

Advancing Social Enterprise in Nova Scotia

April 2017



Contributing Organizations

Atlantic Canada Opportunities Agency

Community Foundation of Nova Scotia

Common Good Solutions

DASC Industries

Directions Council for Vocational Services Society

New Dawn Enterprises

Nova Scotia Co-operative Council

Nova Scotia Business Inc.

Province of Nova Scotia, Department of Business

Province of Nova Scotia, Department of Communities, Culture and Heritage

Province of Nova Scotia, Department of Community Services

Province of Nova Scotia, Department of Finance and Treasury Board

Province of Nova Scotia, Department of Labour and Advanced Education

Province of Nova Scotia, Department of Internal Services

Province of Nova Scotia, Department of Municipal Affairs

Province of Nova Scotia, Department of Seniors

Province of Nova Scotia, Office of Aboriginal Affairs

Province of Nova Scotia, Service Nova Scotia

Social Enterprise Network of Nova Scotia

St. Francis Xavier University

Third Sector Enhancement Ltd.

Ulnooweg Development Group

Western Regional Enterprise Network

Message from the Province of Nova Scotia

Increasingly, Nova Scotians are not satisfied with choosing between being in business or helping people. They know we can do both, and they want to do more. That's why they're turning to social enterprises to support our economy and give back to communities across the province.

Government's Framework for Advancing Social Enterprise supports this vision for vibrant communities. It's also an important part of growing our economy in new and innovative ways. This document outlines government's priorities and the actions we will take in the coming years to create a thriving, sustainable social enterprise sector.

This framework was developed through consultations with the Social Enterprise Network of Nova Scotia (SENNS) and leaders from social enterprises, enabling organizations, and government partners. This framework uses the policy pillars developed by the Social Enterprise Council of Canada as a model.

There is a growing role for social enterprises in the future of Nova Scotia's economy. Advancing the social enterprise sector is a priority because social enterprises create job opportunities and other economic benefits—particularly in rural communities—while improving those communities socially, environmentally, and culturally.

As Minister of Business, I look forward to the role this framework will play in improving the business climate for social enterprises across Nova Scotia.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Furey".

Mark Furey
Minister of Business

Introduction

Social enterprises advance social, environmental, health, cultural, economic, and other community goals. They often have a “buy local” focus and are gaining momentum worldwide as citizens seek to find innovative ways to create businesses that provide a livelihood while also contributing to the common good. Today, Nova Scotia’s social enterprises are found in many industry sectors, providing goods and services to local and extra-provincial markets. These businesses deliver economic, cultural, health, and environmental value to their local communities and the province at large.

In 2014, a survey¹ conducted of the social enterprise sector in Nova Scotia sought to capture the size, scope, and kinds of missions and outcomes being pursued throughout the sector. Researchers identified 1,158 social enterprises in Nova Scotia and achieved a response rate of 20%. Collectively, the respondents demonstrated a compelling impact on the province’s economy and communities (see Figure 1). However, social enterprises in the province still face numerous barriers to their establishment and growth.

The many significant achievements of community economic development and social enterprise groups across the province are indicative of what can be done when leaders in different sectors put their heads together to change attitudes and build a better future from the ground up.

Now or Never: An Urgent Call to Action for Nova Scotians, The Nova Scotia Commission on Building Our New Economy, page 41. February 2014

The Nova Scotia Department of Business was mandated to facilitate social enterprise growth.

To advance this agenda, the department collaborated with the Social Enterprise Network of Nova Scotia (SENNS) to determine how government and the sector could best respond to the needs of social enterprises in Nova Scotia. Representatives from numerous provincial government departments and Crown corporations participated in workshops with social entrepreneurs and other sector stakeholders to develop a common approach for advancing the social enterprise sector in Nova Scotia. The first task for the group was to establish an agreed-upon definition of social enterprise in Nova Scotia.

Make money

NS social enterprises generated at least \$127 million through the sale of goods and services in 2013.

Operate locally

More than 71% of NS social enterprises are operated at the scale of a neighbourhood or local community.

Create jobs

Social enterprises provide paid employment for at least 5,630 people (w/ estimated 3000 FT equivalents) in NS. That’s more than \$83 million in wages and salaries.

Persevere

Study respondents had a median age of 22 years in operation.

Build stability

NS’s social enterprises averaged \$1.3 million in total revenues, \$865,000 in total sales and \$131,000 in net profits.

¹ Dr. Peter Hall, Dr. Peter Elson, Stephanie Pronk and Priscilla Wamucii. (2015, March). Nova Scotia Social Enterprise Sector Survey 2014: A scan of the local social enterprise economy. Halifax: Common Good Solutions Inc.

The definition below is the result of a jurisdictional scan and a consensus discussion among the workshop participants. It is consistent with definitions used by jurisdictions that are leading the way in social enterprise development. In addition to profits and surpluses, some jurisdictions include a statement about the sources and uses of revenues that could present potential barriers to success for the small, early-stage social enterprises that comprise much of the sector in Nova Scotia. To support advancing the sector in our province, government and the sector agreed to adopt the following definition of social enterprise for Nova Scotia:

A social enterprise is operated for the purpose of addressing social, cultural, environmental, or economic challenges. The majority of profits or surpluses are reinvested to support that purpose.

A vision for the sector was also identified:

Our vision is to have a healthy sector within an environment that facilitates the establishment and growth of social enterprises.

The sector workshops considered the various barriers to the sector's growth and identified possible actions for addressing these barriers. Following the workshops, the Department of Business and SENNS collaborated to clarify the actions suggested by workshop participants and identify what entity would be the most appropriate to lead each area. The result was a list of actions where the responsibility for implementation could be described as follows: actions led by government, actions led by the sector, and actions led through ongoing collaboration between government and the sector.

The report from the One Nova Scotia Commission, *Now or Never: An Urgent Call to Action for Nova Scotians*, indicated that government cannot be the key source of economic growth. Consistent with this message and *Government's Framework for Private Sector Growth*, this social enterprise framework articulates the role of the provincial government in facilitating social enterprise growth and will guide government departments and Crown corporations to that end. It provides context and details for actions that are solely government's responsibility and for shared actions that require close, ongoing collaboration with the sector. While collaborating with the Province of Nova Scotia to pursue the shared actions and outcomes of this document framework, SENNS will continue to play a leadership role for the social enterprise sector by pursuing its own strategy that builds on the foundation provided by this framework.

In addition to the areas where government can have a positive impact on social enterprise growth, the pursuit of other actions by the sector will be essential to facilitating that growth. While it is not the role of government to lead such actions, government has an important role in collaborating with the sector on these actions as needed and, where appropriate, supporting the sector to identify and pursue resources to advance their efforts.

Each area of this framework includes four elements:

I. **Outcomes for the sector:**

- **Medium term:** The impact of the framework in the next 1–3 years
- **Long term:** The impact of the framework in the next 4 years and beyond

- II. **Collaborative approaches of the framework:** Broad statements that identify where, in collaboration with the sector and its efforts, implementation of this framework will capitalize on current gaps and opportunities for change to achieve the outcomes
- III. **Government actions toward outcomes:** The specific projects and initiatives of government that, guided by the collaborative approaches, will contribute to achieving the medium and long-term outcomes for the sector
- IV. **Potential performance measures:** How progress toward the outcomes could be measured in collaboration with the sector

Policy Pillars for Advancing the Social Enterprise Sector

Nova Scotia's Framework for Advancing Social Enterprise is built upon six "policy pillars" that arose from the 2009 Canadian Conference on Social Enterprise. These pillars have been formally adopted by the Social Enterprise Council of Canada (SECC) and the Social Enterprise Network of Nova Scotia (SENNS). The pillars are:

1. Increase enterprise capacity
2. Enhance access to financing
3. Expand market opportunities
4. Promote and demonstrate the value of the sector
5. Create an enabling policy environment
6. Build a strong social enterprise network

In Nova Scotia, strengthening the existing social enterprise network, the sixth pillar, is not distinct but rather is foundational to and interwoven with the other five pillars. Thus, instead of a standalone pillar for building a strong social enterprise network, Nova Scotia's Framework for Advancing Social Enterprise integrates elements of the sixth pillar throughout the other five pillars. The activities in this framework will contribute to strengthening the network while also enabling the overall growth of the sector through the other five policy pillars. Because these five pillars complement each other, they will not be pursued in isolation. Concerted efforts in each area will be needed for the sustainable growth of the sector and the healthy strengthening of the network.

Many of the approaches and actions identified in the following pages enable, support, and in some cases are contingent upon one another. Additionally, ongoing and growing cooperation, sharing, and learning within the network will make it an increasingly effective social enterprise focal point for intermediaries such as colleges and universities, other sectors, First Nations, and government.

Pillar #1

Increase Enterprise Capacity

Social enterprises and social entrepreneurs require board governance and business management skills but often do not come from business backgrounds. Like many small businesses, most social enterprises are started and run by people who are passionate about what they do, but could benefit from further skills development when it comes to operating a business. Capacity development and other learning opportunities help social entrepreneurs at every stage of their business from establishment onward. Success is often realized by the ability of entrepreneurs, including social entrepreneurs, to access training and develop the skills they need in a timely fashion.

In Nova Scotia, social entrepreneurs are seeking additional opportunities to expand their skills through training and coaching. Ensuring province-wide access to training and informational resources for entrepreneurs to establish and grow social enterprises is integral to the growth and sustainability of the sector. To this end, Invest Nova Scotia has already committed to supporting a virtual social enterprise impact incubator project being led by SENNS.

Among other important capacity-building initiatives outlined below, government will be collaborating with SENNS in creating a Social Enterprise Development Portal. The portal will increase enterprise capacity and support other pillars of this framework by detailing the full spectrum of training and capacity-building resources available for social enterprises and social entrepreneurs in Nova Scotia. The portal will include, for example, capacity-building resources for developing sound business plans, board governance, enterprise capacity, and access to financing.

Outcomes for the Sector

Medium term:

Social entrepreneurs are increasingly accessing training and coaching resources to establish, manage, and grow their social enterprises.

Long term:

Social enterprises across Nova Scotia have the capacity necessary to respond to new market opportunities.

Collaborative Approaches of the Framework

- I. Provide social entrepreneurs with a centralized source of up-to-date resources and information pertaining to all five social enterprise policy pillars.
- II. Facilitate the establishment and growth of more social enterprises across Nova Scotia through virtual business incubation.
- III. Develop a province-wide support network for social entrepreneurs and social enterprises.

Government Actions toward Outcomes

1. The Province of Nova Scotia and SENNS will collaborate to map existing community workspaces as potential hosts to provide rural access for Impact Incubator entrepreneurial training and coaching as part of the SENNS Impact Incubator that is being supported through the Invest Nova Scotia Fund.
2. The Province of Nova Scotia will collaborate with SENNS in the building of a Social Enterprise Development Portal for the sector to publish capacity-building and other resources.
3. The Department of Labour and Advanced Education and the Department of Business will collaborate with SENNS while working with Nova Scotia universities and colleges to support ongoing efforts and identify new opportunities for social entrepreneur training and capacity-development.
4. The Province of Nova Scotia will play a supporting role for the first biennial summit for the sector in 2018.



Dartmouth Adult Community Centre in Dartmouth

Pillar #2

Enhance Access to Financing

Like many businesses, social enterprises require access to financial tools that range from equity investment to debt financing. Successfully accessing these tools will play a critical part in the sector's ability to reach its full potential for growth and sustainability. Currently, funding options for Nova Scotia's social enterprises are often limited to grants and loans. This can be attributed in part to the difficulties social enterprises have in successfully accessing financing programs and opportunities designed for traditional business models, and to the fact that many social enterprises are non-share incorporations and thus cannot raise capital in the same manner as other businesses. If the sector is to grow and thrive in Nova Scotia, access to a wide range of financing options is needed.

"Another key role of public policy is to stimulate the emergence of a strong financial marketplace for social enterprises. One of the tasks to achieve this is to increase understanding of social enterprise within the traditional finance sector."

Policy Brief on Social Entrepreneurship - Entrepreneurial Activities in Europe, OECD/European Commission, page 14. Luxembourg: Publications Office of the European Commission 2013.

Grants are problematic for social enterprises because they are not a long-term funding solution. Additionally, affordable working capital via loans can be difficult for social enterprises to access because many of these businesses have limited equity during their establishment and early growth stages. Province-wide availability of loans and related programs is inconsistent for social enterprises. Where availability exists, some social entrepreneurs may need support to develop additional capacity if they are to be successful in their applications.

In addition to the efforts of SENNS, the capacity of social entrepreneurs to successfully access financing will, in part, be enhanced through the actions outlined in Pillar #1 of this framework. Among the other actions outlined below, engaging lending organizations such as Nova Scotia credit unions and community business development corporations to ensure program availability regardless of location is a key action of this framework as it seeks to enhance social enterprise access to financing.

Outcomes for the Sector

Medium term:

Social enterprises in Nova Scotia have improved access to financial tools.

Long term:

Nova Scotia social entrepreneurs have access to the financial tools they need to successfully establish and grow their social enterprises.

Collaborative Approaches of the Framework

- I. Clearly identify and develop strategies for overcoming the financial barriers currently faced by social enterprises in Nova Scotia.
- II. Increase the availability to social enterprises of investment, equity, and debt tools through private, public, and non-profit sector partnerships.

Government Actions toward Outcomes

1. The Department of Business will establish a working group of government and sector representatives to identify challenges and options for social enterprises in accessing financing and investment opportunities.

2. The Department of Business will facilitate the development of a team of sector and provincial government representatives that will deliver, within three months of the launching of this framework, a proposal to potential funding partners (including the provincial government) of options for a pilot, scalable, time-limited social enterprise equity fund that is viable in meeting the needs of the sector and investors.

3. The Province of Nova Scotia will collaborate with the sector to enhance education and awareness about social enterprises among lending institutions.



Pillar #3

Expand Market Opportunities

The success and growth of social enterprises depends on the market for their goods and services. This not only includes expansion of the market, but the expansion of the capacity of social enterprises to respond to market opportunities.

Procurement policies of private and public sector entities can create significant avenues for the sector's growth and sustainability. Specifically, incorporating social value as a purchasing criterion expands market opportunities for social suppliers while enabling new benefits to be realized by social purchasers. Government plays an important role through provincial procurement policies and activities. This framework includes targeted actions for opening procurement opportunities in the private and public sectors.

Outcomes for the Sector

Medium term:

Corporate and public procurement buyers are aware of the value of contracting social enterprise suppliers.

Long term:

New market opportunities exist in corporate and public procurement because the value of contracting with social enterprises has been integrated into procurement policies.

Collaborative Approaches of the Framework

- I. Increase public and private procurement opportunities for social enterprises.
- II. Increase the prevalence of social enterprise certification in Nova Scotia.
- III. Provide social enterprises with information about accessing procurement and market development opportunities.

Government Actions toward Outcomes

1. The Department of Internal Services will work to recognize Buy Social Canada as a third party certification for social suppliers and purchasers.

2. The Department of Internal Services will include a filter in the strategic procurement planning process to identify procurement opportunities that align with three to five high potential categories of goods that have been identified by the social enterprise sector in Nova Scotia.

3. The Department of Internal Services will partner with SENNS to develop and deliver training to ensure provincial government social purchaser readiness.

4. The Province of Nova Scotia will collaborate with SENNS to investigate establishing a sector liaison position or similar opportunity to promote social procurement while developing and brokering social procurement opportunities between certified purchasers and suppliers.

Pillar #4

Promote and Demonstrate the Value of the Sector

The social enterprise sector has many success stories. However, social enterprises and their social, cultural, environmental, and economic missions are often not apparent or well understood among the people who enjoy the products and services social enterprises provide.

Scotland has a long history of pioneering alternative forms of business, including mutuals, co-operatives and social enterprises. These reflect a belief in a fairer, more equal society where business activity is used as a means to this end. The emergence of social enterprise activity has occurred over many decades, with progress most pronounced in remote rural and island communities. The social enterprise sector now holds a unique importance to Scotland.

Internationalising Social Enterprise: A Strategy for Scotland, page 10.
Scottish Government, September 2016

Collective reporting, measurement, and sharing of the social enterprise sector's activities and achievements can help to promote and demonstrate its value, both to those with whom they do business or aspire to do business, as well as to Nova Scotians regarding the positive impacts social enterprises have in their communities.

Several studies and reports were completed over the last five years to begin mapping and measuring the social enterprise sector in Nova Scotia. Continued studies and documentation of the sector will help to develop a strong evidence base for illustrating its value to Nova Scotians. The actions of this pillar outline how government will support SENNS to undertake this work on behalf of the sector.

Outcomes for the Sector

Medium term:

Purchasers, suppliers, and intermediaries in all regions of Nova Scotia are aware of and understand the role social enterprise plays in society and recognize the sector's economic, environmental, cultural, and social contributions.

Long term:

Targeted audiences in all regions of the province will have a strong awareness and understanding of the role social enterprises play in society and the sector's economic, environmental, cultural, and social contributions.

Collaborative Approaches of the Framework

- I. Create understanding and awareness among Nova Scotians of the economic, environmental, cultural, and social impacts of social enterprise.

Government Actions toward Outcomes

1. The Department of Business will promote this framework throughout other departments, Crown corporations, and federal and municipal partners.

2. The Province of Nova Scotia will work with SENNS to develop and execute qualitative and quantitative research about the sector. They will also collaborate on the reporting of this research.

3. The Province of Nova Scotia will collaborate with SENNS to increase awareness and understanding of the sector among provincial program managers and administrators.



Common Roots Urban Farm in Halifax
(photo courtesy of Common Good Solutions)

Pillar #5

Create an Enabling Policy Environment

Government policies and their implementation tools, such as legislation and regulations, play an important role for all businesses and can have significant impacts on social enterprises. As with other businesses, effective policy environments greatly influence the ability of social enterprises to succeed.

In Nova Scotia, the recent completion of regulations creating a new community interest company legal structure is one way government policy can enable the continued growth of the social enterprise sector. Government will identify and address other policy barriers to social enterprise establishment and growth.

Outcomes for the Sector

Medium term:

Policy barriers to social enterprise growth have been identified and addressed.

Long term:

Nova Scotia's social enterprise sector operates within a policy environment that enables its growth and success across the province.

Collaborative Approaches of the Framework

- I. Increase collaboration between government and the sector to identify policy barriers to the sector's growth and success.
- II. Clarify the legislative environment in which social enterprises operate in order to facilitate access to public and private sector programming, investment, and other business development opportunities.

Government Actions toward Outcomes

1. The Province of Nova Scotia adopted community interest company regulations in June 2016

2. The Department of Business will establish a working committee of government and sector representatives to meet regularly and examine legislation, regulations, and programs throughout government to identify where and when program guidelines, rules, and regulations may be amended to expand eligibility to social enterprises.

3. Service Nova Scotia, in its review of the Societies Act, will identify potential amendments that could enable the establishment and growth of social enterprises.

Measuring the Impact and Growth of Nova Scotia's Social Enterprise Sector

Measuring the impact of this framework on Nova Scotia's social enterprise sector will require indicators ranging from the outputs of specific actions to the impacts of efforts toward achieving long-term outcomes. Outputs for some of the actions in this framework have already been identified but will require establishing baseline data. Examples of measures that span all five pillars include:

- Percentage of Social Enterprise Development Portal users who found the portal made a positive contribution to their success.
- Number of credit union guarantee loans and loan amounts to social enterprises.
- Default rate on credit union guarantee loans to social enterprises.
- Geographic distribution of credit union guarantee loans.
- Number of certified suppliers of social enterprise goods and services.
- Level of awareness and understanding of social enterprise by stakeholder groups in the public and private sectors.

Establishing evaluation methodologies and baseline indicators for measuring the broader impact of the sector will be key for monitoring the progress toward the shared outcomes for the sector. As the lead government entity for advancing social enterprise in Nova Scotia, the Department of Business will work closely with the Social Enterprise Network of Nova Scotia to develop evaluation methodologies and baseline measures for monitoring the shared actions and outcomes of this framework.

Wolfville Farmers Market, Wolfville
(photo courtesy of Common Good Solutions)



Appendix A: Summary of Shared Outcomes for Nova Scotia's Social Enterprise Sector

Medium term (1–3 years)

- Social entrepreneurs are increasingly accessing training and coaching resources to establish, manage, and grow their social enterprises.
- Social enterprises in Nova Scotia have improved access to financial tools.
- Corporate and public procurement buyers are aware of the value of contracting social enterprise suppliers.
- Purchasers, suppliers, and intermediaries in all regions of Nova Scotia are aware of and understand the role social enterprise plays in society and recognize the sector's economic, environmental, cultural, and social contributions.
- Policy barriers to social enterprise growth have been identified and addressed.

Long term (4 years and beyond)

- Social enterprises across Nova Scotia have the capacity necessary to respond to new market opportunities.
- Nova Scotia social entrepreneurs have access to the financial tools they need to successfully establish and grow their social enterprises.
- New market opportunities exist in corporate and public procurement because the value of contracting with social enterprises has been integrated into procurement policies.
- Maximize the awareness and understanding among targeted audiences in all regions of the province regarding the role social enterprises play in society and the sector's economic, environmental, cultural, and social contributions.
- Nova Scotia's social enterprise sector operates within a policy environment that enables its growth and success across the province.

Appendix B: Select Sources

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