Social Capital Partners' 2026 Federal Pre-Budget Submission

September 8, 2026

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Capital in Place: Building Canada's Community Finance Infrastructure

Introduction

Canada must mobilize all the tools at our disposal right now to build a strong, sovereign, resilient economy.

The federal government is mobilizing capital for major projects, strategic industries, and national infrastructure. Social Capital Partners strongly recommends that this approach be complemented with a strategy to catalyze domestic capital into investments in community infrastructure, local businesses, not-for-profits, and the local assets that matter to people's lives.

Canadians are already stepping up by buying Canadian and supporting local businesses. They want more ways to contribute. The next federal budget should help turn that commitment into investment by strengthening the institutions, incentives, and infrastructure that connect Canadian capital with opportunities in communities across the country.

Social Capital Partners has worked for many years to develop Canada's community, social, and impact finance sectors. We have seen these sectors grow and mature and believe they are ready to play a much larger role in Canada's economic resilience strategy.

Canada needs capital at scale. It also needs capital in place.

Recommendations

Social Capital Partners was pleased to support a recent Call-to-Action to build a national architecture for community economic resilience. This work will require coordinated action on several fronts. Communities need financing institutions with local knowledge and specialized expertise, organizations that develop projects and provide technical and business support, and networks that connect viable opportunities with capital. These institutions must be backed by low-cost wholesale capital, guarantees and tax incentives that extend the reach of community lenders, as well as better data, procurement policies, and Crown corporation mandates that create markets for community enterprises.

This submission focuses on one foundational element of that broader agenda: the accreditation and capitalization of Community Finance Institutions (CFIs). Canada's enterprise financing system is unusually dominated by one institutional model: large, publicly traded, deposit-funded banks. As

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Social Capital Partners documented in *Built to Exclude*, these institutions are essential to Canada's economy, but their business models create predictable limits on the enterprises and projects they can finance. CFIs complement mainstream finance by providing flexible, relationship-based and mission-oriented financing where conventional financial models do not consistently reach.

Canada already has capable community finance institutions, but they remain fragmented, undercapitalized and difficult for governments and investors to identify as a distinct class. Without a common standard or dedicated balance-sheet support, their ability to attract capital and expand their financing remains limited.

We recommend that the federal government:

1. **Establish a federal accreditation standard and public registry for community finance institutions.**

   Provide statutory footing for accreditation, whether as a standalone community finance statute on the model of the United States Riegle Act of 1994 or as the financing provisions of broader community economic resilience legislation. Accreditation should identify institutions whose primary purpose is to finance viable enterprises and projects that are underserved by conventional financial models and that demonstrate meaningful accountability to the communities or markets they serve. If legislation cannot be completed in the first year, the government should launch a standard and registry programmatically in 2026-27 under existing authorities, designed for statutory adoption, with a legislative timetable stated in the Budget.

2. **Capitalize accredited institutions, within an envelope of $250 million over five years, beginning at $20 million in year one.**

   A $250 million envelope should be established to capitalize the balance sheets of CFIs. Balance-sheet capitalization should be prioritized because it remains with the institution and supports repeated financing activity. It should be complemented over time by wholesale repayable capital, credit enhancement and targeted, time-limited support for emerging institutions and shared sector infrastructure.

Together, these measures would mobilize capital well beyond the federal investment. Accreditation would make it easier for governments, financial institutions, foundations and other investors to direct capital to CFIs, while giving future guarantees, tax incentives and other programs a common basis for determining eligibility. Capitalization would strengthen CFI balance sheets, allowing them to attract additional investment and finance more enterprises and projects over time.

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Conclusion

Strong local economies are the foundation of a sovereign national economy. Who owns Main Street, whether Canadian entrepreneurs can access capital to buy and grow businesses, whether community infrastructure can secure affordable financing, and whether the wealth generated in our communities stays in Canadian hands are all crucial to Canada's economic future.

Community finance institutions already put capital to work where conventional financing does not consistently reach. What they lack is the shared infrastructure that would allow governments and other funders to recognize them and invest in their growth. As we explore in *Built to Reach*, peer countries have created this infrastructure. Canada should join them.

The next federal budget is an opportunity to put more Canadian capital and more of our considerable wealth to work building strong, resilient local economies.

As we build a stronger Canada, let's build it from the ground up, in communities across the country.

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