations was \$100,000 over three years from 2012-2015.

► Examples of existing resources not targeted at social enterprise:

- **Neighbourhoods Alive!** offers a number of programs that provide financial support for a wide range of community-based projects in a number of key areas including: housing and physical improvements; employment and training; education and recreation; and safety and crime. The **Neighbourhood Renewal Fund** program, through Neighbourhoods Alive!, offers grants to assist neighbourhood organizations in strengthening local capacity through community projects that respond to identified priorities in designated neighbourhoods/communities.
- **The Young Entrepreneurs Program** is a component of Partners With Youth, which is a Provincial program

that encourages Manitoba’s young people to start their own full-time businesses and pursue self-employment as a career choice. Applications are accepted on a year-round basis from youth

aged 18 to 29 years. Under the Young Entrepreneurs program, approved applicants are eligible for a grant of up to \$4000 to help defray business start-up costs and capital expenditures.

- **Growing Forward Initiative 2** provides various grants to assist agricultural, food and rural development.

RECOMMENDATIONS (START-UP GRANTS):

- .7 Consult with potential private-sector donors and the social enterprise sector to ensure effectiveness of the NA! tax credit, and determine whether changes need to be made.**
- .8 Create and produce a communications strategy, in partnership with business community leaders, to raise the awareness of the NA! tax credit in the business community.**
- .9 Explore options to leverage other sources of funding to grow community organizations’ and foundations’ grant pools and impacts.**

b) Post-Start-up Grants:

Social enterprises incur a social cost – the price of training and providing supports for multi-barriered individuals – and require resources to maintain sustainability and offset this social cost.

► Examples of existing resources not targeted at but accessible to social enterprise:

- Government of Manitoba Department of Jobs and the Economy programs:
 - The **Employment Partnerships** program is accessible to non-profits and provides funding that assists communities, sector associations and employers to address labour force development needs while assisting eligible unemployed, underemployed, low-skilled, low-income and “job-less threatened” individuals to gain sustainable employment. Program activities may include pre-employment preparation, job-specific skills training and on-site training.
 - The **Wage Subsidy** program is accessible to non-profits and

partners with employers by offsetting the cost of hiring and training new workers to assist eligible unemployed Manitobans to gain full-time employment.

- The **Canada-Manitoba Job Grant** is an employer-driven approach to help Manitobans gain the skills they need to fill available jobs and to support employers to gain access to skilled labour that meets their needs. Employers are eligible to apply for up to \$10,000 for each individual employee or prospective employee to assist with direct training costs that would be provided by a third party trainer. The program requires businesses to cover one-third of the training cost, but small businesses (50 employees or less) may either: make up to 50 per cent of their required one-third contribution in wages or wage replacement if their total contribution (including these

wages) is at least one-third of the eligible training costs; or contribute a minimum 15 per cent of the eligible training costs.

- **Manitoba Works!** enables community-based organizations that are providing training and job placement services to offer comprehensive supports to job seekers and employers for up to six months once a link to employment is made.
- **The Workforce Development Program** provides human resource planning assistance and funding support for training development and delivery. Workforce development consultants offer value-added service by linking companies with a range of services, programs and supports available from government and other organizations. The program

is not currently accessible by non-profits, but is accessible to for-profit social enterprise subsidiaries.

-The **Industry Expansion Program** provides funding support to employers that are locating new operations or expanding or retooling existing operations in Manitoba by contributing to their investment in new and existing employee skills training. The program is not currently accessible by non-profits, but is accessible to for-profit social enterprise subsidiaries.

- Government of Manitoba
Department of Children and Youth
Opportunities programs:

- **Career Focus** partners with employers and educators to create career-related work experience opportunities for high school and post-secondary students providing employers with wage subsidies that support student employment positions.

- **National Research Council Canada Industrial Research Assistance program (IRAP)**: Delivers its Youth Employment Program under Youth Employment Strategy and provides small and medium-sized enterprises with financial assistance to hire highly skilled post-secondary graduates. Businesses benefit from the knowledge of

graduates while graduates gain valuable work experience.

► **Examples of initiatives targeted at social enterprise in other jurisdictions:**

- The **Toronto Enterprise Fund**, along with providing granting and seed funding for business development (similar to ENP-MB), provides ongoing operating subsidies to employment-focused social enterprises. TEF has funded 47 projects with 2,588 participants and a 76% rate for connecting participants to jobs or education.

RECOMMENDATIONS (ONGOING GRANTS):

- .10 Enhance and clarify application processes to provincial programs such as the Employment Partnerships and Wage Subsidies Programs, and explore new dedicated streams to support employment-focused social enterprises, with targets for uptake.**
- .11 Modify the criteria of the Workforce Development Program to allow direct participation of non-profit organizations.**

c) Loan Financing:

Social enterprises need working capital financing in the form of loans and lines of credit. The unique context of social enterprises requires financing options that include longer repayment timelines and lower interest rates. The inherent risk for lenders to finance relatively new enterprises with limited equity means it is difficult for lenders to offer the types of rates and repayment terms required by the enterprises.

► **Examples of existing activity targeted at social enterprises that could be enhanced or expanded:**

- **Assiniboine Credit Union** partners with the **Jubilee Fund** to provide access to credit for business, community and housing projects that do not qualify for traditional financing, including social enterprises, low income housing and small businesses. The Jubilee Fund provides the loan guarantee and ACU provides the credit.

- **Futurpreneur Canada** supports social entrepreneurs through its Start-up Program of up to \$45,000 in financing. Non-profits are eligible for \$15,000 in financing.

► **Capacity and Demand:**

- The **Jubilee Fund** currently has \$1.4 M available through JICs; 60% of this is assigned. To scale up, they would need to leverage more funding for their operating budget (which is currently a three-year

agreement until spring 2016), or create a new revenue stream.

► **Examples of existing resources not targeted at but accessible to social enterprise as for-profit subsidiaries:**

- The **Manitoba Business Start** program provides a \$30,000 loan guarantee for new businesses. Entrepreneurs must contribute equity equal to 40% of the loan amount requested and complete a three-day Business Planning Workshop.

- The Manitoba Industrial Opportunities Program offers \$500,000 to \$5,000,000 in secured loans or loan guarantees for business projects that would not occur in Manitoba without the provision of some level of government assistance. Projects must: demonstrate economic benefit to Manitoba in the form of long-term, significant job creation or maintenance of existing jobs; and contribute equity equal to 20% of project costs.
- Rural Entrepreneur Assistance program provides up to \$200,000 loan guarantee for new and existing rural Manitoba businesses. Entrepreneurs must contribute equity equal to 20% of the loan amount requested and complete a three-day Business Planning Workshop.

► **Examples of initiatives targeted at social enterprise in other jurisdictions:**

- The Government of Nova Scotia offers a 90% guarantee on loans for social enterprises from credit unions, up to \$500,000.
- **Social Impact Bonds** are social finance instruments that enable public-private-social enterprise partnerships, in which the government pays a return on private sector investment in social enterprises that provide evidenced-based preventative savings to the government through financial and social returns on investment. Payments, or returns to the private investor, are tied to successful outcomes.

RECOMMENDATIONS (LOAN FINANCING):

- .12 **Secure operational funding for community-based financing institutions to ensure they are able to serve social enterprise sustainability for the long term.**
- .13 **Create a new provincial loan guarantee program for social enterprises working with credit unions, or provide support to community-financing organizations currently providing loan guarantees, such as the Jubilee Fund. This program must be applicable to the different stages of social enterprise development.**
- .14 **Work with community-finance organizations to include social value as factors in their loan decisions.**

- Québec's **Chantier de l'économie sociale Trust** is one of the most successful Canadian social economy capital pools in terms of capacity and record of investment in social enterprises. It has two financial tools exclusively for social enterprises: Réseau d'investissement social du Québec (RISQ), and Fiducie du Chantier de l'économie sociale.
- **RISQ** is a venture capital non-profit fund that provides financing adapted to the reality of social enterprises, supporting technical assistance (feasibility and consultants), seed money for start-ups, as well as capitalization for consolidation expansion or restructuring. In 2013, it invested \$2.4 M through 78 loans, and supported 721 jobs.
- The **Fiducie du Chantier de l'économie sociale** offers loans without any repayment of capital for 15 years. This allows patient capital to support business operations and support of real estate investments for the development of new activities. The trust invests exclusively in social enterprises, including non-profit organizations and cooperatives. In 2013, they authorized \$34 M in loans, generated \$233 M in investments, and supported 140 projects through 115 companies, thereby creating and maintaining 1990 jobs.

d) Equity Investments

Equity investments can provide a flexible option for social enterprises looking for investment capital. While non-profits by definition cannot pay out profits, non-profits may plan for surplus, or have created social enterprises as for-profit subsidiaries, which have additional options when it comes to paying out returns to investors.

► Examples of existing resources not targeted at but accessible to social enterprise as for-profit subsidiaries:

- The **Manitoba CED Tax Credit** encourages Manitoban individuals and corporations to invest in their communities by providing a 45% tax credit on a maximum annual investment of \$60,000, while providing for-profit community-based enterprises with access to equity capital. The tax credit enables individuals to acquire shares through their RRSP and TFSA.

► Examples of existing resources not accessible to social enterprise but could be with policy changes:

- The **Small Business Venture Capital Tax Credit Program** assists privately controlled eligible small business corporations to issue new equity investments of \$100,000 up to a maximum of \$10,000,000. Eligible investors who purchase eligible investments are able to earn a 45% non-refundable tax credit against Manitoba taxes payable.

► Demand and Capacity:

- The **CED Tax Credit** has been accessed by 15 organizations. The province has begun to create a “How To” guide to increase access to and use of the tax credit. The province has committed to simplifying the application process.

► Examples of initiatives targeted at social enterprise in other jurisdictions:

- A **Community Economic Development Investment Fund** is a pool of capital, formed through the sales of shares, to persons within a defined community, created to operate or invest in local business. Nova Scotia’s CEDIF program has been operating since 1999, providing a 35% tax credit for Nova Scotians who put their investment capital in funds that support locally-owned and operated for-profit corporations, cooperatives, and community economic development initiatives. Since its inception, 48 funds have been established with over \$50 million in investments.

- The **Chantier de l’économie sociale Trust** (described above), along with providing loans, engages in equity investments in social enterprises.
- The **Centre for Social Innovation** (Toronto, New York) has issued **Community Bonds** to raise capital to purchase its next building. These interest-bearing loans are used to leverage community support, offering 3%-4.5% annual returns dependent on the bond offering class, with minimum investments of \$1,000, \$10,000 and \$50,000.
- The Province of Saskatchewan has launched a two-year pilot project for **“Equity Crowdfunding”** to help small firms sell shares and get off the ground using platforms such as Kickstarter. The maximum share offering is \$100,000 with a maximum purchase of \$1,000 per investor.

RECOMMENDATIONS (EQUITY):

- .15 **Explore options for the Province, community-based financial institutions and foundations, as well as private investors to provide equity to non-profit organizations and social enterprises, potentially through corporate donations to the crown.**
- .16 **Simplify the application process for the CED Tax Credit and create a resource to champion the tax credit.**
- .17 **Commit to the social enterprise sector that the Province will change the eligible business types for the Small Business Venture Capital Tax Credit Program to allow for-profit subsidiaries of non-profits to be eligible, once the social enterprise sector demonstrates a demand for the program.**

Pillar #3

EXPAND MARKET OPPORTUNITIES

Every purchase has a ripple effect and multiple impacts in our communities, whether unintentional or intentional. Intentional purchasing can ensure the greatest impact opportunities for social enterprise. Both the private market of socially conscious consumers and public sector purchasing provides opportunities to expand purchasing from social enterprises.

Governments purchase many different goods and services from the private marketplace. Social enterprises can capitalize on existing demand by positioning themselves to compete for market share on these contracts, and Pillar #5 explores ways to level the playing field for social enterprises so they can better compete for these contracts.

This section covers all recommendations regarding increasing private sector opportunities to grow the sales of social enterprise, as well as specific business opportunities with respect to existing demand from government purchasing. Broader government procurement policy changes are explored under Pillar #5 regulatory framework.

SECTOR NEED: GOVERNMENT PURCHASING OPPORTUNITIES

The Province of Manitoba works directly with social enterprises to partner on new and emerging procurement opportunities. This section explores potential upcoming opportunities for further partnership.

► Examples of existing partnerships between governments in Manitoba and social enterprise:

- **Manitoba Housing** currently uses social enterprises to complete a portion of its maintenance work, as well as capital projects.
- **Aki Energy** partners with Manitoba Hydro through a Power Smart program that sees the utility finance the installation of geothermal systems. This is done through PAYS (Pay As You Save), with Hydro providing the upfront capital for the project based on the value of future energy savings.
- **East Side Road Authority:** Through Community Benefit Agreements, the East Side Road Authority provides contracts to community-owned (existing or newly established) construction companies for pre-construction work on the East Side

Road (clearing, gravel crushing). To date, ESRA has invested over \$80 million into east side First Nation communities through CBAs. ESRA also provides capacity building through training opportunities. Over 600 job opportunities have been created for road and bridge projects on the all-season road project. This is largely attributable to local hiring requirements in construction tenders that require 30% of total in-scope contract hours be worked by east side residents for road construction and 20% for bridge construction.

► Capacity and Demand:

- **Manitoba Housing** spending on social enterprises has ranged from \$5-\$7 million out of a \$134 million maintenance and capital budget. Manitoba Housing has a capital budget of \$98 million. There is room to grow; for instance,

BUILD, just one MB Housing social enterprise contractor, has a 4-5 year backlog of applicants.

► Potential opportunities going forward:

- **Manitoba Housing:** Furnace replacement, landscaping/ groundskeeping and snow removal.
- **Child and Youth Care workers:** The Manitoba government has launched a major update of its programs for children in crisis to improve care, reduce reliance on hotels as emergency shelters and redirect funds to key support services, creating new opportunities for social enterprises in this area.
- **Northern Healthy Food:** The Government of Manitoba has also expressed a strong preference for investing in community-based

strategies to expand local production of healthy foods as a more sustainable model with stronger local economic benefits, including jobs. A partnership between Aki

Energy, Garden Hill First Nation and the University of Manitoba has created a new social enterprise to provide employment and increase access to affordable healthy foods in

Garden Hill First Nation by building a strong local food economy. There is opportunity going forward to replicate this model in other northern communities.

RECOMMENDATIONS (GOVERNMENT PURCHASING²):

- .18 Manitoba Housing will continue to build on its positive relationships with various social enterprises throughout the province. Within the next 2-3 years, Manitoba Housing will double its current spending on social enterprise activity from its total maintenance and repair and capital budget.**
- .19 Manitoba Housing will commit to partnering with social enterprises to annually increase its spending on social enterprises throughout the province wherever possible, including:**
- .19.1 Providing, on an annual basis, as best possible, its short term and medium term operating and capital expenditure plans with social enterprises to hear from the sector what work can be done at market rates and market quality.**
 - .19.2 Agreeing that if it can be satisfied that a social enterprise is qualified and that it can do the work in a timely manner to industry standards and at market rates, then the social enterprise will be engaged.**
- .20 Build upon the successful models of Manitoba Housing and Aboriginal Community Benefit Agreements by mandating departments and Crown corporations to partner with social enterprises to create business plans for other targeted opportunities, such as child and youth care workers, or northern healthy food.**



SECTOR NEED: PRIVATE MARKET OPPORTUNITIES

► Examples of existing resources:

- The **Social Purchasing Portal** is an online directory for socially responsible businesses in Winnipeg – including private enterprises, co-operatives and social enterprises. It aids in networking and collaboration for small businesses “suppliers” to larger corporate bodies, organizations and individuals in the general public “purchasers,” as well as for job seekers who face various challenges to finding and maintaining jobs.
- **Supplier Diversity Canada** encourages the adoption of supplier

diversity in Canada by encouraging corporations and government agencies to include more women-owned, aboriginal-owned, minority-owned and LGBT-owned businesses. The cornerstone of the Supplier Diversity Canada project is a “Major Events Supplier Database.” This database will serve as a portal which private and public-sector buyers can refer to, in order to find more women-owned, minority-owned, aboriginal-owned and LGBT-owned businesses. Women’s Enterprise Centre of Manitoba qualifies local businesses that are interested in being a part of the database.

► Examples of initiatives in other jurisdictions:

- A **contract broker** was established in Toronto to connect social enterprises with significant government procurement opportunities. Over three years, \$430,000 was invested by all three levels of government and United Way Toronto.
- **Buy Social Canada** is a certification launching nation-wide for social enterprise suppliers and purchasers, meant to raise the profile of social enterprises and social procurement through a “Fair Trade” type branding.

² While ensuring Manitoba’s domestic and international trade obligations are met (see Appendix 1).

► **Opportunities going forward:**

- **Needlework Trades:** There is strong demand for workers in the needlework trades, particularly among business that promote their Canadian production identity. Aboriginal owned and operated social enterprises would likely be

well received by industry and have a significant comparative advantage for subcontracting work.

- **Licensed home child care:** The provincial government licenses non-profit organizations, parent co-operatives, private companies or people who operate child-

care centres in homes. It also offers operating grants to eligible providers. The Department of Jobs and the Economy is currently funding a pilot through Family Dynamics whereby EIA participants are receiving training on how to start and certify at home licensed child-care businesses.

RECOMMENDATIONS (PRIVATE MARKET³):

- .21 Create a contract broker or other resource to help social enterprises successfully bid on public and private contracts, and to help public and private institutions redirect their purchasing to social enterprises.**
- .22 Explore options for better promoting private market purchasing from social enterprises, such as resourcing the Social Purchasing Portal.**
- .23 Explore options for ongoing identification and pursuit of new private market opportunities.**

³ While ensuring Manitoba's domestic and international trade obligations are met (see Appendix 1).

Pillar #4

PROMOTE AND DEMONSTRATE THE VALUE OF SOCIAL ENTERPRISE

For the social enterprise sector to be supported and celebrated by the economy and public, its success and impact must be widely known. In order to demonstrate value, social enterprises need tools to clearly articulate the success and impact of their work. The profile of the social enterprise sector and its contribution to our economy and communities must be raised.

SECTOR NEEDS: AN INCREASED PUBLIC PROFILE FOR SOCIAL ENTERPRISE.

► Examples of existing resources targeted at social enterprise:

- The Winnipeg Chamber of Commerce has initiated a Social Enterprise category for its Spirit Awards in 2015.
- The Canadian Community Economic Development Network – Manitoba, a member-network of CED organizations including social enterprises, includes in its work supporting the CED sector the promotion of social enterprise.

► Examples of existing resources not targeted at but accessible to social enterprise:

- Community-research partners have demonstrated an ability and experience with analyzing and calculating the social return on investment of local social

enterprises, including the Manitoba Research Alliance, Health in Common and local consultants.

- **Business Awards:** various organizations and governments provide publically-promoted awards to businesses based on their accomplishments.

► Examples of initiatives in other jurisdictions:

- Annually, the **Canadian Conference on Social Enterprise** brings together hundreds of existing and prospective social enterprise operators from every region in Canada, offering three days of training and work sessions, networking opportunities, speakers and dynamic, interactive events. Hosting this event showcases Manitoba social enterprises locally and nationally, bringing practitioners

and their ideas from across Canada for learning and networking.

- To facilitate the creation of new social enterprises for organizations that were interested in the idea but did not have specific business ideas, ENP – Alberta hosted a third-party consultant for a full-day brainstorming and entrepreneurial process for organizations and social enterprise practitioners to put together the best ideas to study.

- The **Toronto Enterprise Fund** has a thorough evaluation program for the social enterprises it funds, and partners with a community organization to train community researchers who can interview participants from TEF-funded enterprises, being paid and developing valuable skills that can be transferred to other employment opportunities.

RECOMMENDATIONS:

.24 Connect social enterprises with community research partners to help them calculate and promote their social and financial return on investment.

.25 Raise the awareness of the social enterprise sector, through actions such as:

.25.1 Finding a sponsoring partner for the Winnipeg Chamber of Commerce's annual social enterprise award;

.25.2 Hosting the Canadian Conference on Social Enterprise in Winnipeg; and

.25.3 Declaring an annual Provincial Social Enterprise day during Small Business Week.

.26 Partner with an existing forum, or create an innovation forum, to bring entrepreneurs, social enterprise leaders and government together to identify future or emerging social enterprise market opportunities.

Pillar #5 REGULATORY FRAMEWORK

Beyond the market success, financing and skills capacity necessary to create, grow and sustain strong social enterprises, there are legislative tools that greatly shape the ability of social enterprises to do their work. The actions, decisions and policies of all levels of government have significant impact on social enterprises in our communities. There are strong international examples, including Québec and the United Kingdom, of policy frameworks that work to ensure that legislative decisions are supportive of the important contributions the social enterprise sector makes.

SECTOR NEEDS: STRONG LEGISLATION TO STRENGTHEN GOVERNMENT'S SUPPORT OF SOCIAL ENTERPRISE.

► Examples of broad legislation in other jurisdictions:

- The Province of Québec enacted the **Social Economy Act**, a bill to recognize the contribution of the social economy – including non-profit enterprises, cooperatives and mutual societies – to the socioeconomic development of Québec and to determine the role of the government in that area. It works to promote the social economy and support its development through the creation and adoption of policy tools, and to foster access to the administration's measures and programs for social economy enterprises.
- The Charter de l'économie sociale and the Conseil Québécois de la coopération et de la mutualité are designed as primary interlocutors of the Government on the subject.
- Ministers must take the social economy into consideration in existing measures and programs when updating those measures and programs and in developing new tools for enterprises. They must also, whenever it is relevant, promote the social economy initiatives carried out in Québec.
- Lastly, measures are proposed

to ensure the administration's accountability with respect to the social economy through planning, follow-up and reporting, including the adoption of an action plan and the tabling of reports on the carrying out of the Act.

- The government must adopt a social economy action plan and review the social economy action plan every five years. However, it may defer a review for a period not exceeding two years.

- In January 2014 the **UK Social Value Act** came into force, requiring that public services are commissioned and requiring public bodies to consider choosing providers based on the social value created in an area and not on cost alone. Along with the Act, the UK government published *The Social Value Guide: Implementing the Public Services (Social Value) Act*, aimed at commissioners and procurement officials; it provides both an overview of the Act itself and the policy drivers behind it, as well as practical guidance on how social value can be embedded in the commissioning and procurement process.
- Scotland implemented *The Procurement Reform Act* in 2014,

which strengthens the hand of social enterprises bidding for public contracts by increasing the extent of community benefit clauses on environmental, community and social grounds. The legislation also introduces a sustainable procurement duty that stipulates that a public body has to consider how the procurement process can "facilitate the involvement of SMEs, third-sector bodies and supported businesses" with the aim of making it easier for them to tender for public contracts.

► Examples of policy targeted at social enterprise in other jurisdictions:

- **Community Benefit Clauses** are used in RFPs to account for the social, environmental and economic impact of bids. Accounting for the social and economic benefit of social enterprise increases the likelihood social enterprises will access contracts, as well as encouraging private enterprise to adopt social benefit, and allows government purchasers to better account for the value of its purchasing. This has been implemented across government departments in the UK through their Social Value Act and in Scotland through their Scottish Procurement Reform Act.

RECOMMENDATIONS⁴:

- .27 Develop Provincial legislation that requires departments to consider the social enterprise sector and the goals of the Manitoba Social Enterprise Strategy when drafting policy and programming. This could include mandates for provincial government departments and Crown corporations to support innovation in social service by requiring them to work with social enterprises that present evidence-based opportunities for savings.**

- .28 Develop a Community Benefit Act, providing provincial departments with a mandate to use community benefit clauses in their RFPs to account for the potential social, economic and environmental value of tenders.**
 - .28.1 Develop a Social Enterprise Procurement guide for municipal and provincial purchasers, similar to the UK's The Social Value Guide: Implementing the Public Services (Social Value) Act, explaining Community Benefit Clauses (language, weighting matrix and evaluation methods), social enterprise and plain language trade agreement exemptions.**

- .29 Research, and implement if cost-savings are evident, policy and accounting models where social enterprises are provided, up-front, with a portion of the estimated savings their activity will provide to government departments through the social enterprise's financial and social return on investment – a publically financed social impact bond. For instance, the Manitoba Department of Justice providing an employment-focused social enterprise with the cost of supporting and training a criminalized individual to enter the labour market and thereby avoid the social and financial costs of recidivism.**

- .30 Wherever possible, the province should increase the accessibility of RFPs to social enterprise through unbundling and sub-contracting.**

⁴ While ensuring Manitoba's domestic and international trade obligations are met (see Appendix 1).

Pillar #6

NETWORKS AND COMMUNITY ENGAGEMENT

Building the strength of the social enterprise sector and increasing its ability to impact local communities requires enhancing social capital and creating the opportunities for sharing learning, designs and models. A multitude of network-building options must be created and sustained to facilitate engagement and exchanges.

Wraparound supports for social enterprise employees are needed to ensure their success. These include affordable housing, child care, mental and physical health care, cultural reclamation programming, and a streamlined supportive system to transition individuals from social enterprise employment into the private sector. Without a comprehensive system of social supports for social enterprise employees, the impact of the social enterprise sector will be severely held back. It is unlikely all social enterprises will provide all these supports internally, so this strategy suggests networks and connections to existing or new resources be established.

The various groups that are over-represented in poverty statistics such as people with disabilities, or newcomers, will have specialized needs for success in the labour market based on the barriers they face for inclusion. For instance, and elaborated on in these recommendations, Aboriginal people are over-represented in unemployment and poverty statistics in part due to the history of colonization and their social exclusion. For some, success is more likely if the effects of colonization are tackled head on and fully integrated into programs that train Aboriginal people for employment, usually in programs delivered by Aboriginal organizations. For instance, Urban Circle Training Center has successfully integrated decolonizing pedagogy and cultural reclamation into its programming and consistently has a high graduation rate. Despite its important role, specific funding for cultural reclamation programming is limited.



SECTOR NEEDS: A STRONG SECTOR HUB TO CONVENE AND CONNECT SOCIAL ENTERPRISE DEVELOPMENT.

► Examples of existing resources for social enterprise:

- The **Canadian CED Network** is a national member-network, including social enterprises, committed to strengthening Canadian communities by creating economic opportunities that enhance social and environmental conditions. CCEDNet – Manitoba hosts **ENP – Manitoba**, the **Social Enterprise Sector Survey**, and the **Social Enterprise Working Group**.
- The **MSES Steering Committee** is made up of equal representation from the community sector and

the Province of Manitoba, including senior staff from Jobs & the Economy, Housing & Community Development, Entrepreneurship Manitoba, Winnipeg services and Small Business Development.

► Capacity and Demand:

- **CCEDNet – Manitoba** is currently provided core funding from the province, and hosts the majority of social enterprise programs in Manitoba, but has a larger mandate than social enterprise and would require more resources to meet the potential for social enterprise development.

► Examples of initiatives targeted at social enterprise in other jurisdictions:

- Many jurisdictions have shown the successful implementation of policy frameworks requires an **internal champion** – an individual within government who believes in the policy framework and has the internal institutional knowledge to make appropriate change.

RECOMMENDATIONS:

- .31 Strengthen the ENP-MB program as a proactive social enterprise hub and grant pool.**
- .32 Create and resource a position within a community-organization to coordinate the implementation of the MSES.**
- .33 MSES implementation should be guided by an advisory committee made up of the MSES steering committee.**
- .34 Identify resources, beyond a staff position, to support the implementation of the recommendations of the MSES.**



SECTOR NEED: WRAP AROUND SUPPORTS FOR SOCIAL ENTERPRISE EMPLOYEES.

► **Examples of existing resources not targeted at but accessible to social enterprise:**

- **Manitoba Jobs and Skills**

Development Centres are meant to provide a connecting point for job seekers and employers, co-locating MB apprenticeships, workforce development and employment services. **Essential Skills Manitoba** is located onsite to provide core skills to participants.

- Participants in the **Pathways to Employment Program** receive a living allowance and are eligible for child-care support.

- **Job Connections** staff provide concrete support to individuals at any point along their pathway to employment, including after employment commences, to help address issues and remove barriers to training and employment.

- There are a number of community-based organizations that together offer social enterprise employees access to a comprehensive system of social supports, including **cultural reclamation programming** for Aboriginal Peoples.

RECOMMENDATIONS:

- .35 Improve the capacity and accessibility of government initiatives that connect social enterprises to wrap-around supports (e.g. Manitoba Jobs and Skills Development centres) by supporting more community-based delivery options, including those that integrate cultural reclamation programming.**
- .36 Explore solutions for social enterprises to be connected with a centralized resource that is tapped into the broader network of employment and social support providers, including those that integrate cultural reclamation programming.**
- .37 Ensure social enterprise employees have access to an individual (e.g., staff in community-based organizations, Job Connections staff) who can connect them to the range of supports they need in their progress towards private market employment, including supports through the initial years of employment.**
- .38 Ensure Pathways to Employment Program staff are aware of the range of social enterprise options available to jobseekers and that initiatives within Manitoba's Strategy for Sustainable Employment and a Stronger Labour Market consider ways to support social enterprise employees.**

Appendix #1

TRADE AGREEMENTS

Agreement on Internal Trade

Manitoba has obligations to openly tender procurement opportunities under the Agreement on Internal Trade (AIT). However, the AIT has exemptions for procurement from philanthropic institutions, prison labour or persons with disabilities, as well as contracts with a public body or a **non-profit organization**.

Under the AIT, procurements below thresholds may be exempt from the obligations. For example, local governments, school districts and other broader public sector agencies are permitted to have local preference policies for contracts under \$100,000 in goods and services or \$250,000 in construction.

In addition, “legitimate objectives” that may be considered as valid reasons for exempting a procurement contract from the agreement include:

- public security and safety,
- public order,
- protection of human, animal or plant life or health, and
- protection of the environment.

In the case of the procurement by local governments, school boards and publicly funded academic, health and social service entities, legitimate objectives include:

- consumer protection,
- protection of the health, safety and well-being of workers, or
- affirmative action programs for disadvantaged groups.

However, any exemption for a “legitimate objective” must also meet the following conditions: it must not impair unduly the access of persons, goods, services or investment of another party to the agreement; it must not be more trade restrictive than necessary; and it must not create a disguised restriction on trade.

In the case of Crown entities, contracts with a public body or **non-profit organization** are excluded.

In “exceptional circumstances,” a procurement can be exempted for regional economic development purposes, as long as it does not impair unduly the access of persons, goods, services or investment of another party to the agreement, is not more trade restrictive than necessary, notice is provided, and the discriminatory effects of exclusion are minimized.

WTO Government Procurement Agreement

The WTO Agreement on Government Procurement (GPA) is the primary plurilateral instrument guaranteeing access for Canadian suppliers to the government procurement markets in the United States, the European Union, Japan, Korea and other important markets. While most WTO agreements are multilateral and include all WTO members, the GPA is a plurilateral agreement because not all WTO members participate.

The GPA originally entered into force on January 1, 1996. Canada’s GPA commitments were made only at the federal government level until the agreement between the Government of Canada and the Government of the United States of America on Government Procurement (CUSPA) entered into force on February 16, 2010. As a result of the CUSPA, the United States and Canada now provide each other permanent access to provincial and state procurement

through their commitments under the GPA. As the negotiations to update the GPA concluded on March 30, 2012, these same CUSPA commitments, which do not include coverage of municipalities, are now extended to other GPA Parties.

The GPA contains general rules and obligations, mostly relating to national treatment and non-discrimination, transparency and procedural fairness. The GPA also requires parties to refrain from the use of “offsets” – defined as “local development.” Local development is not defined, but has been generally understood to refer to local employment quotas. Parties are permitted to impose measures to protect public morals, order or safety; to protect human, animal or plant life or health; to protect intellectual property; or relating to goods or services of persons with disabilities, philanthropic institutions or prison labour.

Finally, the agreement contains a broad exemption for measures with respect to Aboriginal peoples and a note providing Manitoba with an exemption for “procurement that is intended to contribute to economic development within the province.”

The GPA only applies to contracts worth more than defined threshold values. Manitoba’s coverage under the WTO agreement is less than what is already covered by Manitoba under the Agreement on Internal Trade (AIT). The agreement covers spending by Manitoba Government Departments at relatively high threshold levels (for 2014/15: CDN \$548,700 for goods and services and CDN \$7,700,000 for construction) compared to threshold levels in the AIT (CDN \$25,000 for goods and CDN \$100,000 for services and construction). Manitoba also already covers Manitoba Lotteries

Corporation and MLCC and all municipalities under the AIT – these are NOT covered in the WTO GPA.

Under the WTO GPA, parties are not permitted to divide a procurement into separate procurements or use a particular valuation method for estimating the value of a procurement with the intention of totally or partially excluding it from the GPA. Further, parties are required to estimate the maximum total value of procurement over its entire duration even if portions are awarded to different suppliers.

The WTO GPA does not preclude any type of local development below threshold values and provinces are still permitted to offer grants, loans or other fiscal incentives to support local development outside of procurement.

CETA

The language used in the CETA Government Procurement chapter borrows heavily from the WTO GPA text. As with the WTO GPA, the CETA contains general rules and obligations relating to national treatment and non-discrimination, transparency, procedural fairness and offsets.

There are, however, exemptions to these regulations for the following reasons:

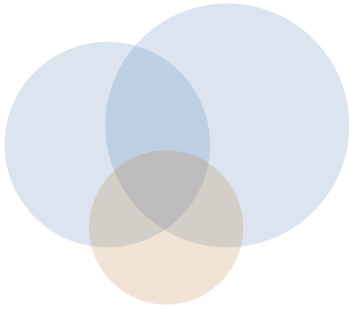
1. Preference to domestic companies when using grants, loans or fiscal incentives.
2. Thresholds for CETA, while marginally lower than those in the WTO GPA are still much higher than those found in the AIT (for 2013 – \$312,881 for goods and services; \$625,762 for goods and services procurement by utilities entities ; \$625,762 for goods procured by Manitoba Hydro and \$7.8 million for covered construction services). As with the WTO GPA, in the CETA parties are not permitted to divide a procurement into separate procurements or use a particular valuation method for estimating the value of a procurement with the intention of total or partial exclusion.
3. Government interests:
 - a. national security and measures necessary to protect public morals, order or safety;
 - b. human, animal or plant life or health;
 - c. measures relating to goods or services of persons with disabilities, philanthropic institutions or prison labour;
 - d. Aboriginal businesses – Canada has a broad exemption for any measure adopted or maintained with respect

to Aboriginal peoples that applies to any procurement between the parties.

4. Areas:
 - a. health care and other public services;
 - b. set-asides for Aboriginal businesses;
 - c. regional economic development exclusion for Manitoba, Newfoundland and Labrador, Nova Scotia, Northwest Territories, Nunavut, Prince Edward Island, New Brunswick and Yukon:
 - i. for procurement contracts of \$1 million or less or as a maximum value within a larger procurement contract and intended to support small firms or employment opportunities in non-urban areas, and
 - ii. no more than 10 times per province or territory per year,
 - iii. not available for procurement funded by the federal government.

Further, the ability to include social and environmental criteria is maintained. It should be noted that EU procurement directives allow for the inclusion of social and environmental criteria in procurement contracts provided they are not discriminatory and the criteria for the award of the contract enables tenders to be compared and assessed objectively. EU social criteria can include integration or reintegration of persons with disabilities, onsite vocational training and the employment of people experiencing particular difficulty in achieving integration.

MANITOBA SOCIAL ENTERPRISE STRATEGY
February 2015



The Canadian CED Network

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