



Targeted call for FSC Project Partners

Instructions to complete the application form

Please refer to the Future Skills Centre's (FSC) **Targeted Call for FSC Project Partners Guidelines** document when preparing your application.

This application form is structured to help you address the selection criteria for this call and give reviewers easy access to your project information. This form is divided into the following sections:

- Part 1 - General information
- Part 2 - Project summary
- Part 3 - Project details
- Part 4 - Project work plan and budget
- Part 5 - Declaration

If you would like to request accommodations or other types of support, please contact Maysa Mourad by email at targetedcall@fsc-ccf.ca or by phone at 437-331-0613.

If you have any questions while compiling your application, you may contact our team at targetedcall@fsc-ccf.ca. We would be happy to answer any questions.

PART 1 - GENERAL INFORMATION

1. Lead organization

Name of lead organization

Social Research and Demonstration Corporation (SRDC)

Name of project lead

David Gyarmati

Project lead's preferred method of contact (email address and/or phone number)

dgyarmati@srdc.org

2. Proposed project

Project title

Social Finance for Pre-Employment and Green Manufacturing Skills Certification

Project start and end dates

January 10, 2022, to September 30, 2023

Projects must end no later than September 30, 2023.

Amount requested from FSC (total)

\$1,530,389

Project partners and their location

Social Research and Demonstration Corporation (SRDC), 55 Murray Street, Suite 400, Ottawa, Ontario, K1N 5M3

Excellence in Manufacturing Consortium (EMC), 625 2nd Ave E, Owen Sound, Ontario, N4K 2G7

FORTE, 3670, 142 Street, Surrey, British Columbia, V4P0C2

PART 2 - PROJECT SUMMARY

1. Proposed project “one-liner”

How would you describe your new project in one sentence?

Implement a Green Manufacturing Skills Certification program as part of the PFP pilot and design a social finance model to support transitions from unemployment to manufacturing jobs.

(30 words maximum)

2. Proposed project summary

How would you describe your new project and how it builds on the testing and learning of your current project to date?

We suggest that this summary covers the main information about how your new project addresses all selection criteria of this targeted call.

SRDC, EMC and FORTE have agreed to collaborate on an expansion of the PFP in Manufacturing project that will incorporate new interventions in response to immediate and longer-term needs of Canadian manufacturers.

EMC will design and implement a Green Skills Certification as part of SRDC’s PFP pilot. The new program will upskill workers in manufacturing, equipping them with the skills they need to keep the sector competitive during and after a transition to a low-carbon economy. SRDC, EMC, and FORTE will consult with various stakeholders to design an outcomes-based social-finance model in support of an EMC training program that will rapidly onboard unemployed workers into manufacturing jobs. This component will seek to address the current acute labour shortages affecting the sector.

This project aligns with FSC’s strategic priorities by providing current and prospective workers a career pathway within the manufacturing sector through targeted and customized training.

The new project will build on SRDC’s knowledge of social finance models and manufacturers’ preferences for support with training. SRDC will revise its PFP model for the Green Skills Certification, selecting indicators that align with the objectives and outcomes of the new program. The expanded scope will also generate evidence on the feasibility of scaling a social finance funding model in support of pre-employment training in manufacturing.

(250 words maximum)

3. Additional scope

How does your new project go beyond the scope of your current FSC-funded project?

The additional scope may include expanding or extending a project model, its principles and/or components. For example, it may include expanding the project to new regions or jurisdictions, including new or larger target populations, and testing different delivery formats to understand what works to address demands. This would assume the potential for bringing additional partners to deliver the project at a broader scale. The additional scope must be grounded in new concrete learning questions to contribute to your work and of others in the skills ecosystem.

Manufacturers have expressed a need to train its workforce for a transition to sustainable practices, empowering workers with the skills needed to remain competitive throughout and after the transition to low-carbon and environmentally sustainable production processes. EMC intends to work with employers to identify the skills that should be targeted by this new MEC training stream, assess demand for this program, and pilot test the program within the PFP framework.

In addition, SRDC and FORTE will design a sector-based pay-for-success model to support EMC's pre-employment training. The FORTE model depends on ESG-oriented investors to pay for the training costs upfront. Investors are reimbursed according to the expected increase in future income tax revenue generated by attributable employment outcomes. Public entities only pay when training has succeeded in moving participants to sustainable employment, and they only pay a portion of what they have already received in additional revenue.

(150 words maximum)

4. Importance of the additional scope

Why is the additional scope of your project important to your organization, sector and target populations? Why is it timely?

This additional scope aligns with SRDC's mandate to increase knowledge and awareness of effective programs that improve the lives of vulnerable Canadians. Following the pandemic, low-skilled workers were most likely to lose their employment and most likely to face challenges reentering the labour force. Programs that build skills needed for the manufacturing sector are expected to be in high demand as pandemic supports are withdrawn and new entrants seek employment.

This program will provide SRDC with an opportunity to build on our previous experience developing and testing new programs that help transition low-skilled workers from unemployment to employment, while assessing the potential social and economic benefits of investor-funded models to support training and skills development.

(150 words maximum)

PART 3 - PROJECT DETAILS

In this section, please provide information about how your new project supports each of the selection criteria of this targeted call.

We provide prompting questions to help you address all criteria in the application guidelines. You may prepare this section following the prompting questions in sequence or using your own sections and narrative.

Although you have flexibility regarding the format for this section, please make sure that you address all criteria according to the prompting questions. Reviewers will assess your application by scoring each criterion individually.

This section should not exceed **seven** pages. We anticipate that most proposals will present this section in **five** pages.

(3,500 words maximum)

A. RELEVANCE:

How does your new project align with FSC's Strategic Priorities?

The proposed new project aligns with FSC's Strategic Priority of designing a program and a funding mechanism to support low-skilled workers seeking a career pathway in the manufacturing sector. Over the last year, EMC has worked with its partners to develop and implement a training program to onboard new workers rapidly and seamlessly in manufacturing. The objective of the program is to ensure that new entrants have the transferable skills they need to succeed in occupations within the manufacturing sector. If successful, this program could ensure longer-term retention within the sector. The new project will design a social finance model, up to pre-implementation, in support of this pre-employment program. This project would apply the FORTE model of social finance within Canada, while building on SRDC's own base of knowledge of pay-for-success funding models.

How does your new project address recognized systemic challenges about future skills in Canada?

The Green Economy has been defined as one in which "value and growth are maximized across the whole economy, while natural assets are managed sustainably" (World Economic Forum). Such an economy would be supported and enabled by all sectors. As an increasing number of economies shift towards a green economy, manufacturing will need to adopt low carbon, environmentally sustainable, and efficient production processes. EMC refers to this as filling bigger shoes, with a smaller carbon footprint. For manufacturers to successfully transition to a green economic model, the sector requires an effective manufacturing workforce with the right skills for the future.

The Green Skills Certification program will build on EMC's tested and valued MEC training model to ensure that workers have the skills they need for sustainable manufacturing practices. In recent years, Canadian manufacturers have taken steps to reduce GHG emissions by adopting sustainable development principles and practices, lean manufacturing techniques, and the adoption of new technology (Canadian Manufacturers and Exporters, 2020; Industry Canada, 2016). Globally, manufacturers are leveraging sustainable practices to reduce costs and waste, improve operational efficiency, and gain competitive advantage, while meeting what is anticipated to be increased regulatory compliance (Deloitte, 2021). The benefits of "going green" are equally met with growing risks to Canadian manufacturers that are slow to adopt sustainable practices, who are facing growing pressure to maintain competitive amidst disruptions experienced by the current climate crisis (e.g., supply chain complications, changes to manufacturing inputs including water, timber, and energy).

This new program aims to anticipate this transition and ensure that workers in the sector are ready to adapt to new technologies and practices as they emerge. If the program is successful, EMC intends to develop a tiered program, with each tier providing a set of skills and competencies. Additionally, EMC will integrate modules from the Green Skills program into other MEC training program, ensuring that principles of sustainability will be embedded throughout MEC suite of skills training programs.

Explain how your proposed project fulfills the demand for your service. Who is demanding this and how do you know? Why is it timely?

The demand for a low-carbon economy is driven by industry, supply chains, and customer network demands. EMC has heard from various stakeholders about the need to adapt, but also the need to upskill the existing workforce. To successfully transition to more sustainable practices, Canada's manufacturing sector must enhance workers' skills as it adjusts the processes, tasks, and technologies its workforce uses. EMC identified a gap related to green skills through its ongoing consultations with manufacturing employers. They cite the lack of internal capabilities to make sufficient investments in new technologies

and in addressing the lack of skills, competencies, and labour needed to effectively implement green manufacturing initiatives. The development of new green skills, knowledge, and competences are a necessary and foundational component of the transition to a low-carbon economy. These skills enable the adoption and use of resource-efficient, sustainable, and integrated processes by the manufacturing sector and its workforce.

In the 2019 CME Manufacturing Workforce Survey, manufacturers reported the lack of internal financial resources as the primary reason for not investing more in workforce training. Given the unprecedented labour shortage in the manufacturing sector, companies within the industry are in immediate need of an innovative and tailored solution to help them recover to pre-pandemic production levels and to help them grow and future-proof their labour force. Across the country, we are seeing record numbers of job vacancies in the manufacturing sector, with open positions increasing by 14,800 (+28.9%) - the highest number of vacancies for this sector since comparable data became available in 2015 (Statistics Canada, Job Vacancies – Q2 2021). This is a material headwind to many Canadian manufacturers. According to the Canadian Survey on Business Conditions in Q2 2021, recruiting skilled employees were expected to be an obstacle for 39.1% of manufacturing companies, the highest out of all sectors of the economy. Furthermore, in a Canadian Manufacturers and Exporters survey, more than 60% of surveyed Canadian manufacturers reported an immediate skill and labour shortage. A pre-employment training program, customized to the sector, and supported by a social finance model, could provide a mechanism to rapidly address the labour shortage.

B. INNOVATION AND EVIDENCE

In what way is your project innovative by pursuing a new way of doing things? If applicable, how is your project model informed by evidence?

The proposed project includes two design components: the first uses the innovative MEC program delivery model and adapts it to meet the needs of a sustainable future; the second uses the innovative FORTE model to support onboarding training programs for new entrants.

The MEC training program relies on the combination of classroom learning with an applied problem-solving project, the Workplace Performance Project (WPP). The WPP has been highly praised by employers, who view this as an important opportunity for staff to demonstrate their skills.

The FORTE Model was developed at Oxford University, where it was shown to be one of the strongest models for financing retraining programs for unemployed workers, especially in the case of structural unemployment. The model is the only current solution that aligns incentives for all stakeholders to optimize results of training programs. The FORTE model would allow project partners to design and implement a simpler funding model compared to the PFP model, while testing a new incentive model to support training programs in manufacturing. Of note, the FORTE model prioritizes one umbrella performance indicator: the amount of individual income taxes paid on an annual basis as it captures both the relevance and quality of the training. This metric would be used to gauge medium to long-term results of the intervention, as opposed to the milestones approach which can be timely, costly, and difficult to measure.

How do you plan to generate evidence and insights during your project? What new knowledge will it generate and what are the potential implications of your approach for the broader skills ecosystem?

The project will generate new knowledge in two separate but important components of skills development programs.

The Green Skills certification program will provide the manufacturing sector with a customized training program aimed directly at addressing the skills needs of workers as they adapt to sustainable practices. The consultations with employers and the Green Skills identified could support other sectors interested in implementing similar types of training programs. The effectiveness of the training could also demonstrate whether an upskilling program, combined with an outcomes-based funding model, can help accelerate changes within participating companies.

The social finance design component will help to clarify several questions related to these types of funding models within a Canadian context. In part, the model will attempt to demonstrate the utility of income tax revenue as a metric for success, in part by elucidating how training success can generate increases in income tax revenue and other related economic benefits for government. The consultation phase will also generate evidence as to whether private investors are willing to bear the risks to fund increases in training capacity, and whether employers can be incentives to engage or invest in the training, as well. Ultimately, the project aims to generate evidence on the feasibility of implementing the model on a larger scale, a finding that could be beneficial to various sectors of the Canadian economy.

C. LEARNING

What learning has your current project with FSC generated and how has this learning informed the scope of your new project?

As part of the PFP in Manufacturing project, SRDC and EMC launched the Motivations and Engagement of Employers in Training (MEET) study, a research survey embedded within EMC's annual LMI questionnaire. The MEET study sought to uncover the factors that motivate employers to invest in training. Preliminary analysis of this study provided several key insights that will support and guide the new project.

Most employers (89%) indicated that it is their responsibility to ensure their workers have the skills they need to do their work, while a majority (62%) believe their workers have skills gaps. This finding suggests that employers recognize the need to train their workforce.

A significant proportion of employers indicated that they are more willing to invest in training if the alignment between skills training and the needs of their workers was clear and strong. Encouragingly, employers with previous experience in MEC programs were more likely to indicate strong alignment between programs and the knowledge gaps of their workers. This finding suggests that EMC's approach to program development is both effective in addressing the skills gaps of workers and responding to the training expectations of workers.

What are additional learning questions that your new project will address?

The new project will be seeking answers to the following questions:

- How feasible is the implementation of a social finance model in support of a pre-employment training program for job seekers looking to enter the manufacturing sector?
- Would a social finance model provide a scalable funding option in support of pre-employment skills training programs in manufacturing?
- To what extent does the pre-employment training increase income tax revenue and related economic benefits for government?

- To what extent are employers in the manufacturing sector and governments across Canada supportive of Social Finance models in support of pre-employment training? How satisfied are employers by the effects of a pre-employment training?
- To what extent can a Social Finance model increase government revenues over the longer term?
- To what extent does the offer of a Green Skills training program increase employers' willingness to participate in the PFP pilot project?
- To what extent does a Green Skills Certification program prepare workers for the skills needed to transition to sustainable manufacturing practices?

D. EQUITY, DIVERSITY AND INCLUSION

Does your project incorporate in its design and execution the perspectives of end-users and other stakeholders, particularly groups facing barriers? If so, how? If not, why not?

SRDC and EMC intend to conduct various consultations with stakeholders, ensuring that different perspectives are included in the design and implementation of the Green Skills Certification program, and the design of the social finance model. In fact, project partners intend to work closely and collaboratively with industry to identify and validate current and future competency-based models for green skills in manufacturing. To do so, EMC intends to conduct a series of national consultations and focus groups with industry leaders. SRDC will follow a similar approach, consulting with manufacturers to understand the various components that should be included in an adapted PFP model to support the Green Skills program.

Both SRDC and EMC have vast partnership networks within the skills and employment space – including those representing diverse groups – which we continue to draw on to facilitate the inclusion of stakeholders in our work.

What are the practices and activities of your project that directly support and are grounded in principles of equity, diversity, and inclusion?

EMC and SRDC implemented several strategies to encourage greater diversity among program participants. The first step focused on raising awareness with employers. SRDC and EMC emphasized our commitment to promoting EDI in our outreach documents and our participation agreements with employers, and strongly encouraged employers to select participants from equity-seeking groups, especially women, persons with disabilities, Indigenous persons, and newcomers. The selection process is ultimately an internal decision made by employers and supervisors based on the needs of the workers, their availability, and their willingness to participate. Nevertheless, we believed that awareness was key to encourage employers to consider selecting workers from diverse backgrounds and experiences for the program.

SRDC and EMC reviewed all existing curricula with an EDI lens. The purpose of this review was to identify opportunities to improve how information is shared and presented (e.g., mixing masculine and feminine pronouns throughout, use of images with workers of diverse backgrounds and experiences), and embed principles of EDI across all MEC program curricula (e.g., intercultural communication, cognitive biases, and promoting equity in the workplace). EMC intends to maintain this approach while developing its new programs, including the Green Skills Certification program.

However, our current project does not directly address inequities in recruitment and hiring practices. In effect, the project's sample is selected from workers in the manufacturing sector. Therefore, any existing

underrepresentation from equity-seeking groups across the sector or within participating companies will be reflected in our sample. Additionally, as our current project does not seek to add new entrants to the sector, there is no direct way for our project to address the lack of diversity in the sector.

Will your project further equity, diversity and inclusion in the field or sector of your project? If so, how? If not, why not?

We believe that the new project has the potential to increase EDI in the manufacturing sector. SRDC and EMC will continue to encourage employers to recruit individuals from underrepresented groups to diversify their workforce. If sufficient attention is paid to recruitment and awareness, the design of the pre-employment program could help low-skilled workers from equity-seeking groups enter the manufacturing sector with the skills required to succeed. In turn, this could lead to higher job retention, allowing the manufacturing sector to move closer to achieving its recruitment targets for EDI.

E. CAPACITY

What are the skills, experience and resources available within the lead organization (and partners, if applicable)? How will these elements support the successful execution of the project?

SRDC has extensive experience in pilot testing and evaluating sector-customized workplace training programs and social finance pilots. SRDC led the evaluation of the Foundations Workplace Skills Project (FWSP), a three-year randomized control trial of a literacy and essential skills program model targeted specifically to meet the needs of unemployed job seekers. SRDC also led the evaluation of two pilot projects in essential skills training for low-skilled Canadians (Essential Skills Social Finance (ESSF) and Skilling UP), which used pay-for-success funding approaches whereby private investors pay up front for training and are repaid by the government if the training is successful in achieving pre-established outcomes. SRDC intends to build on our experience from these projects, as well as from several other projects that support transitions for low-skilled unemployed individuals into the workforce.

SRDC brings a multidisciplinary staff with a rich array of skills and experience in various research methods as well as thematic areas, including senior management adept in project management and reporting. SRDC has proven ability to excel at working in partnerships with a diversity of stakeholders, with the requisite knowledge and processes in place to maximize these relationships. All projects are carefully resourced with risk mitigation and contingency plans and are closely monitored. Adding to this is our commitment to excellence in research and evaluation. Our Code of Practice ensures the highest ethical standards are applied to all our research activities, guided by respect for vulnerable persons, for the broad dissemination of research findings, and more. This is paired with an organizational mission explicitly relevant to the project and its successful implementation and evaluation.

As Canada's largest manufacturing consortium, EMC plays a key role in the sector, and is recognized as the leading service provider for industry-customized training programs. EMC's structure as a consortium illustrates the project's access to and connection with a diversity of stakeholders across the manufacturing sector, buttressed by their reputation as an industry leader and trusted track record in providing services and connecting the sector. Like SRDC, EMC also brings experienced staff with project management skills, substantial industry expertise and a commitment to working in partnership. For more than 13 of its 25 years, EMC has been facilitating comprehensive sector-leading energy initiatives with manufacturers, delivering in the areas of energy management and procurement, efficiency and sustainability, and knowledge and education. In recent years, the shift towards decarbonization and industry's desire to achieve carbon neutrality (net zero) has led to an increasing need to improve and shift the internal capabilities for People, Plant and Process, to include green skills and technology adoption.

Does your current project with FSC hold a good track record? Have you faced any challenges? If yes, how have you addressed them?

SRDC and EMC have completed several planned research activities as part of the PFP in Manufacturing project. Notably, SRDC developed, and EMC launched, an LMI research survey as part of the Motivations and Engagement of Employers in Training (MEET) study, and EMC developed a Data Management Information System to support the rapid assessment of PFP indicators of success for each milestone.

However, the PFP in Manufacturing project has faced significant challenges in recruiting participating employers. EMC has documented these challenges, most of which result from the COVID-19 pandemic. Manufacturers have described coming out of a “COVID fog,” plagued by a high degree of uncertainty regarding the future, low supply of labour, and increased risk to the health and safety of workers. As a result, many were unwilling to take on the risk of a PFP model, especially since fully funded options are currently available.

F. COHERENCE

What are the main project activities that will enable you to meet the project objectives?

Our project partners view both components of the new project occurring in parallel, with complementing activities.

The development of the social finance in support of pre-employment training component will follow the same approach used to develop the PFP funding model: an iterative consultation and design approach, intent on incorporating stakeholder feedback throughout all phases of the project.

Consultation Phase: Project partners will consult with funders and investors (e.g., governments, social investors, employers in manufacturing, other stakeholder groups) to understand their expectations regarding a social finance model, the types of indicators that they would like to see included in a reimbursement formula, and the sustainability of such a model. EMC will also consult with employers to better understand their expectations for a Green Skills Certification program.

Design Phase: EMC will develop a program delivery strategy, working closely with existing and new delivery partners. EMC will also work with curriculum-development organizations to develop its Green Skills program. SRDC and FORTE will use the results of the consultation phase to design a social finance model based on the FORTE model that is responsive to the needs of the sector, aligns with the expectations of funders and investors, and includes sufficient incentives to encourage employer engagement in training.

Pre-implementation Phase: SRDC and EMC will conduct a sector-wide consultation with employers, funders, and investors to gauge initial reactions to the social finance model and assess interest in a future pilot. FORTE will manage communications with investors, while ensuring that its partners only have to transact with a single entity.

Implementation of the Green Skills program: EMC will hire and train facilitators to deliver the Green Skills training program and will recruit manufacturing companies from across Canada to participate in a pilot of the program. SRDC will ensure that its research and evaluation instruments are adapted to the program’s curriculum, aligned with the FSC’s common outcomes framework, and consistent with the PFP model.

Explain how your project presents good value for money. How is your budget reasonable, appropriate and aligned with your work plan?

The budget estimates were made using project partners' previous experiences developing, designing, and implementing similar types of training and research projects in the manufacturing sector. EMC relied on its experience designing the MEC training program and its various streams, as well as the costs associated with training trainers and recruiting employers to these programs. SRDC followed a similar approach by assessing how much time and resources would be spent conducting consultations and research activities, including the design of new research instruments and analysis of data. The budget represents an accurate account of those expenditures.

PART 4 - PROJECT WORK PLAN AND BUDGET

1. Please submit a **one-page work plan** with key milestones and their timeline. **Do not** include detailed activities at this time. If your proposal is selected, we will work with you to develop a detailed work plan.
2. Please complete the project budget template provided to you as part of the application material.
 - a. Include only **new funding** associated with your new project and its additional scope. Please do not include the existing funding that is already part of your current funding agreement with FSC.
 - b. If applicable, identify new funding pending or confirmed for this project from other sources. **This funding should be included as in-kind contributions.** (Please note that funding from other federal sources cannot be counted towards in-kind contributions)
3. Please submit your work plan and budget by sending these files, along with this completed form, to targetedcall@fsc-ccf.ca.
4. You may use the space below to provide comments to accompany your work plan and/or budget.

(100 words maximum)

PART 5 - DECLARATION

By submitting an application, the lead organization and its partners agree to the requirements of the following sections, detailed in the guidelines outlined for this funding call, and they affirm that they comply with and/or commit to the following:

- Organization eligibility.
- Active support for co-creating and carrying out an evaluation with an FSC-approved evaluator, if FSC decides an evaluation is appropriate for this project.
- Active engagement in knowledge mobilization activities related to the project.
- Compliance with the Tri-Council Policy Statement on the Ethical Conduct of Research Involving Humans.
- Confidential due diligence inquiries from Future Skills Centre into the applicant.

Signature



Name of signing authority

David Gyarmati

Date

November 2, 2021