CANADIAN

Social Finance & Impact Investment Glossary

A plain-language field guide to the Canadian ecosystem

For practitioners, investors, foundations, governments, social-purpose organizations, intermediaries, and community leaders

Why does this guide exist.

Canadian social finance draws vocabulary from philanthropy, banking, responsible investment, community economic development, cooperative finance, Indigenous finance, social enterprise, and public policy. The result is a field rich in ideas—but often difficult for newcomers to decode. This guide translates the terminology while preserving the distinctions that matter to practitioners.

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Prepared as a Canadian sector reference. Definitions are plain-language working definitions; where Canadian terminology varies by institution or jurisdiction, the guide identifies the distinction rather than pretending there is one universal definition.

How to use this glossary

This is more than an alphabetical dictionary. It is designed as a field guide for people who need to understand how the Canadian social-finance system actually works. The first sections explain the architecture; the glossary then provides definitions, Canadian context, and common distinctions.

The five questions behind the field

- Financial: What kind of capital is needed, on what terms, and with what expected return or repayment?
- Impact: What social, cultural or environmental change is intended, for whom, and how will it be measured?
- Additionality: What becomes possible because this capital is provided?
- Equity: Who receives capital, who controls it, who benefits, and who remains excluded?
- Systems: Does the investment strengthen the broader market, institutions, policies, or infrastructure that make future impact easier?

A useful shorthand

Traditional finance asks: “What return will my money earn?” Philanthropy asks: “What good will my money do?” Social finance asks: “How can capital be structured so that social/environmental outcomes and financial sustainability can reinforce one another?” Impact investing adds intentionality and measurable impact to that equation.

A critical vocabulary distinction

Social finance, impact investing, responsible investment, ESG, social enterprise, social economy and social purpose organization overlap—but they are not interchangeable. The most common source of confusion is treating ESG as synonymous with impact. ESG is generally about how environmental, social and governance factors affect an investment; impact investing is intentionally investing for positive, measurable social and/or environmental impact alongside a financial return.

Contents

Part I — The Canadian social-finance architecture

The Canadian ecosystem is best understood as a network rather than a single industry. Capital providers, government, foundations, banks, credit unions, Indigenous Financial Institutions, community loan funds, impact funds, social-purpose organizations and impact-measurement organizations occupy different positions in the system.

The capital-and-impact chain

Capital source	Intermediary layer	Financing	Recipient	Intended result
Government	Wholesaler / fund-of-funds	Debt, equity, blended capital	SPOs / SFIs	Market development + impact
Foundations	Impact fund / community intermediary	Grants, guarantees, PRI/MRI, catalytic capital	Communities / SPOs	Mission + financial sustainability
Institutional investors	Fund manager	Private debt / equity / infrastructure	Impact enterprises / projects	Risk-adjusted return + impact
Communities	Community finance intermediary	Community bonds / loans / equity	Local enterprises / housing	Community wealth + resilience

The Social Finance Fund in one diagram

Government of Canada

Provides the federal Social Finance Fund capital and policy architecture.

↓

SFF managers / wholesalers

Boann Social Impact • Realize Capital Partners • Fonds de finance sociale — CAP Finance

↓

Social finance investors / intermediaries

Funds (like Jubilee Fund), community lenders, credit unions, investment vehicles and other organizations that structure and deploy capital.

↓

Social Purpose Organizations

Charities, nonprofits, social enterprises, cooperatives, and purpose-driven businesses.

↓

Social, cultural, and environmental outcomes

The ultimate purpose is not merely capital deployment; it is better outcomes and a stronger social-finance market.

Part II — The Social Finance Fund: Canada's flagship market-building intervention

The Government of Canada’s Social Finance Fund (SFF) is a $755-million initiative designed to increase access to capital for social purpose organizations while building a stronger, more sustainable Canadian social-finance market. The federal government originally framed the Fund as a response to a capital-financing gap faced by organizations producing positive social outcomes and as a mechanism to accelerate growth of the existing social-finance market.

The important point

The SFF is not simply a $755-million grant pool and it is not a conventional direct-investment program. It is a wholesale, market-building mechanism: federal capital is deployed through selected managers, which invest in or support other social-finance intermediaries, which in turn finance social-purpose organizations.

Core SFF terms

Social Finance Fund (SFF)

A $755-million Government of Canada initiative intended to expand access to flexible capital, attract additional investment, support social purpose organizations, advance social equity and build a sustainable Canadian social-finance market.

The Fund's significance is systemic: it is designed to strengthen the market's infrastructure and capital channels, not merely finance individual projects.

Wholesale capital

Capital provided to an intermediary, fund manager or other financial institution that then deploys it further into the market.

The SFF operates substantially at the wholesale level rather than acting as a direct retail lender to every SPO.

Wholesaler

An organization that receives large-scale capital and allocates it among other investment managers, funds, or financial intermediaries.

The three SFF managers are commonly understood in this role.

Fund-of-funds

An investment fund that invests primarily in other funds rather than directly in individual companies or projects.

Realize Fund I is a Canadian example of an impact fund-of-funds.

Social Finance Investor (SFI)

An entity that pools or manages investment capital and deploys it toward social-purpose organizations, directly or through other intermediaries.

The term is broader than conventional 'impact fund' and can include different financial institutions and investment vehicles.

Social Finance Intermediary

An organization that connects capital providers with social-purpose organizations and may structure loans, equity, guarantees, investment funds or other financing.

Intermediaries are the practical machinery through which wholesale capital reaches the real economy.

Market building

Deliberately developing the institutions, products, participants, standards, data and investment pipelines needed for a functioning social-finance market.

A central SFF objective.

Capital mobilization

Using one pool of capital to attract additional capital from other investors.

The SFF's catalytic role is often described in terms of mobilizing private capital.

Leverage

Additional capital generated relative to an initial capital commitment.

In social finance, this often means investment attracted rather than borrowing leverage.

Crowding in

When public or philanthropic capital causes additional private capital to enter a market.

Generally considered a positive market-development effect.

Crowding out

When subsidized or public capital displaces private capital that would otherwise have invested.

A key counterfactual question when assessing catalytic capital.

De-risking

Reducing the perceived or actual risk of an investment through guarantees, first-loss positions, subordinated capital or other mechanisms.

De-risking is one way public or philanthropic capital can make private participation possible.

Fit-for-purpose capital

Capital whose amount, term, price, risk, security, and repayment structure match the organization's actual circumstances.

A central social-finance insight: the problem is often not a lack of money but a lack of the right kind of money.

Capital gap

The difference between the financing an organization or market needs and the financing conventional markets are willing to provide.

The SFF was explicitly conceived in response to this type of gap.

Missing middle

Organizations that are too large, established, or commercial for traditional grants but too small, risky or unconventional for mainstream finance.

A recurring Canadian social-finance problem.

Capital absorption capacity

The ability of an organization, sector, or market to use additional capital productively and manage it successfully.

Important because adding supply of capital does not automatically create investable demand.

Investment pipeline

The collection of potential investments available for consideration by an investor or fund.

A healthy market needs both capital supply and investable opportunities.

Deal flow

The stream of investment opportunities reaching an investor.

Weak deal flow can constrain a market even when capital is available.

The three SFF managers

Manager	Role / focus	Why it matters
Boann Social Impact	SFF manager focused on building the Canadian social-finance market through investments across areas such as housing, climate, food and agriculture, technology, place-based finance and emerging investment managers.	Boann describes an ecosystem-oriented investment approach and currently identifies a $154-million initial SFF contribution to its first fund.
Realize Capital Partners	A fund-of-funds manager for the Government of Canada's SFF. Realize Fund I is a multi-asset-class private impact fund-of-funds investing across Canada.	In June 2026, Realize announced a $276.7-million final close: $141.7 million of private capital alongside a $135-million Government of Canada anchor investment.

Manager	Role / focus	Why it matters
Fonds de finance sociale — CAP Finance	The Quebec-focused SFF manager, rooted in Quebec's social economy and solidarity-finance ecosystem.	Its vocabulary and institutional context reflect Quebec's distinctive économie sociale, finance solidaire and capital de développement traditions.

SFF market-building concepts

Ecosystem investment

An investment whose value includes strengthening the broader social-finance ecosystem, for example, by supporting an emerging fund manager, a new financing product or a new regional capital channel.

The investment can have impact beyond the direct investee.

Anchor investor

An early, substantial investor whose commitment helps a fund raise additional capital and establish credibility.

Government capital can serve this function in blended structures.

Cornerstone investor

A major early investor whose participation helps establish a financing vehicle or fund.

Often used similarly to 'anchor investor'.

Demonstration investment

An investment intended partly to prove that a new market, product, business model, or financing structure can work.

Successful demonstration can unlock later private investment.

Proof of concept

Evidence that an idea or intervention works sufficiently well to justify further development or investment.

Common in early-stage social innovation.

Proof of market

Evidence that customers or users will adopt and/or pay for a product or service.

Particularly relevant to social enterprises.

Pipeline development

The process of identifying, preparing, and supporting potential investments.

Investment-readiness programs can function as pipeline infrastructure.

Market infrastructure

The legal, technical, informational, institutional, and human systems required for a functioning market.

Examples include data standards, investment platforms, measurement systems, and intermediaries.

Part III — Core glossary: A–Z

A

Additionality

The extent to which an investment creates financing or impact that would not otherwise have occurred or would have occurred only on materially worse terms.

Additionality has financial and impact dimensions; do not assume they are the same.

Related: *Impact; Financial Additionality; Impact Additionality*

Asset-Based Community Development

An approach that starts with the strengths, assets, relationships, and capabilities already present in a community rather than beginning with deficits.

Common in place-based and community-led development.

Related: *Place-Based Impact Investing; Community Finance*

Affordable Capital

Capital whose overall cost and terms are manageable for the organization receiving it.

Affordable does not necessarily mean below-market.

Related: *Fit-for-Purpose Capital; Concessional Capital*

B

B Corp / Certified B Corporation

A business certified by B Lab against standards covering governance, workers, community, environment, and customers.

Certification is not the same thing as a corporate legal form.

Related: *Benefit Corporation*

Benefit Corporation

A corporate legal form available in some jurisdictions that embeds public-benefit objectives into corporate governance.

Canada does not have one nationwide benefit-corporation legal form.

Related: *B Corp*

Blended Finance

The strategic use of different types of capital with different risk/return expectations in the same financing structure.

Often combines public, philanthropic, and commercial capital.

Related: *Catalytic Capital; First-Loss Capital*

Blended Value

The idea that organizations and investments can create economic, social and environmental value simultaneously.

A foundational idea in the development of modern social finance.

Related: *Triple Bottom Line*

Bottom Line

The financial result of an organization or investment.

'Double' or 'triple' bottom line adds social and/or environmental dimensions.

Related: *Multiple Bottom Line*

C

Capital Stack

The layers of financing in a project or organization, ranked by risk, priority and return.

Typical layers include grants, first-loss capital, subordinated debt, senior debt and equity.

Related: *Senior Debt; Subordinated Debt; First-Loss Capital*

Catalytic Capital

Capital that accepts greater risk, lower returns, longer time horizons, or more flexible terms to unlock additional capital or impact.

Often provided by governments or philanthropy.

Related: *Catalytic Investor; Blended Finance*

Catalytic Investor

An investor willing to accept unusual risk, return or liquidity characteristics to make a new investment possible.

The objective is often to change what other investors are willing to do.

Related: *Anchor Investor*

Charity

An organization registered with the Canada Revenue Agency as a charity.

A charity is not synonymous with a nonprofit, the legal and tax distinctions matter.

Related: *Nonprofit; Foundation*

Charitable Foundation

A charity whose primary activities generally involve managing charitable assets and/or making grants.

Foundations are increasingly using loans, guarantees and mission-related investments alongside grants.

Related: *PRI; MRI*

Community Bond

A debt instrument through which community members or other investors lend to a community organization or project and expect repayment, usually with interest.

Used in Canada for projects such as affordable housing and community facilities.

Related: *Community Finance*

Community Capital

Capital raised from people and institutions connected to a particular community and deployed for that community's benefit.

Can include bonds, loans, equity, and philanthropic capital.

Related: *Community Finance*

Community Economic Development (CED)

Economic development intended to strengthen the economic, social, and environmental well-being of a particular community.

A major Canadian tradition within social finance.

Related: *Place-Based Impact Investing*

Community Economic Development Investment Fund (CEDIF)

A Nova Scotia community-investment structure allowing individuals to invest in qualifying local enterprises, subject to provincial rules and incentives.

A distinctive Canadian example of community finance.

Related: *Community Investment*

Community Finance

Financial activity designed around community benefit, often through credit unions, community loan funds, community bonds, and local investment vehicles.

Broader than impact investing.

Related: *Community Capital*

Community Investment

Investment intended to produce benefits within a particular geographic or identity-based community.

Often overlaps with place-based investing.

Related: *Place-Based Impact Investing*

Community Land Trust (CLT)

An organization that holds land collectively for long-term community benefit, often to preserve affordable housing.

Can separate land ownership from building or household ownership.

Related: *Affordable Housing Finance*

Concessional Capital

Capital provided on terms more favourable than market terms.

Examples include below-market interest, longer repayment, flexible covenants, or subordinated positions.

Related: *Patient Capital; Catalytic Capital*

Co-operative

An enterprise owned and democratically controlled by its members.

Housing, worker, agricultural and financial cooperatives are all relevant to Canadian social finance.

Related: *Social Economy*

Credit Enhancement

A mechanism that improves the creditworthiness of an investment.

Examples include guarantees, reserve funds, and first-loss capital.

Related: *Guarantee; De-Risking*

D

Debt

Money borrowed by an organization that must normally be repaid.

Examples include loans, mortgages, bonds, and debentures.

Related: *Equity*

Development Finance

Financing intended to promote economic, social, or environmental development.

The term is common internationally and overlaps with social finance in Canada.

Related: *Blended Finance*

Due Diligence

The investigation an investor undertakes before making an investment.

Impact investors increasingly perform impact due diligence alongside financial and legal diligence.

Related: *Impact Due Diligence*

E

ESG

Environmental, social and governance factors considered in investment analysis or ownership.

ESG is not synonymous with impact investing.

Related: *ESG Integration; Responsible Investment*

ESG Integration

Systematic incorporation of ESG factors into investment analysis and decision-making, generally to improve risk management and/or risk-adjusted returns.

A core responsible-investment strategy but not necessarily impact investing.

Related: *Responsible Investment; Impact Investing*

Equity

An ownership interest in an organization.

Equity investors generally earn through distributions and/or capital appreciation.

Related: *Debt*

Equity-Deserving Group

A Canadian policy term for groups experiencing systemic barriers to equal participation or opportunity.

The emphasis is on systemic barriers rather than inherent disadvantage.

Related: *Social Equity Lens*

Evaluation

Systematic assessment of whether a program, intervention or investment is achieving intended results.

Evaluation is broader than routine performance reporting.

Related: *Impact Measurement*

Externality

A cost or benefit created by an activity that is not fully reflected in the market price.

Impact investing often seeks to internalize or create positive externalities.

Related: *Impact*

F

Fiduciary Duty

A legal duty to act in the best interests of another party.

Relevant to trustees, directors and investment managers considering social or environmental objectives.

Related: *Responsible Investment*

Financial Additionality

The extent to which capital would not have been available, or would have been available only on materially worse terms, without the intervention.

Important when assessing whether public or philanthropic capital is truly catalytic.

Related: *Additionality*

Financial Inclusion

Increasing access to appropriate and affordable financial products for people and organizations traditionally underserved by mainstream finance.

A common impact theme in Canada.

Related: *Financial Exclusion*

Financial Return

Money an investor receives from an investment, including interest, dividends, distributions, and capital appreciation.

Impact investing does not necessarily imply below-market return.

Related: *Risk-Adjusted Return*

First-Loss Capital

Capital that absorbs losses before other investors in a financing structure.

A classic form of catalytic capital.

Related: *Capital Stack; De-Risking*

Flexible Capital

Capital whose terms can be adapted to the needs and circumstances of the recipient.

Examples include patient debt, flexible covenants, and revenue-linked repayment.

Related: *Fit-for-Purpose Capital*

G

Gender Lens Investing

Investment that intentionally incorporates gender considerations into investment decisions, ownership, products, employment or outcomes.

The SFF has a specific gender-equality allocation target within its social-equity framework.

Related: *Gender Lens Investment*

Grant

Capital provided without an expectation of financial repayment.

Grants can still play a catalytic role by de-risking investment or building capacity.

Related: *Recoverable Grant*

Grantmaking

The process of providing grants to organizations or initiatives.

Traditional philanthropy generally operates through grantmaking.

Related: *Philanthropy*

Guarantee

A commitment by a third party to cover specified obligations if a borrower or issuer defaults, subject to the guarantee's terms.

Guarantees can unlock financing without the guarantor providing the full loan amount.

Related: *Credit Enhancement; De-Risking*

I

Impact

A change in a social, environmental, cultural, or economic outcome that is attributable, at least in part, to an intervention.

Impact is stronger than simply describing activity or outputs.

Related: *Outcome; Additionality*

Impact Due Diligence

Assessment of an investment's intended impact, impact risks, evidence, stakeholders, and measurement approach before investment.

It complements financial and legal diligence.

Related: *Impact Risk*

Impact Investing

Investing with the intention of generating positive, measurable social and/or environmental impact alongside a financial return.

Intentionality, measurability, and financial return are central characteristics.

Related: *Responsible Investment; ESG*

Impact Management

The ongoing process of identifying intended impacts, understanding risks, measuring results, learning, and changing decisions accordingly.

The word 'management' matters: measurement is meant to inform decisions.

Related: *Impact Measurement*

Impact Measurement

Collecting and analyzing evidence about social, environmental, cultural, or economic outcomes.

Measurement is one part of impact management.

Related: *Outcome; Indicator*

Impact Thesis

An explicit explanation of how an investment is expected to create positive change, for whom and how that change will be measured.

A credible thesis should address intentionality and additionality.

Related: *Theory of Change*

Impact-Washing

Making exaggerated, misleading, or poorly supported claims about positive impact.

Comparable to greenwashing but focused on broader impact claims.

Related: *Impact Integrity*

Indigenous Finance

Financial systems and capital structures supporting Indigenous economic development under Indigenous leadership and priorities.

Canadian practice increasingly emphasizes ownership, governance, and self-determination.

Related: *Indigenous Financial Institution*

Indigenous Financial Institution (IFI)

A Canadian financial institution created to support Indigenous entrepreneurs and communities through lending, advisory services, and related finance.

A major component of Canada's Indigenous economic-development ecosystem.

Related: *Indigenous Finance*

Investment Readiness

The extent to which an organization has the capacity to successfully obtain, use and manage investment capital.

May involve governance, financial statements, revenue model, management systems, and impact measurement.

Related: *Investment Readiness Program*

Investment Readiness Program (IRP)

A federal initiative designed to help Canadian social-purpose organizations build capacity to participate successfully in the social-finance market.

An important complement to the SFF.

Related: *Investment Readiness*

L

Leverage

Additional capital generated relative to an initial capital commitment.

In social finance this often refers to capital mobilized, not borrowing leverage.

Related: *Capital Mobilization*

Liquidity

The ease with which an investment can be converted into cash.

Private social investments are often illiquid.

Related: *Patient Capital*

Loan Guarantee

A guarantee covering some or all of a lender's specified loss if a borrower defaults.

A powerful credit-enhancement tool for underserved borrowers.

Related: *Guarantee*

M

Market-Building

Deliberately creating the conditions, institutions and infrastructure needed for a new market to function.

A central SFF objective.

Related: *Market Infrastructure*

Market Infrastructure

The legal, technical, informational, institutional, and human systems required for a functioning market.

Includes data standards, investment platforms, intermediaries, and measurement systems.

Related: *Market-Building*

Market-Rate

The return or price generally available in conventional markets for comparable risk.

Impact investors may accept market-rate, concessional or below-market returns.

Related: *Risk-Adjusted Return*

Market-Rate Impact Investing

Impact investing in which the investor seeks competitive financial returns comparable to conventional investments of similar risk.

It is important for attracting institutional capital.

Related: *Impact-First Investing*

Mission Drift

When an organization gradually moves away from its social or environmental purpose because of financial or investor pressures.

A central governance risk for mission-driven organizations.

Related: *Mission Lock*

Mission Lock

Governance mechanisms intended to protect an organization's social or environmental purpose over time.

May include bylaws, shareholder agreements, or other structural protections.

Related: *Mission Drift*

Mission-Related Investment (MRI)

An investment made by a foundation or mission-driven institution to advance its mission while also seeking financial return.

Often distinguished from PRIs by the investment's place within the foundation's broader investment portfolio.

Related: *Program-Related Investment*

Multiple Bottom Line

An approach that evaluates success using several dimensions rather than financial profit alone.

Common formulations include double and triple bottom line.

Related: *Blended Value*

N

Negative Screening

Excluding investments based on specified criteria such as tobacco, weapons, or severe environmental/social violations.

A responsible investment strategy but not necessarily impact investing.

Related: *Positive Screening*

Nonprofit / Not-for-Profit

An organization that does not distribute profits to private owners or shareholders.

Nonprofits can earn revenue, generate surpluses, own assets and borrow money.

Related: *Charity; Social Purpose Organization*

O

Outcome

A change or condition resulting from an activity or intervention.

An outcome is not the same as an output.

Related: *Output; Impact*

Outcomes-Based Financing

Financing in which payment or repayment is linked partly or entirely to achievement of agreed outcomes.

Social impact bonds are one form of outcomes-based financing.

Related: *Pay for Success*

Output

A direct product or deliverable produced by an activity.

Example: 500 people receive training. That does not tell us whether their lives improved.

Related: *Outcome*

P

Patient Capital

Capital willing to wait longer than conventional investors for financial returns.

Often longer-term, flexible, and less sensitive to short-term volatility.

Related: *Concessional Capital*

Pay for Performance

A financing or contracting arrangement in which payment depends on achieving specified results.

Related to outcomes-based financing.

Related: *Pay for Success*

Pay for Success (PFS)

An approach in which an outcomes payer commits to payment when specified outcomes are achieved.

Social Impact Bonds are a prominent example.

Related: *Social Impact Bond*

Place-Based Impact Investing

Investment deliberately targeted toward improving the economic, social, or environmental conditions of a particular geographic community.

Strongly connected to Canadian community-finance traditions.

Related: *Community Economic Development*

Positive Screening

Selecting companies or investments because they demonstrate relatively strong ESG or sustainability performance.

A responsible-investment strategy distinct from impact investing.

Related: *Negative Screening*

Private Capital

Capital supplied by private individuals, companies, foundations, or institutional investors rather than government.

Often the capital the SFF seeks to mobilize.

Related: *Capital Mobilization*

Program-Related Investment (PRI)

An investment made by a philanthropic organization primarily to advance charitable or mission objectives rather than maximize financial return.

Can include loans, equity and guarantees.

Related: *Mission-Related Investment*

Public Benefit

A benefit accruing to the public or a sufficiently broad section of the public rather than primarily to private individuals.

Particularly important in Canadian charitable law.

Related: *Charity*

R

Recoverable Grant

Funding initially provided as a grant but structured so that some or all may be repaid under specified circumstances.

Can recycle philanthropic capital.

Related: *Catalytic Capital*

Revenue-Based Financing

Capital repaid as a percentage of future revenue rather than on a fixed conventional debt schedule.

Can suit organizations with predictable revenue but limited collateral.

Related: *Flexible Capital*

Responsible Investment (RI)

An umbrella approach that incorporates ESG factors and/or ownership practices into investment decisions.

In Canadian practice it can include ESG integration, screening, stewardship, thematic investing, and impact investing.

Related: *ESG; Impact Investing*

Return

The financial result earned by an investor.

May include interest, dividends, distributions, and capital appreciation.

Related: *Yield; ROI*

Risk-Adjusted Return

Financial return considered in relation to the amount of risk taken to achieve it.

Important when comparing impact investments with conventional investments.

Related: *Return*

Risk Capital

Capital capable of absorbing significant uncertainty or potential loss.

Equity is often considered risk capital.

Related: *Equity*

S

Senior Debt

Debt that has priority for repayment relative to subordinated or junior debt.

Usually, lower risk and lower return within a capital stack.

Related: *Subordinated Debt*

Social Economy

The part of the economy made up of organizations whose primary purpose is not simply private profit maximization, including cooperatives, nonprofits, charities, and social enterprises.

Definitions vary; Quebec's économie sociale tradition is especially distinctive.

Related: *Social Enterprise*

Social Enterprise

An organization using entrepreneurial activity to pursue social, cultural and/or environmental purpose.

Canada has no single legal form called a social enterprise.

Related: *Social Purpose Organization*

Social Finance

The mobilization, structuring, and deployment of capital to address social, cultural and environmental challenges while seeking financial sustainability or financial return.

Broader than impact investing because it includes grants, guarantees, community finance and other mechanisms.

Related: *Impact Investing*

Social Impact Bond (SIB)

A financing structure in which investors provide upfront capital for a social intervention and repayment is linked to achievement of specified outcomes.

Despite the name, an SIB is not a conventional publicly traded bond.

Related: *Pay for Success*

Social Impact

The social consequences of an intervention, including intended and unintended effects.

Rigorous impact analysis asks what changed, for whom and compared with what would otherwise have happened.

Related: *Impact Measurement*

Social Innovation

A new or substantially different solution to a social or environmental problem that produces better outcomes than existing approaches.

It can involve programs, services, organizational structures, or financing models.

Related: *Social Finance*

Social Investment

Investment intended to produce social/environmental benefits as well as financial return.

Sometimes used interchangeably with impact investing.

Related: *Impact Investing*

Social Investment Fund

A fund that pools investor capital and deploys it into social-purpose investments.

May provide loans, equity, mortgages, working capital, or other finance.

Related: *Social Finance Investor*

Social Purpose Organization (SPO)

An organization whose purpose includes creating positive social, cultural, or environmental impact.

It can include charities, nonprofits, social enterprises, cooperatives, and purpose-driven businesses.

Related: *Social Enterprise*

Social Procurement

Purchasing goods and services in ways that intentionally create social value.

Can include Indigenous procurement, local procurement and purchasing from social enterprises.

Related: *Social Enterprise*

Social Return on Investment (SROI)

A methodology that attempts to express social value in relation to resources invested, often using monetized outcomes.

Useful but assumption-heavy; it should not be confused with financial ROI.

Related: *Impact Measurement*

Social Equity Lens

An investment lens that deliberately examines who receives capital, who controls it, who benefits and what systemic barriers exist.

A defining feature of the SFF's architecture.

Related: *SELI; Gender Lens Investing*

Social Equity Lens Investment (SELI)

An investment classified as advancing social equity under the SFF's social-equity framework.

The SFF targets at least 35% of capital toward SELI, including at least 15% toward gender equality.

Related: *Gender Lens Investment*

Solidarity Finance / Finance Solidaire

A Quebec term describing finance that incorporates social, environmental, ethical and community-development objectives.

Important in Quebec's social-economy ecosystem.

Related: *Capital de développement*

Stewardship

The use of investor rights and influence to improve investee’s behaviour and long-term performance.

Can include voting, engagement, and shareholder proposals.

Related: *Responsible Investment*

Systems Change

Changes to the underlying structures, relationships, incentives, and institutions that produce a social problem.

Moves beyond funding individual programs toward changing the system that creates the problem.

Related: *Market-Building*

T

Thematic Investing

Investing around a defined social, environmental, or economic theme.

Examples include affordable housing, climate, gender equality, and Indigenous economic development.

Related: *Impact Investing*

Theory of Change

A structured explanation of how an intervention is expected to create change.

Common chain: inputs → activities → outputs → outcomes → impact.

Related: *Logic Model*

Total Portfolio Approach

Considering impact across an investor's entire portfolio rather than allocating a small 'impact sleeve' while the rest of the portfolio may undermine the mission.

Important for foundations and institutional investors.

Related: *Mission-Related Investment*

U

UN Sustainable Development Goals (SDGs)

The 17 global goals adopted by UN member states for sustainable development.

Canadian investors often map investments to SDGs, but SDG alignment alone does not prove impact.

Related: *Impact Measurement*

V

Venture Capital

Investment, normally equity, in high-growth businesses.

Impact venture capital adds intentional social/environmental objectives.

Related: *Impact Investing*

Venture Philanthropy

A philanthropic approach using investment-style tools such as multi-year support, capacity building, measurement, and strategic advice.

It does not necessarily involve financial repayment.

Related: *Philanthropy*

Y

Yield

Income generated by an investment relative to its value.

In impact investing, yield normally refers to financial return rather than impact.

Related: *Return*

Part IV — Advanced and emerging terminology

Impact Integrity

The degree to which impact claims are credible, transparent, evidence-based, and consistent with actual investment behaviour.

Especially important as the impact market matures.

Related: *Impact-Washing*

Impact Risk

The possibility that an investment fails to generate intended impact generates less impact than expected or creates unintended negative effects.

Distinct from financial risk, although the two can interact.

Related: *Impact Management*

Impact-First Capital

Capital where achieving impact takes priority over maximizing financial return.

May accept lower returns, greater risk, longer time horizons or less liquidity.

Related: *Market-Rate Impact Investing*

Concessional Impact Investing

Impact investing in which investors accept below-market financial terms because of the social/environmental impact.

Often part of blended or catalytic structures.

Related: *Concessional Capital*

Impact Data Interoperability

The ability of different organizations and systems to exchange and understand impact data consistently.

Important for aggregating impact through the SFF value chain.

Related: *Common Impact Data Standard*

Common Impact Data Standard

A shared structure developed by Common Approach to make impact data easier to measure, manage, share and aggregate across the SFF ecosystem.

The SFF requires recipients to use the Data Standard for impact reporting; it is designed to balance comparability with SPO autonomy.

Related: *Impact Data Interoperability*

Impact Data Utility

A shared or aligned technical/data system that supports the collection, management, and reporting of impact information.

Intended to reduce duplicated reporting infrastructure.

Related: *Common Impact Data Standard*

Data Burden

The time, cost and administrative effort required to collect and report impact information.

A key design issue: measurement should not overwhelm organizations delivering the work.

Related: *Proportionality*

Proportionality in Impact Measurement

The principle that the sophistication and burden of measurement should be appropriate to the size, risk, capacity and importance of the investment or intervention.

A $50,000 community loan should not automatically require the same reporting system as a $50-million fund.

Related: *Data Burden*

Participatory Impact Measurement

An approach in which people affected by an intervention participate in defining and assessing what impact means.

Challenges investor-centric definitions of impact.

Related: *Community-Defined Impact*

Community-Defined Impact

Impact indicators and outcomes defined with meaningful input from the communities affected by an investment or intervention.

Especially important in equity-focused and community-led finance.

Related: *Participatory Impact Measurement*

Economic Reconciliation

Changing economic systems, ownership structures, capital allocation, and economic relationships to support reconciliation with Indigenous peoples.

Increasingly relevant to Canadian impact investing.

Related: *Indigenous Finance*

Capital de développement

A Quebec term associated with development-oriented investment capital supporting enterprises and communities.

Sits within Quebec's broader social-economy and solidarity-finance ecosystem.

Related: *Finance Solidaire*

Ecosystem Investment

An investment whose value includes strengthening the broader social-finance market, such as by supporting a new manager, product, intermediary or regional financing channel.

The SFF's market-building objective makes this concept particularly relevant.

Related: *Market-Building*

Financial Exclusion

The inability of people or organizations to access appropriate financial products and services.

Often addressed through community finance, inclusive lending, and impact investment.

Related: *Financial Inclusion*

Underserved Market

A market in which existing financial institutions provide insufficient capital, products, services, or geographic coverage.

An underserved market can still be economically viable.

Related: *Financial Inclusion*

Capital Absorption Capacity

The ability of an organization, sector, or market to use additional capital productively and manage it successfully.

A critical but under-discussed constraint on scaling social finance.

Related: *Investment Readiness*

Investment Capacity

An organization's ability to take on capital, manage it, meet reporting requirements, generate sufficient revenue, and maintain investor relationships.

Broader than investment readiness alone.

Related: *Organizational Readiness*

Organizational Readiness

The degree to which an organization has the governance, leadership, systems, staffing, strategy, and financial management required for growth or investment.

Not every organization needs to become investment-ready in the same way.

Related: *Investment Readiness*

Anchor Capital

Capital committed early in a fund or financing structure to help establish credibility and attract additional investors.

Government capital can play this role in blended structures.

Related: *Anchor Investor*

Part V — The Canadian capital toolkit

The instrument matters as much as the amount of money. Social finance succeeds when the financing structure matches the organization's economics, risk, and mission.

Instrument	What it does	Typical risk	Typical return	Common use
Grant	Provides capital without repayment	Recipient: low	None	Capacity, innovation, early-stage work
Recoverable grant	Grant may be repaid under specified conditions	Low	Potential recycling	Early-stage or uncertain models
Guarantee	Third party absorbs specified losses	Contingent	Fee / impact	Credit enhancement
Senior debt	Repayment has priority	Lower	Interest	Housing, working capital, established operations
Subordinated debt	Repayment ranks behind senior debt	Higher	Higher interest	Blended structures
Revenue-based financing	Repayment linked to future revenue	Medium	Variable	Revenue-generating enterprises
Preferred equity	Equity with special rights	High	Dividends / appreciation	Growth capital
Common equity	Ownership interest	Highest	Capital gain / dividends	Growth / venture
Community bond	Community investors lend to a project or organization	Medium	Interest	Housing, facilities, community projects
Social Impact Bond	Investor capital linked to outcome payments	High / complex	Outcome-dependent	Outcomes-based interventions

A financing continuum

A useful way to visualize the spectrum is:

Grant → Recoverable Grant → Concessionary Debt → Patient Debt → Revenue-Based Finance → Subordinated Debt → Preferred Equity → Impact Equity → Market-Rate Impact Capital → Conventional Commercial Capital

Part VI — Terms people routinely confuse.

Social Finance vs. Impact Investing

Social finance is the broader financing ecosystem; impact investing is a form of investment within that ecosystem.

Why it matters: *Social finance can include grants, guarantees, community finance and outcomes-based finance. Impact investing generally implies intentional positive impact, measurement, and financial return.*

Impact Investing vs. Responsible Investment

Responsible investment is the broader umbrella; impact investing is one strategy within it.

Why it matters: *RIA's Canadian framework includes ESG integration, screening, stewardship, thematic investing, and impact investing.*

ESG vs. Impact

ESG asks how environmental, social and governance factors affect an investment; impact asks what positive or negative change the investment causes.

Why it matters: *A company can have strong ESG performance without intentionally creating measurable positive impact.*

Grant vs. Investment

A grant normally carries no expectation of financial repayment; an investment expects repayment, income, appreciation or another financial return.

Why it matters: *Hybrid structures can combine grants and investment capital.*

Social Enterprise vs. Social Purpose Organization

A social enterprise generally uses commercial activity to pursue social/environmental objectives; SPO is a broader federal policy category.

Why it matters: *Not every SPO is a social enterprise.*

Output vs. Outcome vs. Impact

Output is what was produced; outcome is what changed; impact is the change attributable to the intervention.

Why it matters: *Example: 20 apartments built → 20 households housed → housing stability improved because of the intervention.*

Impact vs. Additionality

Impact is the change; additionality asks what would have happened without the intervention.

Why it matters: *A large outcome can have low additionality if it would have happened anyway.*

Market-Rate vs. Concessional Impact

Market-rate impact seeks competitive financial returns; concessional impact accepts below-market terms to achieve impact or unlock other capital.

Why it matters: *Both can be legitimate forms of impact investing.*

Mission-Related Investment vs. Program-Related Investment

Both are mission-oriented investments by foundations, but PRIs are primarily charitable/programmatic tools while MRIs are often made from a foundation's broader investment portfolio.

Why it matters: *Legal and tax treatment must be assessed in the Canadian context.*

B Corp vs. Benefit Corporation

B Corp is a certification; benefit corporation is a legal form in jurisdictions that recognize it.

Why it matters: *Do not use the terms interchangeably.*

Part VII — Impact measurement and management

The Canadian social-finance field is moving from a world in which impact was often described narratively toward one in which impact data can be shared and aggregated across investment chains. The SFF is a major driver of this change. Common Approach is supporting implementation of the Common Impact Data Standard across SFF participants so impact data can be measured, shared, and aggregated through the SFF value chain.

Stage	Question	Example	Common mistake
Input	Resources committed	$1M investment	Confusing money spent with impact
Activity	What the organization does	Build affordable homes	Reporting activity as evidence of change
Output	Immediate product/deliverable	20 apartments created	Assuming outcome equals attribution
Outcome	Change experienced	20 households obtain stable housing	Claiming causation without a credible counterfactual or contribution analysis

Core impact-measurement terms

Indicator

A measurable variable used to track progress or outcomes.

Indicators should be meaningful to the organization and its stakeholders.

Related: *Impact Measurement*

Baseline

The starting measurement before or at the beginning of an intervention.

Without a baseline, change can be difficult to interpret.

Related: *Target*

Target

The desired future level of an indicator.

Targets should be realistic and time-bound.

Related: *Indicator*

Attribution

The degree to which an observed change can be credited to an intervention.

Often difficult in complex social systems.

Related: *Contribution*

Contribution

The extent to which an intervention helped produce an outcome among other contributing factors.

Often more realistic than claiming sole causation.

Related: *Attribution*

Counterfactual

What would have happened without the intervention.

Central to rigorous impact analysis.

Related: *Additionality*

Deadweight

The portion of an outcome that would have occurred anyway.

A key concept in SROI and impact evaluation.

Related: *Additionality*

Displacement

When a positive outcome is offset by a negative effect elsewhere.

Important in systems-level impact analysis.

Related: *Negative Impact*

Drop-off

The decline in an outcome over time.

Relevant when calculating sustained impact.

Related: *Impact*

Materiality

The importance of a particular impact or ESG factor to decision-making.

Materiality is context-dependent.

Related: *ESG*

Negative Impact

An unintended or intended harmful consequence of an investment or intervention.

Impact management should examine both positive and negative effects.

Related: *Impact Risk*

Impact Risk

The risk that intended impact will not occur or that unintended harm will occur.

Should be considered alongside financial risk.

Related: *Impact Management*

Impact Integrity

The credibility and transparency of an organization's impact claims.

A defense against impact-washing.

Related: *Impact-Washing*

Common Impact Data Standard

The Common Impact Data Standard is a shared structure developed by Common Approach to make impact data easier to measure, manage, share, and aggregate. Under the SFF, the Data Standard is a core reporting requirement for recipients. The design intentionally seeks to balance comparability and aggregation with flexibility for social-purpose organizations to choose indicators and tools that fit their work.

Why this matters

The strategic objective is not simply better reporting. Common data architecture can allow information to move from SPO → intermediary → wholesaler → government in a form that can be aggregated, analyzed, and used for learning. That turns impact data into market infrastructure.

Part VIII — Responsible investment, ESG and impact

Canadian responsible investment is a large and mature field that overlaps with, but is broader than, impact investing. The Responsible Investment Association's 2024 Canadian RI Trends report describes responsible investment as an established part of the Canadian financial ecosystem and distinguishes strategies such as ESG integration, screening, stewardship, thematic investing, and impact investing.

Approach	Primary question	Does it require intentional measurable impact?
ESG integration	How do ESG factors affect risk, opportunity, and investment performance?	No
Negative screening	What should we exclude?	No
Positive screening	Which issuers perform relatively better?	No
Stewardship	How can investor influence improve investee behaviour?	Not necessarily
Thematic investing	Which issue or theme should we allocate capital toward?	Not necessarily
Impact investing	What measurable positive social/environmental change will this investment intentionally create alongside financial return?	Yes

Part IX — What makes the Canadian field distinctive

Community finance has deep roots

Canada's social-finance ecosystem is not simply a venture-capital story. Cooperatives, credit unions, community foundations, community bonds, Community Futures organizations, and community loan funds form a long-standing infrastructure.

The nonprofit sector matters

Canadian social finance explicitly includes charities and nonprofits as potential recipients of investment and capacity support.

Indigenous finance is a distinct field

Indigenous Financial Institutions and Indigenous-led economic development bring questions of ownership, governance, self-determination, and reconciliation that cannot be reduced to a conventional ESG category.

Quebec has a distinctive social-economy tradition

Économie sociale, finance solidaire and capital de développement have their own institutional history and vocabulary.

Government is acting as a market builder

The SFF uses public capital not simply to finance projects but to develop intermediaries, products, investment pipelines, and market infrastructure.

Social equity is embedded in capital allocation

The SFF's social-equity framework makes who receives capital and who benefits from it an explicit investment consideration.

Impact data is becoming infrastructure

The Common Impact Data Standard is an example of the field moving toward shared data architecture rather than isolated impact reports.

Part X — The 20 terms a newcomer should learn first

01 Social Finance
02 Impact Investing
03 Social Purpose Organization
04 Social Enterprise
05 Social Economy
06 Impact
07 Outcome
08 Impact Measurement & Management
09 Additionality
10 Catalytic Capital
11 Blended Finance
12 Patient Capital
13 Community Finance
14 Investment Readiness
15 Social Equity Lens
16 Responsible Investment
17 ESG Integration
18 Market Building
19 Capital Stack
20 Common Impact Data Standard

The jargon translator

Sector jargon	Plain English
Impact thesis	Why we think this investment will make a difference.
Investment readiness	Being prepared to receive and manage investment.
Catalytic capital	Money willing to take unusual risk to make something else possible.
Blended finance	Combining different types of money to make a financing structure work.
Additionality	The difference our money actually made.
Impact measurement	Evidence about what changed.
Outcomes	What changed.
Outputs	What we produced.
Theory of Change	How we think change will happen.
Impact washing	Claiming more impact than the evidence supports.
Patient capital	Money willing to wait.
Concessional capital	Money offered on unusually favourable terms.
First-loss capital	Money that takes the first hit if things go badly.
Social equity lens	Looking at who gets capital, who controls it and who benefits.
Social purpose organization	Organization whose purpose includes social/environmental benefit.

Sector jargon	Plain English
Responsible investment	Investment incorporating ESG and/or other responsibility considerations.

Part XI — A practitioner's test for a credible impact investment

When someone says, "This is an impact investment," ask the following:

1. **Intentionality** — Was positive social/environmental impact actually intended?
2. **Additionality** — Would the financing or impact probably have happened without this investment?
3. **Measurement** — What evidence will demonstrate the change?
4. **Financial return** — What financial return or repayment is expected, and is it appropriate to the risk?
5. **Accountability** — What happens if the promised impact does not materialize?
6. **Stakeholders** — Who defines the problem and the desired outcome?
7. **Equity** — Who gets access to capital and who benefits?
8. **Negative impact** — What harms could the investment create or perpetuate?
9. **Systems effect** — Does the investment strengthen the market or system beyond the immediate investee?

The maturity test

A sophisticated impact investor does not stop at "Did we invest?" or even "Did the organization create an outcome?" The mature questions are: What changed? For whom? Compared with what? Because of what? At what cost? With what unintended consequences? And did the investment change the system in a way that makes future impact more likely?

Part XII — Selected Canadian reference sources

This glossary was developed from a broad review of Canadian government, sector, and practitioner materials, with particular weight given to current primary sources. Terminology is intentionally presented as a working field vocabulary rather than as a claim that every term has one universally accepted definition.

Government of Canada — Social Finance Fund

https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/social-finance-fund.html

Federal program architecture, objectives and SFF information.

Government of Canada — Social Finance Fund backgrounder

https://www.canada.ca/en/employment-social-development/programs/social-innovation-social-finance/social-finance-fund/backgrounder.html

Fund structure, purpose and policy context.

Government of Canada — Fall Economic Statement 2018

https://www.budget.canada.ca/fes-eea/2018/docs/statement-enonce/chap02-en.html

Original policy commitment and capital-gap rationale.

Social Finance Fund Hub

https://socialfinance.fund/

Current SFF ecosystem, managers, pathways, and resources.

Realize Capital Partners

https://realizecapitalpartners.ca/

Current SFF manager materials and investment-market development.

Realize Fund I — Final Close

https://realizecapitalpartners.ca/final-close/

June 2026 final-close data and current fund-of-funds information.

Boann Social Impact

https://www.boann.ca/

SFF manager, portfolio and market-building materials.

CAP Finance

https://capfinance.ca/

Quebec solidarity-finance and social-economy ecosystem.

Common Approach to Impact Measurement

https://www.commonapproach.org/

SFF impact-data architecture and Common Impact Data Standard.

Common Impact Data Standard — introductory guide

https://www.commonapproach.org/wp-content/uploads/2026/02/Common-Impact-Data-Standard_introductory-guide_EN.pdf

Current explanation of the Common Impact Data Standard.

Responsible Investment Association — 2024 Canadian RI Trends

https://www.riacanada.ca/content/uploads/2024/11/2024-RI-Trends-Report-EN.pdf

Canadian responsible-investment terminology and market context.

Government of Canada — Social economy and related information

https://ised-isde.canada.ca/site/ised/en/social-enterprises-canada/social-economy-and-related-information

Canadian social-enterprise and social-economy terminology.

Impact Canada — Strengthening Social Finance

https://impact.canada.ca/en/behavioural-science/strengthening-social-finance

Federal work on measuring financial/social performance and market growth.

Reference and terminology notes

Canadian social-finance terminology is not fully standardized. Federal policy language, Quebec social-economy terminology, responsible-investment language, community-finance practice, and international impact-investing standards overlap but retain important differences. Where a term has multiple legitimate meanings, this guide emphasizes the meaning most useful for Canadian social-finance practitioners and flags jurisdictional or institutional variation.

This is a sector reference guide, not legal, tax, accounting, or investment advice. Corporate, charitable, securities, tax and fiduciary questions should be assessed against the applicable Canadian federal or provincial law and professional advice.

THE FIELD IN ONE SENTENCE

Social finance is the effort to redesign the relationship between capital and social outcomes.

The question is no longer only where money goes, but what kind of money, on what terms, controlled by whom, benefiting whom, producing what change—and whether *the financial system itself becomes better as a result.*

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