Briefing Note: Recommendations for IRP 2.0

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PURPOSE: Budget 2021 renewed the Investment Readiness Program (IRP) for a second 2-year, $50 million term. The purpose of this briefing note is to provide recommendations on the implementation of the second phase of the IRP.

BACKGROUND:

Inclusive Innovation, the guiding document for social innovation and social finance action in Canada, included a recommendation about a social finance fund and related recommendations about the need for capacity building for social purpose organizations. However, it also included many other recommendations including an overarching suggestion that holistic, multi-faceted action is needed to truly unlock social innovation in Canada.

Co-creation of policies and programs is key and widely supported by IRP partners, broader ecosystem stakeholders, the *Inclusive Innovation* report, and much available research focused on how to enable social innovation or social economy approaches. Although this note focuses on recommendations for the next phase of the IRP, members of the People-Centred Economy Group strongly encourage the Government of Canada and co-creation partners to address the remaining recommendations contained in the *Inclusive Innovation* report as well. The best avenue for co-creation is the forthcoming Social Innovation Advisory Council (SIAC). The SIAC, coupled with effective ecosystem mobilization within the IRP partnership, is an important structure to deepen stakeholder leadership in this policy area, both benefiting the IRP and Social Finance Fund. Moving forward promptly with a call for wholesalers to deliver the Social Finance Fund will also bring essential capital into the market and accelerate action towards the wider set of recommendations.

ISSUES:

1. **Prioritizing Equity-Seeking Groups:** The IRP needs to prioritize equity-seeking groups, first and foremost. This issue was raised and became increasingly central over the course of the pilot. For example, Social Economy Through Social Inclusion (SETSI), the only Black-led organization funded in the first phase of the IRP, received the smallest amount at the outset of the pilot and was among the last of the funded partners. Many

partners agree that more must be done to ensure the program is responsive to and benefiting diverse communities undertaking important innovative action.

2. **An Ecosystem Approach:** The ecosystem approach built into the IRP pilot design was welcomed by program partners and stakeholders. A robust ecosystem is a pre-requisite for the effective co-creation that is essential to meaningful progress on social innovation and social finance.

   A crucial part of the ecosystem is the design of the SPO funding delivery model. Importantly, the 2-year timeline and programmatic sequencing of the pilot was challenging. The pandemic worsened the situation, but even the original design would have been a very challenging pace. The tight timeline did not allow for sufficient relationship building and co-creation across partner categories up front, which could have increased the resilience of the ecosystem and the effectiveness of the program overall. While some significant connections arose in a more organic way, the readiness support partners and the ecosystem mobilizers could have been connected in a more programmatic or systemic way if the sequencing and deliverable timelines were designed this way.

   While the attempts in the pilot to include regional partners as well as a focus on key demographics were also welcomed, there is a need to improve by not only analyzing which SPOs applied and were funded, but also how those results were achieved. There are two crucial design elements that need to be examined. First, whether it makes sense for initiatives at all stages in the investment continuum to follow the same process; many have questioned whether there might be a different way to support earlier stages versus the more targeted and unique support required at later stages. Second, many ecosystem stakeholders feel that more consideration of regionality and subsidiarity, local decision-making, or input from social finance intermediaries is required. However, national organizations in the ecosystem should continue to have the option to relate to a national IRP partner. What lessons can be learned from the different models used by Readiness Support Providers?

3. **Social Procurement:** For many social enterprises, a crucially important growth strategy is social procurement. The ability to work with larger government and corporate customers or partners can enable fast development and is particularly useful for those focusing on workforce development. Much of the support required to prepare for procurement opportunities is similar to investment readiness, and financing for a scale-up of activities to meet procurement opportunities is a promising area to focus on in social finance arrangements. Even without widening the focus of the IRP to encompass the whole of the *Inclusive Innovation* recommendations, combining procurement and investment readiness in a responsive and flexible set of expert service provision or capacity building supports would be beneficial for the social innovation space in Canada. A discontinued program in Ontario, the Procurement and Investment Readiness Fund, was a promising model.

RECOMMENDATIONS:

1. Prioritize and strengthen the role of groups led by and serving equity-seeking populations, so that their needs are reflected throughout the program, and that they receive ample financial resources.

2. Working with IRP pilot partners and data from the IRP pilot, and engaging with additional ecosystem stakeholders, consider a redesign of the SPO funding delivery mechanism that takes into account: sequencing for more relationship-oriented program development and intake processes; tailored funds or processes for different stages of readiness; and responsive intake systems that enable support when groups need it in advance of real procurement or investment opportunity. Working with ecosystem partners, consider new or additional delivery partners with a focus on strengthening equity, regionality, and subsidiarity, while taking into account the unique role of national ecosystem partners.

3. Expand and clarify the IRP objectives to include procurement readiness and development of the wider social innovation ecosystem, beyond those initiatives likely to be recipients of social financing.

4. There are multiple valuable convening roles within the IRP: convening IRP partners for relationship building and shared learning and evaluation; convening a variety of stakeholders for ecosystem mobilization; and supporting SPO awareness raising. Given the capacity and focus required for this convening work, consider a distinct role for IRP partnership convening that could be combined with wider ecosystem convening and likely separate from the funding delivery partners. There may be value in integrating a distinct ‘wayfinder’ role that would focus on helping non-IRP partners navigate the program. Regardless of the specifics, all partners focused on convening should demonstrate strong collaborative capacity, equity and inclusion practices, and expect to be key resources for the forthcoming Social Innovation Advisory Council.