



Pre-Budget Consultation Submission for 2017 Budget

Standing Committee on Finance

August 2016

Executive Summary

LIFT Philanthropy Partners is a national non-profit organization with a strong track record of success in increasing the effectiveness and impact of non-profits, charities and social enterprises (social purpose organizations), so they can build better lives for vulnerable and at-risk Canadians. LIFT focuses on addressing barriers to good health, education, skills development and employment, and achieves success by applying a venture philanthropy approach: concepts and techniques of venture capital investing, including hands-on management, strategic funding and pro bono business expertise. Combined, this approach yields significant and measurable social impact for Canadians. LIFT developed its venture philanthropy approach based on successful social investment models worldwide, which have changed the way governments, businesses, and individuals invest in social change.

LIFT proposes the Government of Canada invest \$50 million over four years to establish a centralized venture philanthropy fund to be funded by several federal departments. The fund will support LIFT's work with its partners to deliver cross-departmental social impact in health, education, skills development and employment opportunities to help vulnerable and at-risk Canadians who are struggling to enter the middle class, such as at-risk youth, newcomers to Canada, Aboriginal people, and those with disabilities or mental health challenges. LIFT's work help these specific groups participate in Canada's economic growth by addressing barriers to good health, education, skills development and employment.

Proposal: A National Venture Philanthropy Program

LIFT proposes the federal government establish a national venture philanthropy program that would work across federal departments to increase the capacity and impact of social purpose organizations to better deliver on the federal government's priority areas and mandate commitments. LIFT would apply its venture philanthropy approach of hands-on management, strategic funding and pro bono business expertise to 50 organizations that are working to remove barriers to health, education, skills development and employment for vulnerable Canadians (such as at-risk youth, newcomers to Canada, Aboriginal people, and those with disabilities or mental health challenges)struggling to enter the middle class and help grow the economy.

Recommendation: \$50 million federal government investment over four years to create and support a national venture philanthropy program run by LIFT

Within the \$50 million investment, an initial federal investment of \$25 million would support LIFT to work with 50 social purpose organizations to improve their capacity to deliver greater social impact. LIFT would then leverage an additional \$25 million federal government investment to secure \$25 million in matching donations from corporations, foundations, individuals and other levels of government across Canada, along with a value of up to \$25 million in pro bono contributions from LIFT's network of corporate partners. This would result in a total combined investment value of close to \$100 million to help vulnerable and at-risk Canadians build better lives and grow the economy.

Venture philanthropy investments would further professionalize and scale the operations of these organizations to enhance their efficiency, effectiveness and transparency, thereby helping the government to maximize the delivery of its social policy priorities. By developing a centralized venture philanthropy program, LIFT would identify and invest in organizations that can be scaled to achieve greater impact that delivers on multi-departmental commitments for social change.

The health, education, skills development and employment barriers that prevent Canadians from participating in the economy are highly complex and often intertwined. These issues require a comprehensive approach that addresses the underlying contributing factors. By adopting the innovative,

cross-departmental approach of a national venture philanthropy program, the government could achieve many benefits that are not realized in a traditional siloed approach.

Social purpose organizations that address social issues often benefit more than one population group of Canadians, and their work crosses several federal departments and policy areas. A national venture philanthropy program would contribute to increased collaboration between departments and more horizontal integration on delivery of mandate commitments. Cross-departmental funding would lead to greater opportunities to share key lessons and resources, reduce siloed approach and increase collaboration, while also enhancing public policy development and benefiting more Canadians overall.

A national venture philanthropy program offers a key opportunity to develop a stronger social sector that is better equipped to deliver on the government's priorities, and organizations that are investment-ready for social impact bonds, impact investing and other social finance tools. This program would enable LIFT to identify and strengthen social purpose organizations with the highest potential to effect real, meaningful social change for Canadians in priority areas of multiple federal departments. In addition to directly strengthening 50 organizations, LIFT's work would benefit the broader social sector, by sharing key lessons, tools and resources from the venture philanthropy program.

Establishing an innovative national venture philanthropy program would be aligned with the federal government's campaign commitment to "devote a fixed percentage of program funds to experimenting with new approaches to existing problems." It would employ ongoing measurement to ensure evidence-based policymaking to continuously improve the services government provides to Canadians. The barriers facing vulnerable Canadians who are struggling to enter the middle class are complex, and the solutions that will prove effective will require federal departments to collaborate on achieving the best result in maximizing contributions to the country's economic growth for vulnerable and at-risk Canadians.

This national venture philanthropy program will result in measurable, evidence-based results for multiple federal policy areas. The federal departments that would experience direct benefits include:

- Agriculture and Agri-food
- Canadian Heritage
- Employment, Workforce Development and Labour
- Families, Children and Social Development
- Finance
- Health
- Immigration, Refugees and Citizenship
- Indigenous and Northern Affairs
- Innovation, Science and Economic Development
- Justice
- Science
- Small Business and Tourism
- Sport and Persons with Disabilities
- Status of Women
- Veterans Affairs

The federal departments that would experience indirect benefits include:

- Environment and Climate Change
- Global Affairs
- Infrastructure and Communities
- International Development and La Francophonie
- International Trade
- Public Safety and Emergency Preparedness
- Treasury Board

Timeframe for Delivering Measurable Results

Using a top-line target of 50 social purpose organizations, LIFT would add 12 to 18 new organizations to its portfolio each year for four years. The estimated duration of each investment would range from 18 to 36 months, depending on their capacity and growth targets. With a performance measurement process in place for each organization, it would take likely 12 to 18 months for the venture philanthropy program to demonstrate meaningful results and key lessons, which could be shared with the social sector.

LIFT's Evidence-Based Approach

LIFT conducts a rigorous, evidence-based assessment of social purpose organizations, and partners only with organizations that are proven to offer good value based on evidence and outcomes. The organizations it selects are established and poised for growth, but can benefit from support beyond funding to scale their impact, and become more effective and sustainable.

LIFT leverages investors' financial contributions with value-added expertise from the LIFT team and its pro bono network of leading businesses and experts, including KPMG LLP, Blake, Cassels & Graydon LLP, NATIONAL Public Relations, Boyden and Cisco. Together, with hands-on management from the LIFT team, these pro bono partners provide essential services, such as technology, human resources, financial tools, innovation and communications, to strengthen these organizations. LIFT's venture philanthropy approach offers management consulting to high performing social purpose organizations, which enables them to further professionalize their operations, improve efficiencies, and deliver greater impact for more Canadians.

An essential component of LIFT's methodology is its performance measurement framework. This framework, which was developed in partnership with KPMG LLP and other pro bono partners, centres on evidence-based decision-making and proven outcomes. It begins with a rigorous assessment of potential partners to ensure LIFT invests only in organizations that offer good value, and requires ongoing performance measurement throughout the investment that will be verified by third parties.

The performance measurement framework includes metrics that demonstrate: LIFT's impact on the effectiveness of the organizations; the increase in the organizations' operational capabilities and capacity; and the increased impact on Canadians' health, education, skills development and employment outcomes.

LIFT's National Reach

Headquartered in British Columbia, LIFT delivers social impact across Canada. LIFT's portfolio includes organizations located in British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario. Together, these organizations deliver impactful and effective programs in every province and territory in Canada.

LIFT has also begun its initial work with a nationally focused Aboriginal organization based in Ontario, and is in the late stages of evaluating additional organizations across the country, including in Quebec.

LIFT's Proposal is in the National Public Interest

Governments around the world have become increasingly reliant on social purpose organizations, such as non-profits, charities and social enterprises, to assist them in implementing government priorities. However, they are not obtaining the results they need. Governments are finding that these organizations are often ineffective at achieving public policy goals or failing to meet the growing demands of donors and recipients. The abrupt closure of Goodwill Industries of Toronto, Eastern, Central and Northern Ontario is a case study of poor management in the non-profit sector with wide-ranging consequences. Sadly, Goodwill is not an isolated example; the sector continues to be saturated with failing organizations. The Government of Canada needs to identify social purpose organizations with the highest potential for social impact and build them up, so the sector can produce strong partners for government and game-changers for Canadian society.

Moreover, the non-profit sector is experiencing a growing demand from investors for accountability and outcomes, and a focus on "pay for performance." Social purpose organizations cannot rely on good intentions alone; they are encountering a need to professionalize by developing the tools and practices of business (particularly accountability, governance, innovation, and use of technology). In order to create organizations that are ready for greater impact and more innovative forms of social investment,

government should invest in building their capacity. A stronger social sector and capable social purpose organizations are needed to implement government's social change agenda and help Canadians contribute to economic growth. As such, the government has a significant interest in ensuring that social purpose organizations are more effective, deliver real change for more Canadians, and are able to measure outcomes and communicate progress.

Venture Philanthropy: A Proven International Concept to Drive Social Change

Venture philanthropy is a proven concept, both internationally and in Canada. For more than 15 years, governments around the world have been partnering with venture philanthropy organizations, similar to LIFT, to drive large-scale change in their countries. LIFT is part of a best practices alliance with three leading venture philanthropy organizations: New Profit, Inc. in the United States; Impetus – The Private Equity Foundation in the United Kingdom; and Social Ventures Australia. These organizations demonstrate how governments can successfully leverage venture philanthropy to deliver effective, sustainable social impact on a national scale. New Profit, for example, was instrumental in supporting U.S. President Barack Obama's social innovation agenda. Building on the international success of this model, there is significant potential for the Government of Canada and LIFT to partner to deliver real results for Canadians.

About LIFT Philanthropy Partners

LIFT was founded in 2011 as the one of the first organizations in Canada to focus exclusively on venture philanthropy. LIFT evolved from 2010 Legacies Now, the non-profit organization established to leverage the 2010 Olympic and Paralympic Winter Games to create social and economic benefits in communities throughout B.C. 2010 Legacies Now was considered a best practice by the International Olympic Committee, and shared its social innovation model with cities and events throughout the world. LIFT developed its venture philanthropy approach based on successful social investment models worldwide, which have changed the way governments, businesses, and individuals invest in social change. LIFT uses its experience and knowledge from more than a decade of social impact work to strengthen social purpose organizations, so they can become game-changers for Canadians and the economy.

LIFT's current portfolio includes organizations delivering in key priority areas for government, such as:

- Aboriginal Human Resources Council
- Women Building Futures
- JUMP Math
- Furniture Bank
- Rise Asset Development
- Indspire
- Food Matters Manitoba

Contact

For more information on LIFT Philanthropy Partners, visit www.liftpartners.ca or contact Bruce Dewar, President and CEO at 778.840.5161 or bdewar@liftpartners.ca