

Research Scan: March 2014  
Special focus: Social Finance

## Current Research

<a href="#">Social Finance</a>	p. 1
<a href="#">Professional Development</a>	p. 3

## Publications

<a href="#">Social Finance</a>	p. 4
<a href="#">Workplace Literacy and Essential Skills</a>	p. 8

## Current Research

### Social Finance

#### *Evaluation of Social Finance Essential Skills Training Pilots*

Social Research and Demonstration Corporation (SRDC) - Evaluation of Social Finance Pilots.  
<http://www.srdc.org/policy-areas/social-finance.aspx>

Social Research and Demonstration Corporation (SRDC) is evaluating two pilot projects for Essential Skills training based on performance-based funding models. These models involve private sector investors who pay up-front for training costs, and who will be reimbursed a portion of the costs if participants achieve targeted levels of skills gain. One project, managed by [Alberta Workforce Essential Skills](#), will provide workplace essential skills training to lower-skilled employed persons, is. The other, headed by the [Association of Canadian Community Colleges](#), provides essential skills training for low-skilled unemployed persons. The outcomes assessed by the research will include indicators of employability and performance. The research will also analyze the return on investment in training. The project, which is funded by the Government of Canada Office of Literacy and Essential Skills, runs from January 2014 to January 2017.

**Keywords:** [Canada](#), [Employability](#), [Outcomes of Learning](#), [Pay-for-Performance](#), [Program evaluation](#), [Return on Investment \(ROI\)](#), [Social Finance](#), [Unemployed](#), [Workplace Literacy and Essential Skills \(WLES\)](#)

*Social Impact Measurement Subgroup of the Social Entrepreneurship Expert Group, European Commission*

[http://ec.europa.eu/internal\\_market/social\\_business/expert-group/social\\_impact/index\\_en.htm](http://ec.europa.eu/internal_market/social_business/expert-group/social_impact/index_en.htm)

Funding instruments are being created to enable European social enterprises that can demonstrate social impact to obtain funding. The Social Impact Measurement Subgroup was set up in October 2012 to devise a European methodology for measuring this social impact. A [report published in November 2013](#) explores the issues involved in developing such measures and notes agreement among the Subgroup that there is a “wide range of approaches to measuring social impact”, and that none of these has attained the status of a “gold standard”, nor is it likely that any will, given the “diversity of social need, intervention, scale, and stakeholder interest”.

**Keywords:** [European Union](#), [Social economy](#), [Social Finance](#)

*G8 Task Force for Social Finance Investment*

UK government news release: <https://www.gov.uk/government/news/government-leads-global-co-operation-to-grow-market-for-social-investment>

Social Impact Investment Taskforce Established by the G8 Hits the Ground Running – Sir Ronald Cohen: <http://socialfinance.ca/2013/10/25/social-impact-investment-taskforce-established-by-the-g8-hits-the-ground-ru/>

The G8 Task Force for Social Investment was established at a 2013 G8 forum to explore the potential of impact investment as a means for tackling important social issues. It is chaired by [Sir Ronald Cohen](#), founder and chair of the world’s first social investment bank [Big Society Capital](#), and comprises G8 government, industry and civil society representatives. The task force will establish definitions of impact investing and social enterprise. They will also:

- oversee an OECD report that will value the current international market for social investment
- work to bring social investment closer to international development projects
- establish a global expert group to work on best practice and recognized international standards in social investment

**Keywords:** [Social economy](#), [Social Finance](#), [Social innovation](#)

## Professional Development

*Stories from the Field: Teaching and learning practices in adult literacy and essential skills in Alberta*

Stories from the Field – Adult Literacy Research Institute, Bow Valley College

<http://centreforfoundationallearning.wordpress.com/projects-in-progress/stories-from-the-field/>

“Stories from the Field”, a year-long research project that concluded in February 2014, collected information and stories about teaching and learning practices in adult literacy and essential skills in Alberta. Alberta practitioners were invited to share their stories with the researchers. Some of these stories have been the basis of articles posted on the Stories from the Field blog (see above link). They will also be used in the final report to make recommendations for further research and development. Topics in the blog postings include aboriginal literacy, ESL in rural and small urban communities, supporting deaf immigrant learners, teaching literacy in correctional facilities, and assessing learner progress. Each article includes the practitioner’s story, a short review research on the topic, and a bibliography.

**Keywords:** [Aboriginal peoples](#), [Alberta](#), [Assessment](#), [Canada](#), [Deaf people](#), [English as an additional language \(EAL\)](#), [Prisons](#), [Professional development](#), [Teaching](#)

## Publications

### Social Finance

#### *2012 Impact Investor Survey Results*

Saltuk Y, Bouri A, Mudaliar A, Pease M. (2013). *Perspectives on Progress: The Impact Investor Survey*. Available at

[http://www.jpmorganchase.com/corporate/socialfinance/document/207350\\_JPM\\_Perspectives\\_on\\_Progress\\_2013-01-07\\_1018749\\_ada.pdf](http://www.jpmorganchase.com/corporate/socialfinance/document/207350_JPM_Perspectives_on_Progress_2013-01-07_1018749_ada.pdf)

This report released by J.P. Morgan and the Global Impact Investing Network (GIIN) discusses the results of an international survey of 99 impact investors in 2012, who answered questions about their experiences, expectations, and perceptions, and their plans for 2013. Investors surveyed included fund managers, development finance institutions, foundations, diversified financial institutions, and others with at least \$10 million US committed to impact investment. 56% of investors were in North America, compared with 27% in Western, Northern, and Southern Europe. Respondents reported that they committed \$8 billion US to impact investments in 2012, and planned to commit \$9 billion US in 2013.

**Keywords:** [Social economy](#), [Social Finance](#), [Surveys](#)

#### *Can Social Finance Improve the Outcomes of Employment and Training Programs?*

Myers K, Conte N, & Nicols R. (2013). *Can social finance improve the outcomes of employment and training programs?* Social Research and Demonstration Corporation.

<http://www.srdc.org/publications/Can-social-finance-improve-the-outcomes-of-employment-and-training-programs-details.aspx>

This paper published by [Social Research and Demonstration Corporation](#) (SRDC) examines the potential of social finance in the domain of employment and training programming. The researchers note that, due to a lack of rigorous research in this area, their analysis is preliminary. They reviewed the social finance literature and conducted an environmental scan of Canada, the United States, the United Kingdom, and Australia, to find organizations using social finance tools, and identified six program and financing models under the social financing umbrella: the employment model, fee-for-service model, financial incentives, social purpose businesses, pay-for-success financing, and public-private partnerships. The report discusses the characteristics of the different models and what is known about their effectiveness. The researchers also conducted expert consultations in the province of Manitoba, since that

province is in the process of overhauling its employment and training system. The authors note that a specific benefit of social finance models for employment and training programs is that they can intensify engagement with employers. However, they should not be seen as a panacea. Based on their analysis, the authors suggest that social finance should complement, not replace, government funding. They note that social finance instruments are not easy to implement due to their complexity, while social enterprises, like other businesses, are risky undertakings.

**Keywords:** [Canada](#), [Social Finance](#), [United States](#), [Workplace Literacy and Essential Skills \(WLES\)](#)

*MRDC Report Draws Early Lessons From the New York City SIB*

Rudd T et al. (2013). *Financing Promising Evidence-Based Programs: Early Lessons from the New York City Social Impact Bond*. MRDC.

<http://www.mdrc.org/publication/financing-promising-evidence-based-programs>

The first American Social impact bond was created to fund a cognitive behavioral therapy program for 16-to 18-year-olds detained at New York City's Rikers Island prison. The goal of the program is to reduce the high recidivism rate for this population through personal responsibility education, training, and counseling. This report is the outcome of research into the first year of the program by [MRDC](#), an American social policy research organization. The report describes the program's SIB funding structure and the evaluation model that will be used to determine program impact, which could lead to payments to investors in 2017. From early lessons learned, the authors emphasize the importance of strong partnerships between stakeholders. They also note that an intervention appropriate for funding through an SIB must not only be evidence-based, but should also be suitable to the service environment and capable of being used on a large scale. The authors make some recommendations for structuring future SIBs to make them more appealing to investors. One recommendation is to define degrees of success and failure for evaluating interventions rather than draw an absolute dividing line, thus reducing the risks to investors.

**Keywords:** [Social Finance](#), [Social Impact Bonds](#), [United States](#)

*What are the Barriers to Using Social Impact Bonds?*

Keohane N, Mulheirn I & Shorthouse R. (2013). *Risky Business: Social Impact Bonds and Public Services*. Social Market Foundation. <http://www.smf.co.uk/research/public-service-reform/risky-business-social-impact-bonds-and-public-services/>

The Social Market Foundation is a UK think tank that proposes policies that “marry markets with social justice”. The authors note that while the British government has sought to devolve decision making on social interventions to autonomous agencies, it still pays for these interventions regardless of whether or not they succeed. Therefore, a major impetus behind Social Impact Bonds (SIB’s) is the idea that it would make those agencies financially responsible for the effectiveness of their activities. However, there has been little analysis comparing the specific benefits of an SIB versus other Payment by Results (PbR) models. This paper addresses the question of why there so few SIB’s currently in operation. What are the barriers to expanding their use in the delivery of public services? The authors find that compared to other PbR models, SIB’s have the potential to make finance available to a wider range of organizations, thus improving the diversity of investor and provider markets and allowing smaller, more specialized organizations to get involved in service delivery. Furthermore, by piloting new interventions on a small scale, SIB’s can help to demonstrate what sorts of initiatives can produce desired outcomes. However, the report questions whether SIB’s would provide a better deal and more autonomy to providers if enacted on a larger scale. It seems unlikely that where large amounts of finance are involved, investors will allow providers much autonomy, and investors asked to finance large-scale schemes would likely also demand higher rates of return than have been offered in the small-scale schemes enacted thus far. Furthermore, the independent in-depth analysis of the impact of interventions required for SIB’s makes them expensive. The authors also note that SIB’s cannot be expected to reduce overall government spending on social services unless they result in productivity improvements. They warn that SIB’s are unlikely to appeal to mainstream investors unless some major hurdles can be overcome. These include the uncertain outcomes of new social policy interventions, which make these investments too risky for most investors, the margin of error in assessing outcomes, and difficulty in attributing outcomes to the specified intervention. They also suggest increasing the scale of projects to reduce the margin of statistical error, structuring the reward scheme to take other environmental factors into account, and funding the evaluation of different initiatives and making the results available so potential investors have the information they need to judge the risk of an investment.

**Keywords:** [Social Finance](#), [Social Impact Bonds](#), [United Kingdom](#)

*Impact Investing in Canada: State of the Nation Report Released*

Purpose Capital & MaRS Centre for Impact Investing. (2014). *The State of the Nation Report on Impact Investing in Canada*. Available at <http://socialfinance.ca/2014/03/18/impact-investing-canada-state-nation-report-released/>

Executive Summary: <http://purposecap.com/wp-content/uploads/impact-investing-canada-2014-es.pdf>

Full Report: <http://purposecap.com/wp-content/uploads/impact-investing-canada-2014.pdf>

Purpose Capital, an impact investment firm, and the MaRS Centre for Impact Investing, a self-described “social finance hub and project incubator”, jointly published this report, a description of impact investing and how it is developing across Canada. The report looks at current impact investing activity in different sectors, regions and asset classes, shares case studies of investments that integrate financial returns and social impact, and makes recommendations on how to allow impact investing to fulfill its potential. The authors note a diversity of approaches and organizations in impact investment in Canada, and some “promising examples for enabling structures and conditions”. In particular they cite the social economy “ecosystem” in Quebec as an example “an admirable example” of organizations working together to leverage various forms of capital, including impact investments, to advance social progress. They note, however, that much work remains to expand the supportive infrastructure for impact investing beyond established sectors and regions in Canada. They find a misalignment between capital and opportunity, with entrepreneurs continuing to identify finance as a key barrier to growth. They recommend that asset owners and managers integrate non-financial considerations within investment approaches and within the concept of fiduciary responsibility, and that financial institutions develop products suited to social enterprises and non-profits. They also recommend that universities and research institutions undertake research around impact investing, and that non-profits educate boards and staff around the possibilities provided by different forms of capital. Furthermore, they recommend that governments share success stories in this area, make it easier for non-profits and charities to engage in revenue-generating activities, clarify fiduciary responsibilities for institutional investors, and provide incentives to integrate and strengthen the practice of impact measurement.

**Keywords:** [Canada](#), [Social economy](#), [Social Finance](#)

## Workplace Literacy and Essential Skills (WLES)

*Canada is Not Facing Labour or Skills shortages: PBO Report*

Office of the Parliamentary Budget Officer. (2014, March). *Labour Market Assessment 2014*.  
[http://www.pbo-dpb.gc.ca/files/files/Labour\\_Note\\_EN.pdf](http://www.pbo-dpb.gc.ca/files/files/Labour_Note_EN.pdf)

The mandate of the Parliamentary Budget Officer is to provide independent analysis to Parliament on the state of the nation's finances and on economic trends. This report to Parliament analyzes labour market indicators provided by Statistics Canada and finds that that most indicators remain "below trend": employment is still recovering from the 2008-09 recession, but remains weaker than before the recession. The researchers found little evidence to support the idea of a national labour shortage or skills mismatch in Canada, although there is evidence to suggest that the labour market is tight in certain regions and sectors. They report that job vacancy rates are lower, and unemployment rates higher, in most provinces compared to pre-recession levels.

**Keywords:** [Canada](#), [Labour market](#), [Labour market outcomes](#), [Skills mismatch](#), [Skills shortages](#)

*Elevate Canada: Raising the Grade for Food Processing Project*

*Essential Skills Ontario. (n.d.) Elevate: Testing New Delivery Models to Better Meet the Needs of Adults.* Available at [http://www.essentialskillsontario.ca/sites/www.essentialskillsontario.ca/files/Elevate%20-%20Testing%20New%20Delivery%20Models\\_Essential%20Skills%20Ontario.pdf](http://www.essentialskillsontario.ca/sites/www.essentialskillsontario.ca/files/Elevate%20-%20Testing%20New%20Delivery%20Models_Essential%20Skills%20Ontario.pdf)

See also [Elevate Q&A](#) at  
[http://www.essentialskillsontario.ca/sites/www.essentialskillsontario.ca/files/Elevate%20Canada\\_%20Q&A.pdf](http://www.essentialskillsontario.ca/sites/www.essentialskillsontario.ca/files/Elevate%20Canada_%20Q&A.pdf)

Entry-level occupations in the food processing industry now require higher-level skills in technology, food safety, and communications. [Essential Skills Ontario](#) is working with the [Food Processing Human Resources Council](#) (FPHRC) on a workplace initiative funded by [Employment and Social Development Canada](#) called Elevate Canada: Raising the Grade for Food Processing (Elevate). Elevate will test the effectiveness of workforce training models that integrate job-specific skills and literacy and essential skills (LES) in Ontario food processing industry workplaces. These models, although new to Canada, have been implemented in the United States, Australia and New Zealand. The aim of the project is to attract employer investment in basic skills and connect the unemployed with jobs. The project will train approximately 250 individuals who currently receive income support in Ontario with skills specific to in-demand occupations in the industry. Ten regional locations across Ontario will be used. The first phase of the project is using an enhanced Job Requirement Approach (JRA) to "investigate the relationship between traditional literacy and essential skills and entry-level job



requirements". The second phase will test delivery models that focus on entry-level job skills, traditional literacy and essential skills, as well as complex communication and problem solving in technology-rich environments (PS-TRE). The project began in May 2013 and will conclude in May 2015.

**Keywords:** [Canada](#), [Employers](#), [Ontario](#), [Pilot projects](#), [Workplace Literacy and Essential Skills \(WLES\)](#)