

# **SOCIAL ECONOMY AND COMMUNITY ECONOMIC DEVELOPMENT IN CANADA: NEXT STEPS FOR PUBLIC POLICY**

ISSUES PAPER

PREPARED BY  
CHANTIER DE L'ÉCONOMIE SOCIALE

IN COLLABORATION WITH  
THE CANADIAN COMMUNITY ECONOMIC DEVELOPMENT NETWORK (CCEDNet)  
and  
ALLIANCE RECHERCHE UNIVERSITÉS-COMMUNAUTÉS EN ÉCONOMIE SOCIALE  
(ARUC-ÉS)

September 21, 2005



**CHANTIER  
DE L'ÉCONOMIE SOCIALE**

4200, rue Adam  
Montréal (Québec) H1V 1S9  
t. (514) 899-9916  
f. (514) 899-0114  
[ecosoci@chantier.qc.ca](mailto:ecosoci@chantier.qc.ca)  
[www.chantier.qc.ca](http://www.chantier.qc.ca)

## ACKNOWLEDGEMENTS

We would like to thank the many people who contributed to the preparation of this paper for their comments, criticisms, suggestions and corrections. They include Sheri Torjman and Eric Leviten-Reid (Caledon Institute), Dan Borowec and many others at the PanCan CFDC Network (Heather Lawless, Rob Gay, Bob Cloes, Shawn Heard, Debra Muenz, Dan Friya, Paul Thompson, Mac Stoodley, Gloria Tozek, Diana Jedig, Elaine McGregor-Morris), Georgina Steinsky-Schwartz (Imagine Canada), Carol Rock (Canadian Women's CED Council), Mike Lewis (Centre for Community Enterprise), Fiona Salkie (Western Diversification), Ethel Côté (CCEDNet Ontario), David Lepage (CCEDNet British Columbia) and Priscilla Boucher (Canadian Community Investment Network).

Special thanks go to our research partners at the Community-University Research Alliance (ARUC-Économie sociale) who, once again, as they have done many times before during the past years, contributed their insight, knowledge, analysis and deep commitment to the success of our endeavours. In particular, the contributions of Jean-Marc Fontan and Benoit Lévesque have been essential. As for Margie Mendell, it is safe to say that we would not have been able to meet the many challenges of producing this issues paper without her unwavering support.

We must also underline the support given to us by the research assistants, particularly Ralph Rouzier, and staff members at the Chantier de l'économie sociale and CCEDNet who contributed to the production of this document.

Finally, we thank the team at Social Development Canada who helped create this opportunity and who have been our best supporters and critics throughout the process. We hope this paper will help make their work on the social economy, if not easier, at least more exciting and productive!

*Nancy Neamtan*

*Rupert Downing*

## EXECUTIVE SUMMARY

When the social economy was introduced to the Canadian policy agenda in 2004, it aroused great interest among community-based stakeholders and policy makers. It also raised many questions of definition, scope and appropriate public policy.

The primary goals of this paper are to deepen the collective understanding of the social economy from the perspective of public policy and to support the development of a consensus among stakeholders on the appropriate next steps forward for the Government of Canada's social economy agenda.

The first section outlines the real and potential contribution of the social economy to Canada's policy objective. With data on its economic impact and analysis of its relationship to the Government of Canada's five-point strategy to build a globally competitive and sustainable economy, the authors illustrate its important contribution to Canada's overall objectives.

The second section discusses the parameters of the social economy and community economic development. It explores the relationship between the two approaches, one focussed on enterprise development and the other on integrated territorial development. It shows how the two stem from common values and from a common goal of integrating social and economic objectives to obtain sustainable and equitable development at the community level. It also shows that the Government of Canada can benefit from an inclusive definition of the social economy, one that embraces enterprise and territorial approaches and includes cooperatives and components of the non-profit or voluntary sector.

The third and fourth sections identify a series of complex challenges facing policy makers and the different categories of public policy that can be used to support development of the social economy.

A fifth section proposes a brief analysis of the existing policies and programs of the Government of Canada and provincial/territorial and municipal governments. A more complete inventory is provided in the Appendix.

Examples of public policy from other countries are discussed in a section that primarily examines the following types of policies: comprehensive strategies for social enterprise, procurement policy, policies in favour of private investment in the social economy and community economic development, neighbourhood renewal and evaluation.

The final section outlines and explains a series of recommendations addressed to the Government of Canada for new policy initiatives. A brief discussion of the potential outcome has been included for each category of recommendations.

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# 1. INTRODUCTION

In 2004, the Speech from the Throne of the new government, announced:

*And the Government will help communities help themselves.*

*One of the best ways to do this is to get behind the remarkable people who are applying entrepreneurial skills, not for profit, but rather to enhance the social and environmental conditions in our communities across Canada.*

*These new approaches to community development – sometimes referred to as the "social economy" are producing more and more success stories about a turn around in individual lives and distressed neighbourhoods – communities working to combat homelessness, address poverty and clean up the environment.*

*The Government of Canada wants to support those engaged in this entrepreneurial social movement. It will increase their access to resources and tools. The Government will, for example, work to widen the scope of programs currently available to small and medium-sized enterprises to include social enterprises.*

This announcement surprised many people. Social economy was an expression unknown to most Canadians. Some assumed that it was simply another word to describe the voluntary sector. Others saw it as an unfortunate attempt to impose a Québec reality on the rest of Canada.

But for the many women and men across Canada who, over the past decades, have taken up the challenge of building a more democratic and inclusive economy through citizen-based action, this decision represented a long-awaited recognition of a growing movement. For, across Canada, thousands of initiatives, combining economic know-how and social goals, have emerged and produced important results, at both the social and economic levels.

In Québec, over the past decade, the social economy movement has become an important force in socio-economic development. Focussed on collective entrepreneurship, in both cooperative and non-profit modes, the social economy has spearheaded major initiatives resulting in the creation of thousands of new jobs, while responding to social, environmental and cultural needs in communities. The Québec government has offered a wide variety of tools to support the social economy. Its visible and conclusive results had captured the attention of the new Prime Minister of Canada as early as 1996.

The strength of the social economy in Québec is directly linked to the strength of community economic development practices that emerged in the mid-1980s.

Indeed, the first pilot CED practices also received the attention of Paul Martin, back in 1993.

In other parts of Canada, the primary focus of this movement has been on place-based initiatives. The community economic development movement has grown slowly and increasingly been recognized by public policy makers. Despite the territorial focus, CED shares the same objectives as the social economy movement in Québec: to develop economic initiatives based on the values of solidarity and inclusiveness. In other provinces, like Manitoba and Nova Scotia, governments have chosen to support this innovative approach to local development.

### **1.1. A growing international trend**

The introduction of the concept of social economy into public policy in Canada is not unique. It is part of an international trend that has emerged in European, Latin American and African countries. The contribution of the social economy to social innovation has been discussed in forums as diverse as the OECD and the World Social Forum. In many ways, this should come as no surprise: the social economy represents a pragmatic response to the economic and social challenges that globalization has created, as well as a contribution to the renewal of positive and active citizenship locally, nationally and internationally. It also represents a new approach to enterprise development, as indicated by the strong focus on the creation of new collective enterprises and social entrepreneurship in most countries. In Canada and abroad, more and more policy makers are becoming aware of the enormous potential of the social economy for redefining relations between the State, the market and civil society in the context of new, 21<sup>st</sup> century realities.

In 2003, the Canadian government, with its social economy initiative, joined the ranks of other national, regional and local governments that have begun to understand the important contribution that citizen-based action can bring to socio-economic development and collective well-being. A new Parliamentary Secretary to the Minister of Social Development with a special emphasis on the social economy was named. The Speech from the Throne in February 2004 outlined the content of the initiative. The first stage of the federal government's commitment to the social economy was presented in the 2004 Budget. Three specific investments were announced: \$17 million over two years for capacity building, \$100 million for the creation of patient capital funds and \$15 million over five years for community-university collaborative research related to the social economy. A commitment was also made to break down the barriers preventing social economy enterprises from being eligible for SME programs. A national Social Economy Roundtable was created, engaging civil society leaders from across Canada. Conceived horizontally, diverse partners have been mobilized to carry out the initiative: Social Development Canada, Industry Canada, Western Economic Diversification, the Federal Economic Development Initiative in Northern Ontario, Atlantic Canada Opportunities Agency, Canada Economic

Development (Québec) and the Social Sciences and Humanities Research Council.

Though these first initiatives have only now begun to produce concrete results, they have generated enough interest and action to justify planning the next steps for federal public policy.

## **1.2. The objectives of the issues paper**

The goal of this paper is to initiate a debate on public policy priorities for the coming years. Its primary audience is stakeholders across Canada, and, more specifically, members of the Round Table on the Social Economy, and elected officials and civil servants working directly in the field.

This paper is the product of a collaboration between the Chantier de l'économie sociale, several of its research partners in the Community University Research Alliance on the Social Economy, and the Canadian Community Economic Development Network (CCEDNet). Certain sections represent a synthesis and/or an update of research and analysis produced by various people who have contributed to this document.

This paper is not intended to answer all the questions about the definition or scope of the social economy in Canada or internationally. Many studies, in Canada and abroad, address the diversity of practices and definitions, that span various juridical frameworks, from cooperatives to non-profits, while linking them to the underlying values of the social economy. Our work in Canada has contributed to building a broad and inclusive definition of the social economy that addresses this diversity. What is clear, however, regardless of the definition adopted, is the existence a growing movement of women and men across the planet working daily in communities to build a more equitable and inclusive economy.

The need for further research is undeniable. The recent Policy Research Initiative publication, *What We Need To Know About the Social Economy, A Guide for Policy Research*, identifies a series of research priorities. Specifically, the report suggests that, to help governments better support the social economy, and for social economy enterprises to operate more effectively, researchers could usefully explore issues in each of these five areas: descriptive research and data development; regulatory frameworks; when and how governments should fund the social economy; tools for measuring the impact of social economy enterprises; and best practices for both governments and social economy enterprises.

It is important to recognize that we are at the beginning of a process and the learning curve in the field of social economy will be steep over the next few years.

We must begin at the beginning, however, and master our capacity to take the first steps in what could represent a major shift in public policy. Despite many policy makers' lack of familiarity with it, the social economy is moving forward, slowly but surely. This is a new field for public policy, and the dialogue that has

begun demonstrates a commitment to better understand the social economy and better enable its growth across Canada. As Prime Minister Martin stated in his response to the Speech from the Throne on February 3, 2004:

*The people who are dedicated to these efforts understand the power of the social economy. The people themselves represent a powerful social resource, and it is high time that the federal government recognizes this. We intend to make the social economy a key part of Canada's social policy tool kit.*

Several months later, at a conference in Trois Rivières, Québec, organized in 2004 by CCEDNet, in cooperation with the Chantier de l'économie sociale and ECOF, Lucienne Robillard, then Minister of Industry, declared before 800 people from all regions of Canada that the first budget initiative was only a "down payment" on the government's social economy agenda.

In order to move forward on this agenda, the first step for stakeholders is to agree on priorities. This was the major factor enabling the social economy to enter the federal policy agenda in 2003.

This issues paper offers analysis, policy and program proposals concerning the major challenges to be met in order to create an environment for the development of a strong social economy and enhanced community economic development practices in every region of Canada. Its authors hope that the discussions will help build a pan-Canadian consensus on the priorities for public policy. Such a consensus will help create the conditions to move forward on the long road to full recognition of the social economy's potential role and its contribution to a more equitable and inclusive future for Canada.

## **2. THE CONTRIBUTION OF THE SOCIAL ECONOMY TO CANADA'S POLICY OBJECTIVES**

Despite the new vocabulary, the social economy has been well established in Canada for over a century. It has contributed to the well-being and economic growth of the country in many ways, whether through the cooperative movement that played a key role in maintaining Canada's agricultural base in the periods of deep economic crisis, or through the role of citizen-based associations that have responded to a wide variety of socio-economic needs over the years.

In the past decades, and more particularly since the mid-eighties, citizen-based initiatives in the field of economic development have multiplied across the country. They have been particularly strong in communities in distress, both rural and urban. They have also been developed in response to issues of labour market development and social exclusion. This integrated approach to development, comprising the two notions of enterprise and territorial development, is increasingly recognized as an effective way for cities, regions and nations to take on the challenges of socio-economic development in the context of globalization.

### **2.1. Portrait of the Canadian social economy**

Given the relatively recent recognition of the social economy, a statistical portrait of the scope and economic impact of the social economy has yet to be completed. Efforts to do this are underway within organizations such as CCEDNet and the Chantier de l'économie sociale and their research partners, who are most anxious to work with government to create a satellite account and design accurate measurements. Satellite accounts on the social economy exist in countries such as Belgium and Spain and provide valuable information to policy makers and practitioners.

At most, we have partial, territory-based portraits, such as the portrait of the social economy in Québec and community economic development initiatives; or sectoral portraits, of the Canadian non-profit, voluntary, and cooperative sectors.

In Québec, research carried out in 2002 by the Bureau de l'économie sociale and the Direction des coopératives produced the following statistical portrait:

- 6254 enterprises, including 2313 cooperatives and 3941 non-profit enterprises
- 65,028 jobs, including 19,948 in cooperatives and 45,080 in non-profits
- \$4.3 billion in revenues, of which \$3 billion went to cooperatives and \$1.3 billion to non-profits.

In 2001, Québec's GNP was \$217 billion. The social economy represented approximately 2% of the GNP. This portrait did not include the large agricultural and financial cooperatives. Nor did it include non-profit organizations involved in

non-market-related activities, many of which are included in Canadian studies on the non-profit and voluntary sector.

In Canada, different sources of information help us to understand the importance of the Canadian social economy and its various components within the Canadian GNP.

According to a PRI document produced in 2005, *What we need to know about the social economy: A guide for policy research*, the social economy represented 2.5% of the Canadian GNP in 1999, whereas the public economy, excluding parapublic entities, represented 5.7% of the GNP.

A study led by Imagine Canada in 2004, in close collaboration with Statistics Canada, identified 161,000 non-profit and voluntary organizations in Canada in 2003. These non-profits generate revenues of \$111 billion and employ more than 2 million people.

In the field of community economic development, a survey published in October 2003 by the Canadian Community Economic Development Network, entitled *Profile of Community Economic Development in Canada*, estimates that in Canada, over 3000 community-based organizations are involved in community economic development that explicitly combine social and economic development activities. These initiatives exist in both rural and urban communities. A large concentration (517) can be found in Aboriginal communities and are supported by Indian and Northern Affairs Canada Community Economic Development Program. In addition, the number of social economy and CED organizations is rapidly growing. Among the 294 organizations surveyed by CCEDNet, 31.8 % have been created since 1994 and 24% since 1989.

Finally, a study published by the Secretariat for Cooperatives in 2004 shows that non-financial and financial cooperatives in 2002 possessed assets of \$343.3 billion.

In summary, while it is impossible to provide an exact portrait of the social economy in Canada, there is enough evidence to conclude that it represents a significant and rapidly expanding part of Canada's socio-economic infrastructure.

## **2.2. Impacts of the Canadian social economy**

Both within Canada and internationally, creating accurate tools for evaluation of impact is a major challenge for stakeholders, researchers and policy makers. Traditional economic measurements are inadequate for measuring outcomes; social economy initiatives often have the most impact in the area of prevention of economic decline, helping to resolve problems of regional or local disparities, unemployment and social exclusion. Social economy activities also flourish in unstructured markets; through innovation, they create new economic activity that responds to social goals, representing immeasurable cost savings to government.

More importantly, the social economy meets what some call a "triple bottom line" that takes into account financial, social and environmental impacts.

Major research initiatives, both nationally and internationally, are now grappling with the strategic question of evaluating these activities. There is a large and growing literature on evaluation and social indicators to draw upon that can also be used to develop tools for the social economy.

In the field of labour market policy, there is a wealth of literature on the "social" costs of unemployment, revealing that financial investment in programs like Employment Insurance does not cover the full social costs. For example, the impact of unemployment on people's health and health care costs is recognized, but it is never calculated in the cost-benefit analysis of more integrated approaches to social and economic needs. The social economy contributes to effectively lowering these social costs, and generating savings in the long run by enhancing the social and economic well-being of the people involved.

Moreover, the multiplier effects that social economy initiatives generate, through job creation, improvement of income and higher local consumption, create much larger returns on investment through increased tax revenue and expanded economic activity that benefits local communities.

An interesting example is the evaluation of the impact of a network of non-profit adapted enterprises that offer employment to nearly 4000 people in Québec, including almost 3000 people living with disabilities. The Office des personnes handicapées du Québec subsidizes jobs in these social economy enterprises to compensate for the lack of productivity of their disabled workers. Their study shows that Québec gets back 7.7% more than it spends through taxes and savings on welfare payments. This does not include advantages for the federal government or the clear non-monetary advantages for the thousands of people living with disabilities who are now actively contributing to society through regular employment (CQEA, 2004).

### **2.3. The role of the social economy in building a competitive and sustainable economy**

In many ways, the social economy contributes directly to the achievement of Canada's overall policy objectives.

In the 2004 Speech from the Throne, the Government of Canada set out the following objectives:

*Government will pursue a five-point strategy to build an even more globally competitive and sustainable economy. These five points are: 1) invest in people to enhance their skills; 2) strengthen Canada's ability to generate and apply new ideas; 3) make it easier for businesses to do business in Canada; 4) a commitment to regional and sectoral development; and 5) promotion of trade and investment.*

The social economy can contribute in many ways to the construction of a more competitive and sustainable economy.

#### *2.3.1. Investing in people to enhance their skills*

Community economic development (CED) and the social economy play an important role in building social capital, including direct support for a wide range of skills development. Through its inclusive approach to economic development, its specific efforts to improve the skills of marginalized groups and the learning process that is intrinsic to citizen-based initiatives, the social economy helps improve the capacities of Canadians to be productive and active citizens.

#### *2.3.2. Strengthen Canada's ability to generate and apply new ideas*

The need for innovation within the economy cannot be confined to technological innovation; on the contrary, the impacts of new technologies and other transformations of the Canadian economy require an increased emphasis on social innovation. Social innovation refers to new forms of social relations, including institutional and organizational innovations, new forms of production and consumption, and new relationships between economic and social development. In this context, the social economy is an important breeding ground to generate and apply new ideas in the field of economic and social capital development, responding to new needs and new problems that traditional economic tools have been unable to address.

#### *2.3.3. Make it easier for businesses to do business in Canada*

The social economy contributes in two major ways to this objective. The social economy contributes actively to creating and maintaining social cohesion within communities. This is an extremely important component of a favourable business environment. At the same time, by mobilizing new categories of entrepreneurs (social entrepreneurship through the cooperative and non-profit model), offering new approaches to investment (community loan funds, micro-credit, etc.) and structuring unstructured markets (environment, social tourism, etc.) the social economy offers otherwise unexploited opportunities for new businesses to emerge and develop.

#### *2.3.4. A commitment to regional and sectoral development*

Community economic development and social economy enterprises are major contributors to regional and sectoral development. CED has emerged as an important component of regional development initiatives across Canada, both in devitalized rural zones as well as fragile urban neighbourhoods. Collective enterprises, be they cooperative or associative, are often the only option for

marginalized communities when private investors have abandoned them or are uninterested in less profitable markets or remote areas. Cooperatives and non-profit social enterprises are also an integral component of sector development for the delivery of human services, for example, employment training, and in the production of goods and services that have social and environmental value, like recycling and alternative energy production.

#### *2.4.5. Promotion of trade and investment*

The social economy has the capacity to attract new forms of investment, including social investment, ethically responsible investment and proximity investment. The cooperative enterprise model also mobilizes capital from its members (workers, consumers or users). Public policy can play an important role in supporting investment from new and unexpected sources to boost Canada's economy. New trade strategies in the form of "fair trade" or ethical products are a rapidly growing part of international commerce. Through a process of labelling of social economy products, there is a potential for access to growing demand that could contribute to increased trade and exports for Canada. The social economy also influences the private sector to become more attuned to and engaged in the development of sustainable communities.

In addition to these specific contributions to Canada's economic policy, CED and social economy actors and activities play an important role in many other policy mandates at all levels of government. From municipal concerns with enhancing the quality of life in neighbourhoods, to provincial mandates for environmental sustainability and poverty reduction, to federal responsibilities for creating greater social inclusion, increasing access to childcare and preventing crime, CED and social economy activities are helping to address interrelated social, economic and environmental issues facing communities. The following analysis provides a definition and description of the parameters of the social economy in public policy.

### **3. DEFINING THE PARAMETERS OF CED AND THE SOCIAL ECONOMY**

The definition of the social economy has been a subject of debate among researchers, policy makers and stakeholders for several years. The focus of this paper is not to review this large and significant debate. We do think it is important, however, to stress the need for an inclusive definition that allows all components of the social economy-whether they are what is commonly referred to as the volunteer sector, community economic development, the cooperative movement, or the social or solidarity economy-to benefit from the federal social economy initiative.

Several documents by Canadian and European researchers (Borzaga et Defourny (2001), Lévesque and Mendell (2004) and Quarter, Mook and Richmond (2003)) provide a broader discussion of the various definitions of the social economy. The following section offers a brief summary of the various concepts and definitions that have characterized the debate on the parameters of the social economy (including community economic development, the cooperative sector and certain segments of the voluntary sector) in Canada.

While the concept of the social economy is used to greater and lesser degrees in the different regions of Canada, the reality to which it refers to is widespread across the country. Over the past 20 years, there have been numerous civil society initiatives in many countries (with obvious differences in the North and in the South) in economic and social development, more often than not with government support. These socio-economic initiatives, which distinguish themselves from those associated with either the public or private sector (hence the term "third sector," used as a synonym for "social economy" in the Anglo-Saxon world) are increasingly being recognized for their capacity to achieve success in areas where the other two sectors have failed, either individually or in combination.

The social economy dates back to the 19<sup>th</sup> century but the concept did not gain currency again until the last third of the 20<sup>th</sup> century. Although the call for alternative economic development strategies ("small is beautiful," self-management, etc.) emerged during the 60's and 70's, the re-emergence of the social economy was strongly influenced by the crisis of the early 1980s and the impact of globalization, the opening up of markets, economic restructuring, the rise of the knowledge-based economy, and the social and political changes associated with the reconfiguration of the welfare state.

The crisis and profound changes simultaneously led to new opportunities and new needs that would mobilize civil society actors and lead to a new-generation social economy. Social innovations emerged both to respond to new, urgent social problems that especially affected certain communities and social groups, and to

meet the demand of new social movements—the community movement, women’s groups, environmental groups, local communities, cultural communities, and so on. In this context, the various types of associations that were formed (non-profit associations, cooperatives, mutual societies) generally reflect the search for new relationships with the State and the market, the need for new regulations, a new division of labour, and a more inclusive economy. They also reflect the trend toward a bottom-up, self-help approach to socio-economic development.

At a practical level, the new social economy has developed primarily in two areas: 1) as a strategy to combat poverty and social and occupational exclusion, where initiatives respond to urgent social needs and critical social situations; and 2) the creation of new wealth, where initiatives respond not only to needs but also to new opportunities in which neither the market nor the State are effectively engaged.

Organizations and actions have established criteria for identifying who is part of the social economy, based on the legal status of organizations (cooperatives, non-profit associations, mutuals), their values (e.g., solidarity) and their principles and rules (e.g., one person, one vote). Social economy organizations producing goods and services must be working explicitly for the public or collective interest. Furthermore, they must operate independently of the State and the private sector (hence the concept of the third sector). This means that social economy organizations must be controlled by a voluntary association of persons, not by public or private funders. In social economy organizations, democratic practice and autonomous management are just as compelling criteria as non-profit status. All the initiatives involve a broad range of resources: (a) non-market, non-monetary resources (b) public resources in the form of subsidies or fiscal advantages and (c) market resources from the sale of products and services.

### **3.1. The social economy and its territorial dimension: CED**

As explained in the introduction, the social economy was introduced recently to public policy to include territorial approaches for integrating social and economic development through the action of civil society. In Prime Minister Martin’s response to the Speech from the Throne, this combined perspective (territorial and enterprise) was very clear:

*Enhancing the quality of life in our cities is about wanting to help each other. It is about a willingness to work together to build great places to live.*

*Today this willingness is everywhere in Canada. We see it in the efforts of a million Canadians working in the voluntary sector. And they have our support.*

*We see it in the efforts of the people who are applying entrepreneurial creativity- not for profit, but rather to pursue social and environmental goals. That’s what we call the social economy – and while it may be a less familiar part of our economy, we must not underestimate its importance.*

*Its contribution to the social fabric and to the economic vitality of our municipalities, urban and rural, is real and is growing. Here are some examples:*

*The social economy is about community groups like RESO in southwest Montréal, with which I have been involved since the start of my political career. RESO is a large coalition of unions, businesses, community groups and active citizens, all concerned about the future of their community. Several years ago they joined forces. Southwest Montréal, a struggling district in the 1980s, today is revitalized. RESO played a pivotal role then, and it still does.*

*The social economy is everywhere. For example, just a few blocks from the Parliament Buildings is the Roasted Cherry Coffee House. This wonderful social enterprise was created to offer employment and a welcoming environment to young Canadians, particularly those at risk. The creators of this coffee house understand how valuable it is for youth at risk to work side by side and to share their life experiences with other young people who are still in school. Through the interaction, youth at risk can see that anything is possible. What is more, the coffee house management sets aside part of its profits to share scholarships to encourage these young people to get back to high school.*

*Canada abounds with similar examples. (Reply to the Speech from the Throne February 2004)*

A territorial approach to the social economy, referred to as community economic development, is a growing reality. It can be defined as a process by which communities initiate and implement their own solutions to economic problems to build long-term community capacity and foster the integration of economic, social and environmental objectives. CED gives priority to a holistic approach to economic development: it is committed to both business development and employability; job creation and the social integration of excluded people; economic activity as well as housing and local services. It also differs from traditional approaches to economic development in that it solicits civil society's participation in such matters as local governance and the implementation of development tools to serve the community.

### **3.2. A growing consensus in favour of an inclusive definition**

Several major Canadian organizations have helped to give a clearer understanding of the various dimensions of social economy. The Chantier de l'économie sociale adopted a definition in 1996 which was endorsed by the Québec government and has been the basis for the development of the social economy movement in Québec over the past decade. CCEDNet built a pan-Canadian network on the basis of an inclusive definition of community economic development. The cooperative movement in Canada has defined its scope

through the cooperative legal structure. The Canadian voluntary sector, of which certain components are integral parts of the social economy, has made a major contribution to understanding the impacts of the voluntary and non-profit sector in Canada

The definition of the social economy by the Chantier de l'économie sociale is based on a consensus among social actors in Québec:

*As a whole, the social economy refers to the set of activities and organizations stemming from collective entrepreneurship, organized around the following principles and operating rules: 1) the purpose of a social economy enterprise is to serve its members or the community rather than to simply make profits; 2) it operates at arm's length from the state; 3) it promotes a democratic management process involving all users and/or workers through its statutes and the way it does business; 4) it defends the primacy of individuals and work over capital in the distribution of its surpluses and revenues; 5) it bases its activities on the principles of participation and individual and collective empowerment. The social economy therefore encompasses all cooperative and mutual movements and associations. The social economy can be developed in all sectors that meet the needs of the people and the community.*

The Canadian Community Economic Development Network (CCEDNet) has offered this definition of CED:

*...action by people locally to create economic opportunities and enhance social conditions in their communities on a sustainable and inclusive basis, particularly with those who are most disadvantaged. CED is a community-based and community-directed process that explicitly combines social and economic development and fosters the economic, social, ecological and cultural well-being of communities. CED has emerged as an alternative to conventional approaches to economic development. It is founded on the belief that problems facing communities-unemployment, poverty, job loss, environmental degradation and loss of community control-need to be addressed in a holistic and participatory way.*

As previously mentioned, it is also important to underline the contribution of the Voluntary Sector Initiative to the debate on the scope and impact of the social economy. The National Survey of Non-profit and Voluntary Organizations (Hall et al., 2004) and the Satellite Account of Non-profit Institutions and Volunteering (Hamdad et al., 2004) provide important data, which begins to give us a better understanding of the parameters for measuring the economic impact of the non-profit and voluntary sector.

The contribution of the cooperative sector is an equally important component of the social economy in Canada. By definition, cooperatives are an integral part of the social economy. All references in this paper to social economy enterprises and social or collective entrepreneurship must be understood to include cooperative enterprises and cooperative entrepreneurship. In Europe, the use of

the term social economy to refer to cooperatives and mutuals is widespread. In Canada, certain pioneers of the cooperative movement used the social economy terminology to refer to their emerging movement. The historical contribution of cooperatives to Canada's economic development has been well documented. The emerging role of cooperative enterprises in community-based revitalization efforts and in anti-poverty strategies, particularly in rural areas, is less well known, but is being increasingly acknowledged by practitioners and policy makers.

Over the past decade, new hybrid forms of cooperatives and associations have also begun to emerge internationally. Like Québec, with the creation of solidarity cooperatives in 1996 many European countries (UK, France, Belgium, Italy, Spain) have created new legal frameworks for cooperatives or non-profits in an effort to combine the advantages of the cooperative and non-profit structures. The growing importance of social cooperatives' response to the needs of marginalized groups or distressed communities is manifest in many regions of Canada. Entrepreneurial activities by non-profits are also a rapidly increasing phenomenon. This is why more and more experts use the term "social enterprise" to describe this reality. In institutions as traditional as the Harvard Business School, social enterprise has become an important subject for research and teaching.

In summary, social economy enterprises (both cooperative and associative) and CED organizations share the objective of contributing to the economic and social development of the communities in which they are located. Both insist on advancing social goals while pursuing economic development. They also contribute to the creation of assets and enterprises owned and controlled collectively by communities to generate both social and economic benefits. In addition, they play a role in terms of capacity building and empowerment, contributing to new forms of citizenship and participatory democracy.

## 4. A COMPLEX CHALLENGE FOR POLICY MAKERS

Establishing a clear definition of the social economy is a complex matter. The development of public policy in support of the social economy is even more challenging, for it is far from being a simple, linear process. Policy makers face important and complex challenges that are inherent to the nature of the social economy and its development needs.

### 4.1. Co-production of public policy

The development of the social economy is first and foremost the result of collective action by citizens, independent of government. Public administrations, be they federal, provincial or municipal, cannot play the same role as civil society in developing innovative and efficient responses, on both a strategic and practical level.

Traditional forms of consultation have proved to be insufficient in helping governments support social innovation. In Québec, where public policy in the field of the social economy has advanced significantly, **each new policy initiative has been inspired by proposals from civil society actors.** The Government of Québec has an ongoing partnership agreement with the Chantier de l'économie sociale, a network of networks, and calls on the Chantier and its partners to contribute actively to the evolution of public policy. In Manitoba and Nova Scotia, provincial governments have devolved authority and resources to CED organizations to address interrelated social and economic issues on a long-term basis.

Governments do not have the same capacity as civil society actors to identify emerging needs and new practices to promote integrated development. For successful public policy to emerge, government must play a role in supporting and allowing social economy actors to define their priorities and to negotiate the nature and the scope of government interventions in the field of the social economy. **This process of co-production of public policy** is an inevitable part of the challenge in identifying appropriate policy. The process leading up to the first federal Social Economy initiative, the creation of the Round Table on the Social Economy by the Parliamentary Secretary and the wide discussion on this issues paper and other documents produced for the Round Table, are examples of co-production of public policy.

### 4.2. A contribution to the redefinition of social and economic policy

The second and most strategic challenge is the need to understand **the role that the social economy can play in redefining some of the key architecture of social and economic policy in Canada.** The development of the new social economy over the past 20 years has grown from a collective realization that the old models of development are not answering the needs of many Canadian

citizens and communities. The very basis of the social economy—the integration of economic and social initiatives—is a clear illustration of the need to rethink the way that social and economic policy has been defined over the past 60 years. The traditional silo approach to economic and social policy has demonstrated its limits over the past decades. For, despite increased wealth and economic growth, the gap between rich and poor has widened. Entire regions, particularly in rural communities, have been left on the margins of development. In urban areas, the situation in many poor neighbourhoods continues to decline and threatens the development of healthy cities.

Unfortunately, despite these current conditions—a consequence of the transformation of industrial societies in the context of globalization—insufficient effort has been made to redefine the parameters of social and economic development in the field of public policy. There is still a strong tendency to understand the world, or at least Canada, in a very binary and simplistic way. Public policy is still primarily based on a vision of the economy as a space where there are two major players: the private sector that works in the market place, creates wealth, makes our economy run and furnishes tax revenues to government, and the State, which has the role of redistributing wealth and offering uniform public services and programs for the common good. The extensive work being done by community organizations, and the products and services being produced by the non-profit sector are essentially seen as charitable, philanthropic and outside the economic sphere. The cooperative model is still considered by many policy makers as outmoded and/or marginal. Major economic initiatives are based uniquely on support for the private sector, while social policy is primarily focused on direct government intervention and delivery mechanisms.

In this context, it has become increasingly clear that governments can no longer govern with wall-to-wall programs, not so much because they cost too much, but because too often they are inefficient. Citizens do not get good value for their dollars and communities do not get the quality of services they deserve. Nor can charities continue to pick up the pieces where government and the market are failing, because there are just too many pieces to pick up! These are some of the reasons that explain the emerging realities and forms of civil society organizations that are questioning traditional political processes and traditional forms of governance and are demanding a more important role in shaping public policy and carrying out social and economic development.

**The social economy thus raises the need to define a new paradigm for approaching economic and social development.** It forces a broader analysis of the economy, embracing a vision of a pluralist economy in which each form of organization has its role to play—the public economy, the private sector as well as the social economy—producing the goods and services necessary for our communities' well-being. The contribution of the social economy to local and regional development, job creation for marginalized groups, production of efficiently delivered services reflecting specific needs and realities; and the need for more sustainable development is becoming clear.

This paradigm shift has multiple impacts on public policy in the short, medium and long-term.

#### **4.3. A flexible, bottom-up approach to policy development**

A third major challenge is the **need to ensure sufficient flexibility in defining policy initiatives**. Social economy and community economic development is a community-based, bottom-up approach to development. Because each community is different, it is impossible to apply a uniform, wall-to-wall approach in defining appropriate policy initiatives. It is also impossible to set clear funding parameters, because social economy initiatives use a combination of private or market resources, public funds and volunteer resources. The ratios between these different types of resources vary from sector to sector, from community to community and evolve over time.

#### **4.4. A combined jurisdiction and a wide variety of institutions**

Another challenge that increases the complexity of the social economy file is the fact that **public policy calls on a wide variety of government actors within municipal, provincial and federal jurisdictions, encompassing social, economic, environmental, cultural and other ministries and public bodies**. This is an immense challenge even at the federal level, where inter-departmental collaboration is difficult to initiate and to manage. For that reason, successful public policy initiatives must base themselves on a strong partnership between civil society, elected representatives and public administrators, each of whom must agree to move beyond the traditional negotiating pattern into a constructive, inter-sectoral partnership process

#### **4.5. Creating precedents and supporting innovation**

A final challenge stems from the **innovative content of social economy initiatives**. Traditionally, public policy makers will define a problem, establish a program to respond to it, and then design an appropriate delivery model. However, the social economy is in many ways a continual process of innovation within communities, often based on learning by trial and error and by doing. New approaches to economic development, new forms of partnership, and new social initiatives are being tested, and best practices are constantly emerging and being replicated. The function of innovation is extremely challenging for policy makers and providers who must be able to ensure responsible use of public funds without preventing the emergence of innovative solutions. Whereas traditional public policy steers away from creating precedents, social innovation and the social economy require continual precedent creation in the field of public policy.

## **5. FOUR MAJOR CATEGORIES OF PUBLIC POLICY**

Despite these overall challenges, many public policy initiatives have been adopted to support the development of the social economy, both directly and indirectly.

Public policy in support of the social economy can be classified into four major categories:

### **5.1. Territorial policy**

Social economy enterprises emerge from communities that are mobilized to promote development. Public policy supporting local communities to create networks, strategic planning processes and collective projects is a primary component of social entrepreneurship. An example of such policy is the tripartite support for community economic development corporations in most urban centres in Québec and in some other major Canadian cities. These non-profit, citizen-based development organizations, called community economic development corporations, have been the birthplace for some of the most original and successful social economy initiatives in Québec. Similar initiatives have developed over the years in several Canadian cities. Private sector partners have been mobilized to collaborate in these initiatives.

### **5.2. Generic tools for development**

As is the case for all SMEs, social economy enterprises must have access to suitable investment tools, adequate markets, research and development and tools to help ensure efficient management practices. Many of the programs and policies that have been made available to SMEs over the past two decades require only small adaptations to respond to the needs of social enterprises. The federal initiative to support the creation of patient capital instruments and to open up SME programs to social economy enterprises is a good illustration of enabling public policy.

Policies and programs in support of SMEs have been on the federal policy agenda for several decades. Tools specifically designed for social economy enterprises help to create a level playing field while recognizing the specific characteristics of these organizations, and more important, through the recognition of their contribution to social, environmental or cultural objectives that otherwise would require more costly forms of government investment. In that sense, policies and programs in favour of social economy enterprises do not represent unfair competition for the privately owned for-profit sector, but rather allow social enterprises to be able to compete in the marketplace without compromising social or environmental objectives. In many cases, where social

economy enterprises develop markets and become profitable, no long-term government support is required.

Another important dimension of generic tools has been the provisions to support applied research, research partnerships and practitioner-driven research. The SSHRC has done groundbreaking work at the international level through its support for Community-University Research Alliance grants, particularly the new \$15M program on the social economy for CURAs. Given the innovative component of the social economy, it is essential to support ongoing research, including research initiatives led by social economy organizations, in order to capture, disseminate, replicate and evaluate emerging and successful social economy practices

### **5.3. Sectoral policies**

Certain economic sectors represent tremendous potential for social entrepreneurship. Social enterprises often emerge in response to needs that neither the market nor government can satisfy. By combining market resources, voluntary contributions and public support, the social economy enterprise plays an important role in structuring certain unstructured markets and responding efficiently to needs for certain types of goods and services. Policies that support the emergence or strengthening of particular economic sectors (including the environment, personal services, housing, new technologies, communications, tourism, food services, culture, and many others) are important tools for the development of the social economy.

### **5.4. Policies in favour of target populations**

Social economy enterprises play an important role in offering access to employment and certain services to marginalized groups. Rather than investing uniquely in income programs, the social economy opens up possibilities for integrating citizens considered unproductive into the work force. Many European countries have invested heavily in supporting socio-economic integration of target groups (youth, the disabled, recent immigrants, etc.). In some countries, the social economy is an integral part of labour market development strategies. In Italy, for example, public purchasing has been used as a strategy to encourage social cooperatives that in return have the obligation to hire at least 30 percent of their labour force from identified marginalized groups.

## 6. ANALYSIS OF PUBLIC POLICIES AND PROGRAMS

An inventory of existing policies and programs of the Government of Canada, provincial/territorial governments, and municipal governments that are directly relevant to the social economy is included as an appendix to this report. The inventory lists the policy and program initiatives that we have identified as relating specifically to social economy and community economic development activities and organizations. The following is an analysis of existing and potential policy linkages for strengthening the social economy and its outcomes for Canadians and their communities. It is based on the inventory, a review of the literature, our analysis of policy initiatives in other jurisdictions, and input from stakeholders who were consulted for this report.

### 6.1. Federal Policies and Programs

#### 6.1.1. Territorial Policies and Programs

**Regional development agencies** (Western Economic Diversification Canada, Canada Economic Development Québec, Atlantic Canada Opportunities Agency, Federal Economic Development Initiative for Northern and Rural Ontario) of the federal government play a major role in influencing territorial policies to include support to regional and community economic development. However the focus of many of these regional programs continues to be on traditional business development; and there is a great deal of diversity, among arm's length organizations (e.g., community futures development corporations) and the direct regional development programs of the federal government, with regard to how inclusive they are of social economy and CED activities. This reflects the lack of explicit policy that recognizes the interrelationship of social, economic and environmental conditions in territorially-based development.

Other territorial initiatives of the federal government in **community learning and rural development** do support non-profit community organizations, some of which are explicitly involved in CED and social economy activities. Programs targeted to **place-based approaches to social inclusion and the reduction of poverty and homelessness** are also engaging many actors in CED and the social economy.

**Infrastructure Canada** is working on a "New Deal for Cities and Communities" that includes a focus on enhancing community sustainability. The degree to which this mandate and its policy and program responsibilities will include integrated approaches to the social, economic and environmental sustainability of communities is not clear.

The overarching issue for all of these aspects of the Government of Canada's relationship to communities and regions is the lack of a consistent policy framework and paradigm that unequivocally recognizes the interrelationship of

social, economic and environmental issues and the need to support integrated community action to enhance social, economic and environmental conditions. Related to this policy gap, is the lack of a consistent approach to supporting community economic development and social economy organizations and their activities aimed at achieving interrelated social and economic objectives. The Social Economy Initiative will provide support for capacity building in the short term, but the long-term development needs for CED and social economy organizations in both urban and rural settings remains an issue, according to all of the research to date on barriers to enhancing and scaling up effective practices in the sector (for example, Profile of CED in Canada, CCEDNet 2003). **There is a pressing need to enhance capacity-building resources with long-term, outcome-based funding mechanisms that sustain concerted action on interrelated social and economic issues to reverse the decline in urban and rural communities. The overall prosperity of Canada as a nation depends on effective strategies to reduce inequalities in wealth and social conditions among marginalized populations and communities.**

**Linked to the need for capacity building in local organizations, is the role of intermediary organizations that provide technical assistance, peer learning, policy analysis and development support at the pan-Canadian, provincial/territorial and regional level. These functions are largely unsupported by the Government of Canada, yet are critical to replicating effective practices and achieving outcomes.**

#### *6.1.2. Sectoral Policies and Programs*

**Employment and Labour Market Development** programs financed under the Employment Insurance Act are a major area of investment in community-based organizations creating employment and training opportunities. However, HRSDC's recent changes to terms and conditions and contracting for community-based delivery (where it retains administrative responsibility for such programs) has presented major challenges to the provision of social or training enterprises as a means of supporting unemployed Canadians, and the integration of a range of supports and opportunities as part of broader community economic development strategies. If this single area of federal policy were to be changed to be inclusive of CED and social economy strategies, it could have major impact, both for economic and social conditions in Canadian communities, and for the growth of the social economy itself. Other responsibilities of HRSDC, in adult learning, literacy, and workplace skills, could also benefit from greater inclusion of CED and social economy strategies in their policy and program design.

The **Cooperative Development Initiative** is making an important contribution to strengthening the social economy in the formal cooperative sector. However, the Initiative's funds are limited, regarding the potential of the cooperative component of the social economy to contribute to social and economic priorities.

In both **environmental and natural resource management** policies, the federal government plays a major regulatory role. That role has lacked any significant

recognition of the importance of communities and their development organizations in contributing to environmental sustainability and natural resource stewardship. Some support has been provided, through the Canadian Forestry Service, to community forest initiatives run by community partnerships. However in other areas, particularly fisheries, the predominance of corporate consideration in resource management and harvesting have led to the significant decline of coastal communities, and the undermining of cooperative and community enterprises that enabled local people to maintain sustainable livelihoods. With the exception of the agreement with the Haida Nation for the management of Gwaii Haanas National Park, there has also been very little attempt to generate sustainable eco-tourism opportunities through CED and social enterprises associated with Parks Canada's mandate. In the area of alternative energy production, there are a number of opportunities to use community economic development and social enterprise strategies to multiply social and economic benefits at the same time as meeting environmental and energy policy goals.

**Cooperative and non-profit housing** are sectors of the social economy in which the federal government has invested over the past decades. After an absence of several years, the Government of Canada has renewed its investment in social housing. Once again this year, \$1.6 billion was announced in the 2005 budget. Even though the results of this investment have varied from province to province, this is an excellent example of how a federal sectoral initiative can support social economy initiatives to respond to community needs.

**Canadian Heritage's** role in the promotion of Canadian culture and media has reflected little inclusion of social economy models and CED organizations as target groups involved in policy and program delivery. However, a recent study for the Department ("The Role of the Social Economy in New Media Development," CCEDNet, 2004) indicates the existing significance and potential of cooperatives, collectives and community-based organizations to contribute to media, arts and culture.

**To address the full range of sectoral opportunities for using the social economy to meet federal government mandates and create social and economic benefits for citizens and communities, a horizontal structure with significant political leadership is needed to engage and educate federal government staff and agencies.**

### *6.1.3. Generic Policies and Programs*

While the federal government's regional development agencies have programs in place to enhance access to **finance capital** for small- and medium-sized enterprises, until the Social Economy Initiative was announced, little of this financing support was available to social enterprises in the non-profit sector. There are also no federal mechanisms to stimulate private capital investment in the social economy. Tax credits and RRSP eligibility mechanisms for social economy financing do not exist in Canada. In addition, the federal government has no clear policy to use its own procurement practice to benefit social

enterprises that can provide goods and services while simultaneously generating social and economic benefits. **Public Works Canada**, in its review of procurement procedures and policies needs to include consideration of the social economy and "triple bottom line" value and benefit in its purchasing operations.

There are also opportunities to meet multiple social, economic and financial goals in Canada's **international trade** policies and strategies. With growing social economy sectors in many countries that are trade partners with Canada, new relationships between social economy producers of goods and services could assist both Canada's international humanitarian and aid objectives, and create economic benefits for its domestic social economy sector.

**Research** on the social economy has made large strides, with funding from the Social Science and Humanities Research Council, including the "Social Economy Hub" announced as part of the Social Economy Initiative. However, this initiative has largely been restricted to university-led partnerships. The Voluntary Sector Initiative of the federal government also generated new data and qualitative information on the characteristics of, and challenges facing, the broad voluntary sector.

**However, there is a need to obtain further quantitative data on the social economy and further strengthen evaluation, measurement, skills development for practitioners, and policy analysis. Ongoing support for research activities and functions within CED and social economy organizations is needed to help scale up effective practices; also partnership programs with academic institutions. This research activity needs to be linked to peer learning networks among social entrepreneurs, community economic developers and others to create a continuous interchange between innovation, emerging practice, and new knowledge.**

#### *6.1.4. Population-Targeted Policies and Programs*

There are a number of programs targeted to women, people with disabilities, youth and Aboriginal people for which CED and the social economy are potential activities. The **Department of Indian and Northern Affairs, Status of Women Canada, Office of Disability Issues of Social Development Canada**, and the **Youth Employment programs of HRSDC** have all provided support to social and economic initiatives relevant to the populations they are responsible for serving. However, they are weak when it comes to including economy and CED approaches to address the interrelated social and economic barriers facing these populations, and right now there are few clear links between these programs and the federal government's social economy initiative. There is also a need for greater collaboration and learning between the initiatives. In some program areas (e.g., Disabilities and Indian Affairs) support seems to have been reduced for integrated approaches to interrelated social and economic issues using community economic development strategies.

Support for **Francophone economic development** activities has been provided through federal funding to the Réseau nationale de développement économique francophone (RDEE) and its provincial organizations. A growing number of initiatives are underway among RDEE organizations to engage in CED and social economy strategies.

**Citizenship and Immigration Canada's** policies and programs for immigrant and refugee settlement focus very little on innovative approaches to social and economic integration using CED and social economy models. Recent work by the Cooperative Secretariat of Agriculture and Agri-food Canada on immigrant cooperatives indicate some major opportunities to enhance social and economic outcomes for immigrants by using social economy models to improve collective, community-based integration activities for immigrants.

**Structural barriers resulting in the social and economic exclusion of populations within Canadian society are well documented and the subject of federal government policies and programs. However, there needs to be more attention paid to the use of community economic development and social economy models of creating social inclusion led by women, Aboriginal people, people with disabilities, immigrant and ethnocultural groups. Support for those groups to strengthen their activities, enhance peer learning, facilitate international exchanges, and generate policy analysis should be a priority.**

## **6.2. Provincial/Territorial Policies and Programs**

Community economic development policies and programs that explicitly address integrated approaches to social and economic development have been created in Manitoba, Saskatchewan, Nunavut, Québec, Newfoundland and Nova Scotia. These territorial approaches to development are inclusive of cooperatives and social and economic strategies. The Government of Québec has developed a more overt approach to growing the social economy, comprising both territorial and sectoral development strategies and actors. In both Manitoba and Nova Scotia capacity-building funds for community economic development are supplemented by capital financing incentives (tax credits) and loan loss guarantees to support private and institutional investment in community enterprises, inclusive of both private and cooperative enterprises. There are no financing mechanisms, however, that are specifically targeted to social enterprises run by non-profit organizations. All of these jurisdictions also provide long-term funding to regional and neighbourhood development organizations engaged in CED (Manitoba, Saskatchewan) or regional development agencies with a devolved mandate to coordinate and support community economic development (Newfoundland, Nova Scotia). In most of these jurisdictions there are also specific government activities to support the cooperative sector.

Other provincial governments (Ontario and New Brunswick) do have local economic development programs and frameworks, but these are mostly concentrated on traditional local business development activities. There is a great

deal of diversity in the government definition of "community economic development." Also, "cross-government" support for integrated approaches to community social and economic development is very uneven. Comprehensive policy frameworks in Nunavut, Manitoba and Nova Scotia, in some instances articulated in legislation, appear to have resulted in the most significant cross-departmental support initiatives for community economic development, as defined in CCEDNet's policy framework.

In several jurisdictions there are sectoral and social initiatives, for example, targeted to strengthening the community-based voluntary sector (Alberta), supporting Aboriginal business development (Alberta, Ontario and BC), and ethnocultural community development (Nova Scotia). These are generally not linked to either community economic development or social economy objectives. Social development strategies that devolve resources and mandates to communities do exist (e.g., Alberta), but their integration of community economic development and social enterprise creation is minimal. In some jurisdictions, community resource stewardship initiatives (e.g., community fisheries in Manitoba, community forests in BC) have taken on a significant role in managing natural resources for their environmental, social, and economic values.

In two jurisdictions, BC and Ontario, organizations at arm's length from government (e.g., Columbia Basin Trust and Trillium Foundation) have been funded and mandated to carry out community development investment inclusive of community economic development objectives. In BC, there is also a tripartite (federal, provincial, municipal) agreement on urban development: the Vancouver Agreement. This agreement has facilitated investment in community economic development with the clear objective of integrated social, economic and human resource development. Similar Urban Development Agreements are under consideration in other parts of Canada.

Québec is the only province that has specifically adopted and implemented policy in favour of the social economy, both from an enterprise and a territorial perspective.

Québec has a longstanding tradition of support for the cooperative movement. The initial support for CED took the form of a pilot project that lasted for over ten years. During that period, urban community economic development corporations emerged in Montréal, Québec City and other smaller cities. Since the adoption of the local development policy, CED approaches have been implemented in other municipalities but the recent government made a clear choice to limit the role of civil society in favour of local elected officials. Despite this, the culture of involvement by civil society in local development has been preserved in many communities and CED corporations continue to receive provincial support.

Support for the social economy through enterprise development has remained constant over the past ten years. Recognized as an integral part of Québec's socio-economic infrastructure, and with the support of a strong social movement in favour of the social economy, various sectoral, territorial and generic policies have been adopted. The social economy is now part of the public debate on

various questions such as access to capital, regional development and the future of the health system. There is increased interest in the role of the social economy in rural development, health and homecare services, and the environment. Unfortunately, other important sectors such as culture have been neglected. In other sectors, particularly childcare, the role of social economy organizations is being challenged by the current administration.

**While there is diversity among provinces and territories in their engagement in community economic development and the social economy, clearly, sufficient involvement and experience exists for the federal government to support discussions with provincial/territorial governments on future collaboration.**

### **6.3. Municipal Government Involvement**

In some jurisdictions, there are municipal initiatives to strengthen and support CED inclusive of social enterprise development, without formal partnerships with senior levels of government. Edmonton's Innovative Services Section of the Community Services Department is the most comprehensive example. In some Canadian cities, preferential procurement policies are being examined and some first steps have been made, focussed primarily on environmental or equitable products. Municipal governments are showing increasing awareness of the social economy's potential to support communities.

**Efforts to engage municipal interest and profile effective municipal models of support to community economic development and the social economy, for example, through the Federation of Canadian Municipalities, could help strengthen learning and knowledge among municipal government officials and representatives.**

The following more detailed analysis of best practices in government support for community economic development and the social economy illustrate approaches that can be constructed across jurisdictions.

## 7. BEST PRACTICES IN GOVERNMENT

The following section outlines some examples of best practices in public policy in Canada and internationally. This is not an exhaustive list, but rather an illustration of the types of policies that have either proven themselves over the years or, for the most recent initiatives, have inspired hope among social economy and CED practitioners.

### 7.1 Québec : Creating an enabling environment for collective entrepreneurship

Since 1997, the Government of Québec has created a series of measures to support investment in local communities and, more specifically, the social economy.

Québec social economy and CED actors have thus had a series of tools at their disposal dedicated entirely or partially to the social economy.

Some instruments were developed outside the framework of public policy. The most significant example is that of the **Caisse d'économie solidaire Desjardins**. Created in 1971 by the CSN, the second largest trade union federation, the Caisse has \$341.4M in assets of which over 25% was dedicated to loans or investment in collective projects. The Caisse d'économie solidaire remains at the forefront of best practices among financial institutions. However, over the past decade, several new financial instruments have emerged with the direct or indirect support of the Québec government

#### 7.1.1. *Loans and loan guarantees for collective enterprise*

Investissement Québec is a public entity which administers a variety of programs for financing SMEs. Investissement Québec administers the "**Collective Entrepreneurship Program**" which offers loan guarantees to cooperative and non-profit businesses. It also administers the "Program to support the capitalization of social economy companies," which offers loans for a period up to ten years. Investissement Québec was accorded \$15M for this program in 2001.

#### 7.1.2. *Fiscal and direct measures to support financial intermediaries*

The Government of Québec has favoured a partnership approach for setting up a series of financial instruments for the social economy and CED:

1) The **Réseau d'investissement social du Québec**(RISQ), created in 1997 by the Chantier de l'économie sociale, has assets of \$9.25M. It is dedicated exclusively to collective enterprise and offers non-guaranteed loans, loan guarantees or participatory loans up to \$50,000. It also offers small technical assistance loans up to \$5000. RISQ has invested in 350 enterprises (118 cooperatives and 232 non-profits) since 1998. Though the concept and the

initiative to create RISQ came from the Chantier de l'économie sociale, with private partners, the Government of Québec agreed to match each dollar raised in the private sector **and has contributed \$4.5 M.** In addition, until 2003, RISQ's operating costs were partially funded by the Ministry for Economic Development.

2) **Capital regional et coopérative Desjardins** was created in 2001. It is a venture capital fund with almost \$500M in assets created by the Desjardins Movement with the help of a provincial tax credit. Individual investors can buy up to \$3500 a year in shares with a 50% tax credit. Shares must be kept for a minimum of seven years. CRCD has the mission to provide capital, expertise and access to networks for businesses and cooperatives in all Québec's regions. Even though only four cooperatives had been supported by 2005, CRCD has the obligation to invest at least 60% of its assets in small- and medium-sized businesses and cooperatives of which 35% must be invested in Québec cooperatives or enterprises located in resource regions.

3) In 2001, Fondation, (a labour-sponsored pension fund created by the CSN in 1997) created **Filaction**, a fund dedicated to local investment and to supplying capital for community loan funds. Its mission is to create and maintain jobs through investing in business, particularly those that favour worker participation, social and solidarity economy and micro-credit initiatives. In addition to the tax credit advantage associated with all labour sponsored funds, the Québec government provided a 5-year grant in 2001 to Filaction for part of its operating costs. Filaction offers investments between \$50,000 and \$150,000. Filaction also manages the Fonds de financement coopératif, a tool dedicated exclusively to collective enterprises. It was created by Fondation and RISQ in 2001 and capitalized with \$6M. Investments can range from \$50,000 to \$250,000.

4) **Régime d'investissement coopérative.** This fiscal measure offers a 125% tax credit to members of worker cooperatives, production cooperatives and worker-investor cooperatives in order to improve the capitalization of cooperative enterprises.

5) The **Québec Network of Community Credit** has received support from the Government of Québec, allowing them to support nine community loan funds and 10 borrowers' circles in 10 regions. Almost 70% of the clientele are women.

### *7.1.3. Development funds for local development centres*

Under the local development policy adopted in 1997, the Québec government supported the creation of **local investment funds** managed by Local Development Centres (CLD). Two important funding instruments were provided to CLDs to carry out their mission. The Québec government loaned \$130 M to CLDs to create local investment funds which offer loans or loan guarantees to SMEs (private and collective). They also gave funds to CLDs for small grants to social economy enterprises. In 2003, \$9 840,000 was allocated to 505 social economy enterprises by Local Development Centres, contributing to the creation or consolidation of over 5000 jobs.

#### *7.1.4. Legislative framework*

Another enabling public policy has been the changes brought to the legislative framework through the creation of the "**solidarity cooperative**." This new cooperative model, inspired by European experiences, brings together, not only the workers and users of the enterprise, but also members of the community who are affected by the services offered. This new form of cooperative has emerged as a valuable way for communities to renew with the cooperative model in local development strategies.

#### *7.1.5. Support for cooperative enterprise*

The Government of Québec has explicitly supported the cooperative movement for several decades. The most recent policy in favour of cooperatives was adopted in 2004, with the close collaboration of the **Conseil de la coopération du Québec** (CCQ). Specific measures for cooperatives continue to be supported, including funding for Regional Development Cooperatives. The mandate of these technical resource groups is to support the development of new cooperatives on a regional level. They are funded according to the number of jobs created or consolidated. (Direction des coopératives, Ministère de développement économique et de l'innovation).

The Government of Québec clearly recognizes the role of the Conseil de la coopération du Québec as the representative of the cooperative movement on all issues related to the cooperative model. For example, all changes to legislation on cooperatives must obtain the CCQ's approval.

#### *7.1.6. Recognition of the social economy sector through concrete partnerships with civil society organizations*

Since 1996, the Government of Québec has agreed to recognize the social economy as an integral part of Québec's socio-economic infrastructure. This has had very practical implications. In addition to the various policies that have been described, the government has offered financial support and political recognition to the **Chantier de l'économie sociale**, a non-profit organization uniting a wide range of networks of collective enterprises, local and regional development organizations, and social movements. The Chantier's mission is to promote, develop and represent the social economy in collaboration with a wide variety of partners.

In the most recent partnership agreement (2004), the Ministry of Economic Development and Innovation recognized the Chantier as the legitimate representative of the social economy and committed to partner with the Chantier on developing the social economy.

In 1997, the Québec labour force development agency, Emploi-Québec, agreed to support the creation of a sectoral council on the social economy and community development. The **Comité sectoriel de main-d'œuvre économie sociale et action communautaire** (CSMO-ESAC) has as its mission to promote and consolidate partnerships in order to solve labour market development problems. The CSMO-ESAC produces analyses of labour market sectors, develops continuing education tools and strategies, and identifies new and future skills that will be required. A major initiative was the creation of a new profession and a new apprenticeship program for workers in the recycling business. Another initiative was the production of training tools for volunteer boards in collective enterprise to reinforce collective governance capacity.

#### *7.1.7. Exemplary sectoral policies in Québec*

##### Domestic services for the elderly

The **Financial Assistance Program for Domestic Services (PEFSAD)** was implemented in the wake of the Summit Conference on the Economy and Employment, held in October 1996, and is designed to help develop the potential of Québec's social economy sector in responding to the needs of an aging population. In this regard, the program's objectives are to support a strong network of collective enterprises providing quality and accessible domestic services. The policy offers financial support to consumers, particularly the elderly who buy services from social economy enterprises. This allows these community-based businesses to offer services at variable rates based on income, create jobs, counter the underground economy, reduce pressure on public institutions, and delay institutionalization. Responsibility for the program lies with the Ministère de la santé et des services sociaux (MSSS), while regional implementation of the program is carried out by decentralized governmental health and social services agencies, in cooperation with social economy actors. The Chantier de l'économie sociale and the Conseil de la coopération du Québec are closely associated with the program's evaluation and the development.

Today, over 6000 people work in the network of 101 collective enterprises offering over 5.6 million hours of services to 76,000 clients across Québec, most of them over 75 years old.

##### Supporting recycling businesses in the social economy

The Government of Québec recently renewed a **program dedicated to supporting social economy enterprises in the field of residual waste management**. The program is administered by RECYC Québec with a budget of \$4M over the next three years. A similar program with a budget of \$5M over five years was previously administered directly by the Ministry of Environment in collaboration with the Chantier de l'économie sociale and the Association of Local Development Centres. It contributed to the development of a network of non-profit recycling businesses and the creation of almost 1000 jobs. A vast majority of rural

municipalities has integrated a partnership with social economy enterprises into their five-year plans to reduce waste disposal and increase reutilisation and recycling. Social economy actors are also present in several government-initiated working groups with the environmental industry that are planning strategies to increase recycling and reuse of specific types of products or material (e.g., textile, construction material, etc.).

## **7.2. Manitoba : a horizontal policy framework**

Manitoba has developed a horizontal policy framework to support community economic development, defined in terms of achieving a more inclusive and equitable economy and meeting social, environmental and economic goals. The Manitoba government has also implemented core funding programs that provide long-term support to community-based organizations for implementing community economic development activities, and a variety of capital growth financing incentives for community and cooperative enterprises. Manitoba has one of the most comprehensive approaches to supporting CED (within government and among community-based organizations) in Canada, but lacks the sector based approaches that exist in Québec. Specific components of Manitoba's comprehensive approach include:

- **The Community and Economic Development Committee of Cabinet (CEDC)** coordinates all major government initiatives relating to community and economic development in the province and oversees implementation of the Community Economic Development Policy Framework, a key component of Manitoba's economic strategy intended to develop a provincial economy that is more inclusive, equitable and sustainable.
- The **CED Policy Framework** was prepared on the direction of the Provincial Cabinet. The Community Economic Development Goals articulated in the Policy Framework include:
  - 1) Building greater community capacity: Community capacity building involves people working collectively, learning, planning, and developing programs, services and networks that facilitate CED. Capacity building is an ongoing process that encompasses community education and awareness, organizational development and strategic development. Community capacity includes institutions, relationships, and norms that shape the quality of a community's social interactions. In turn, these facilitate development, coordination and co-operation.
  - 2) Nurturing individual and community pride, self-reliance and leadership: The extent to which people can take initiative and provide leadership is heavily influenced by their own feelings of self-confidence and self-respect. These factors also affect people's ability to share and act upon a sense of community. Great care must be taken to ensure that CED policies and programs are consciously designed to encourage and support grassroots innovation and leadership.

- 3) Enhancing knowledge and skills: CED requires that community members have access to education and training opportunities that are accessible, relevant and affordable. Education and training contributes to enhanced employability, greater productive capability, and social and economic innovation. As such, it is critical to building strong economies and allowing people to live purposeful lives. Education and training is necessary to support lifelong learning that enables individuals and communities to adjust to changing circumstances and continuously meet their needs.
- 4) Developing businesses that are responsive to social, economic and environmental needs: When business investment is narrowly focused on realizing commercial profits, there is no guarantee that business development will have a desirable impact on people or the environment. CED principles can be used to focus attention on social, environmental and broad economic needs. Mainstream investments are predominantly based on fast capital turnover and maximizing profit rates. For CED, flexible financing and business support is needed to accommodate small- and large-scale investments, longer time periods, and a balance between social and environmental benefits and commercial returns. CED financing is also needed to support solid business ideas that may, or may not, have access to conventional forms of collateral.
- 5) Fostering balanced, equitable and sustainable economic development: A strong economy needs to have diversity. There needs to be a balance between different economic sectors, so that local and regional economies are not vulnerable to being destabilized by inevitable market upswings and downswings. This balance implies strong linkages between industries and businesses at the community and regional level. Income circulation, rather than income drain, is a hallmark of a well-developed economy. Balance also implies reinvesting profits back into the local economy. Equitable income distribution and good environmental stewardship are further requirements of balanced and sustainable economic development.

In order to help Manitoba communities meet the above-mentioned five main CED goals, the Province of Manitoba has adopted the following ten key CED principles. These principles form the basis of the CED Lens which has been prepared in order to assist departments apply CED principles to their policy and program areas: Local Employment; Local Ownership and Decision-Making; Local Economic Linkages; Re-Investment of Profits in Communities; Local Knowledge and Skill Development; Positive Environmental Impact; Health and Well-being; Neighbourhood Stability and Community Cohesion; Human Dignity; Interdepartmental and Intergovernmental Collaboration.

#### **The CED Lens (The Role of Government in CED)**

- It is intended that departments participate in the government's CED strategy by re-evaluating their policies and programs with an eye for consistency with CED goals and principles, within existing budgets. This has involved a

reassessment of existing government initiatives to ensure that support for CED is strategic, effective and clearly defined. The role of government is to support CED in the following areas:

- Policy and Program Development:
  - Support CED initiatives by developing policies, programs and processes, using the Lens to incorporate CED principles and meet the goals of CED;
  - Determine where existing resources, including staff time and sources of funding, can be redirected to support CED initiatives;
  - Ensure that government programs are sufficiently broad and flexible to accommodate evolving community needs;
  - Identify communities in need to ensure that the distribution of resources is strategically targeted toward vulnerable communities and regions;
  - Further develop appropriate parameters for the government's role in CED through ongoing discussion with communities.
- Information Sharing:
  - Develop systems for sharing information across government and throughout communities to promote awareness of government CED initiatives;
  - In partnership with communities, establish opportunities for community and regional networking, sharing of experiences and celebration of successes;
  - Undertake research into best practices and lessons learned in CED and share findings with communities;
  - Communicate government's commitment to facilitating CED in communities throughout Manitoba.
- Ensuring Accountability:
  - Work with government funded initiatives to establish mutually agreed upon processes and measures to evaluate their effectiveness and ensure accountability to communities and the public at large. Commitment to grassroots and "bottom-up" processes will require that current measures of accountability are redefined;
  - Facilitate self-evaluation, monitoring and accountability with respect to the integration of CED principles and achievement of CED goals.
- Central Support for CED:
  - Examine and address systematic barriers that may impede government departments from incorporating CED principles and meeting CED goals;
  - Central agencies are encouraged to support department CED initiatives.

### **Neighbourhoods Alive! (NA!)**

- Neighbourhoods Alive! is the provincial government's long-term, community-based social and economic development strategy to support and encourage

community-driven revitalization efforts in specific urban neighbourhoods in Winnipeg, Brandon and Thompson.

- NA! is overseen by a steering committee of Cabinet Ministers, chaired by the Minister of Intergovernmental Affairs, and comprising the Ministers of Family Services and Housing, Aboriginal and Northern Affairs, Education Training and Youth, and Justice.
- NA! recognizes that the challenges facing neighbourhoods in need in Manitoba's three largest cities require action on many fronts and provides a comprehensive framework and complementary programs for provincial action tailored to specific needs and linked with other programs in the designated neighbourhoods. It is intended to coordinate the programs and services that support community-based efforts to revitalize designated neighbourhoods, by providing a single access point to existing and new programs.
- Manitoba Intergovernmental Affairs has responsibility for coordinating Neighbourhoods Alive! The initiative's specific programs are as follows:
  - Neighbourhood Renewal Fund (NRF): supports a broad range of locally planned and administered initiatives in the designated neighbourhoods, including projects that support neighbourhood capacity building, stability, economic development and well-being. The NRF is funded and delivered by Intergovernmental Affairs.
  - Neighbourhood Development Assistance Program (NDAP): assists community economic development in the designated neighbourhoods by supporting the formation and operation of democratic and locally administered Neighbourhood Renewal Corporations (NRCs). The NDAP is funded and delivered by Intergovernmental Affairs.
  - Training Initiatives: offers a variety of training to targeted inner city residents to provide them with new career opportunities in areas of labour market demand. The program is funded by Intergovernmental Affairs and delivered by Manitoba Education, Training and Youth.
  - Community Initiatives: supports activities that will benefit inner city Winnipeg as a whole, including neighbourhoods not currently designated. The program is funded and delivered by Intergovernmental Affairs.
  - Neighbourhood Housing Assistance (NHA): helps to revitalize housing in designated neighbourhoods by supporting homeownership and renovation initiatives of community-based groups. The program is funded by Manitoba Family Services and Housing (FSH), and is delivered by FSH in Brandon and Thompson. In Winnipeg, the NHA is delivered by the Winnipeg Housing and Homelessness Initiative.
  - Lighthouses: provides a fund to stimulate partnerships that support recreational, educational and social programs for young Manitobans. The intent is to reduce youth crime by supporting positive, community-based activities that are offered in community facilities and available outside of school hours. Lighthouses is funded and delivered by Manitoba Justice.
- Neighbourhoods Alive! has a strong foundation in CED, which is reflected in the initiative's approach to neighbourhood renewal. NA! recognizes that:

- Successful neighbourhood revitalization requires a comprehensive approach that supports building the local economy and promoting health and well-being;
- In order for neighbourhood revitalization to succeed, the community must have ownership of the revitalization process and the capacity to identify a strategy and implement it;
- A strong neighbourhood depends on its individual members having the capacity to fully participate in the life and development of the community, and that access is required to training and other personal development opportunities to enable full participation;
- Government can assist neighbourhood revitalization most effectively by making appropriate and flexible supports available and by ensuring there is coordination and cooperation among programs, departments and jurisdictions.

### **Community Enterprise Development Tax Credit**

The Manitoba CED Tax Credit is a non-refundable, 30% personal income tax credit for resident investors in eligible community enterprise development projects. The maximum credit that an individual investor can earn in a year is \$9,000, based on a maximum \$30,000 eligible investment. Any credits and claim earned but unused in a given year are available to be carried forward for up to seven years and carried back up to three years for tax years. Investors are expected to maintain their investments in qualified community enterprises for a prescribed period of time in order to fully benefit from the tax credit. Investors will claim the CED credit on their Manitoba personal income tax returns.

There are two types of qualified investments: specific community enterprises, and community development investment pools. The latter will serve as a conduit for investments in qualifying Manitoba community enterprises. The Department of Intergovernmental Affairs approves eligible community enterprise development projects and pools, and determines eligible investments in individual projects.

### **7.3. Nova Scotia: a comprehensive support system**

Nova Scotia is the other provincial jurisdiction in Canada that has taken a consistent and comprehensive approach to supporting community economic development, going a step further than Manitoba in terms of legislated devolution of power and resources for CED to regional authorities, but lacking elements of the long-term funding programs for community organizations in Québec and Manitoba. Nova Scotia also has a well developed cooperative and credit union sector, with government sponsored incentives to capitalize cooperative and community enterprises and provide strategic support to the sector. Nova Scotia's association with CED has substantial historical roots, including the depression-era Antigonish movement which has left a legacy of social entrepreneurship, credit union and cooperative development. Two CED organizations are also among the founders of the modern CED movement in Canada: the Human Resources Development Agency in Halifax, and New Dawn Enterprises in Sydney, both of which developed innovative community collectively owned enterprises to create social and economic opportunities.

Against this background, the Government of Nova Scotia introduced a "comprehensive support system" for CED in 1993. Major elements of this support system include:

**Regional Development Authorities:**

- Regional Development Authorities are enabled by the *Regional Community Development Act: An Act to Encourage and Facilitate Community-based Planning for Economic, Social and Institutional Change*. The stated purpose of the legislation is to encourage and facilitate community-based planning for economic, social and institutional change. The core funding for the RDAs comes from a three-level partnership shared by federal, provincial and municipal government bodies.
- The province recently allocated \$1.6 million to the 13 RDAs (May 31, 2002). Each RDA will receive \$125,000, \$100,000 from OED and a further \$25,000 from the Department of Community Employment Support Services division. The Office of Economic Development has committed similar support for the next five years, subject to a yearly review and budget allocation. Community Services' funding recognizes the role of the RDAs in supporting community enterprise development, business development and human resource development. Federal and municipal partners will contribute similar amounts of funding.
- RDAs are supported by, and collaborate with, the private sector and all three levels of government. They work with communities across the province to plan and develop economically sustainable initiatives that are consistent with each community's values and assets.
- The primary function of RDAs is to integrate and coordinate the activities of all local development groups and/or undertake activities itself to accomplish common objectives within the regions. Ultimately, this is so communities may build competitiveness and capitalize on market opportunities.

**Community Economic Development Program:**

- The Community Economic Development Program leads, encourages and assists the economic growth of Nova Scotia communities by:
  - Working towards the development of a comprehensive government statement on CED policy;
  - Working with Regional Development Authorities (RDAs) to prepare regional strategies, identify a short list of communities in transition, develop action plans and identify viable economic opportunities;
  - Supporting RDAs through staff training and capacity building and training and coordination of RDA boards;
  - Bringing a CED perspective and departmental input to a range of economic development initiatives such as youth, Nova Scotia Rural Team, and the Sustainable Communities Initiative;
  - Working with federal and other partners to assist businesses in developing effective strategies for growth and expansion of markets via the Internet.

- In the past, the department had \$2 million for program funding that supported community-based initiatives under the Community Opportunities Program. In the 2001 fiscal year, \$400,000 program funding was targeted to strategic communities only.

**Nova Scotia Equity Tax Credit Program:**

- Introduced in 1993 and revised by the April 1995 Budget Address, the Equity Tax Credit is designed to assist Nova Scotia small businesses, cooperatives and community economic development (CED) organizations in obtaining equity financing by offering a personal income tax credit to individuals investing in eligible businesses. Equity financing is an alternative to other forms of financing such as debt and traditional government assistance. The credit is not a grant nor is it a tax shelter.
- The credit is available to residents of Nova Scotia who are over 19 year of age and who have bona fide reasons for making the investment, other than simply obtaining the tax credit. Each eligible issue of shares must have at least three eligible investors. The Province does not guarantee any investment. The investor is at risk for his or her investment.
- Eligible businesses include corporations and cooperatives, including CED corporations and cooperatives. CED corporations and cooperatives are those organizations created to assist or develop local businesses within the community. The CED corporation or cooperative raises capital by issuing shares to individuals and in turn invests that capital in local businesses. In addition, eligible businesses must meet the following criteria:
  - Involved in active business or investing in other eligible businesses,
  - Less than \$25 million in assets,
  - At least 25% of salaries and wages paid in Nova Scotia,
  - Corporations must have authorized capital consisting of shares without par value,
  - Cooperatives must be marketing, producing or employee cooperatives,
  - Corporations must have at least three eligible investors taking part in the specified issue.

**Community Economic Development Investment Funds (CEDIF):**

- Aims to develop and promote effective tax and fiscal policies that will enhance the financial and economic well-being of Nova Scotia.
- A CEDIF is a pool of capital formed through the sale of shares or units to persons within a defined community. The fund is created to operate or invest in a business or businesses in that community. It must be incorporated either as a corporation or an association and cannot be charitable or not-for-profit. It must also have at least six directors from the defined community it serves.
- The Province of Nova Scotia recognizes that communities know their assets and aspirations best and has adopted a supporting role in community economic development. CEDIFs encourage communities to invest in themselves and determine their own futures.

- The formation and equity ownership of CEDIFs was permitted following amendments to both the Equity Tax Credit Act and the Nova Scotia Securities Commission.
- In 1993, the government established the Equity Tax Credit — a personal tax credit of 30% — to encourage residents to invest in Nova Scotia small businesses. The tax credit allows equity investment in corporations, cooperatives and community economic development initiatives. In the case of corporations, eligible investments must be newly issued common voting shares without par value. CEDIFs were developed as an enhancement to the tax credit program. In addition to the 30% tax credit, investments in CEDIF corporations and cooperatives are:
  - Partially guaranteed by the Province of Nova Scotia
  - Pre-approved holdings for self-directed RRSPs
  - Can attract investment through community solicitation
  - Assist or develop local businesses within the community

**Black Business Initiative:**

- The Black Business Initiative (BBI) is a province-wide business development initiative committed to fostering the growth of businesses owned by members of the Nova Scotia Black Community. It also places priority on educating Black business owners in the operation of their businesses—from marketing to budgeting to securing funding. It also does some direct CED support work.
- The Governments of Nova Scotia and Canada set up the BBI to address the unique needs confronting the Black Community. BBI was funded initially under the Cooperation Agreement for Economic Diversification and is now jointly funded by the provincial and federal governments.
- The four components of the BBI are:
  - Strategic Planning for Communities
  - Operating the Black Business Centre
  - Regional Business Development
  - Loan Fund
- The BBI offers the following services:
  - Support in setting up a business structure;
  - Provision of financial assistance by partnering with its Loan and Development Funds, and assistance in accessing other funding resources;
  - Assistance in developing business plans, marketing plans or advertising plans;
  - Assistance with business research;
  - Provision of training opportunities, consulting, mentors and after-care.
- The goals of the BBI are:
  - To help create economic independence for individuals;
  - To further entrepreneurial development, education and training in the Black community;
  - To build partnerships and linkages to the broader business community;

- To create and improve access to private and public sector business support;
- To improve standards of living and develop pride in communities.

## 8. INTERNATIONAL EXAMPLES OF GOVERNMENT POLICY

In the following section, we will examine public policy experiences in other countries that may be useful for the development of new policy initiatives within the federal or other levels of government. We have focussed more specifically on three major issues, support for social enterprise; the use of procurement policy for social enterprise and community revitalization; and the development of financial instruments.

### 8.1. A comprehensive strategy for social enterprise

In several European and Latin American countries, the social economy has been the subject of public policy in recent years. In France, under the Jospin government, a State Secretary for the Solidarity Economy was named and several policy initiatives were put in place to support new initiatives and attract private investment to the social economy. In Brazil, the new government under President Lula named a State Secretary for the Solidarity Economy and has developed several initiatives to support networking and the creation of intermediary structures, technical support and commercialization initiatives.

In Belgium, social economy policies are primarily oriented toward socio-economic integration. Social economy enterprises have also developed in the context of local development strategies but do not benefit from the same support from government. In the Belgian region of Wallonie, a new legal structure, *société à finalité sociale*, (social purpose enterprise) has been established. This status allows social economy enterprises to benefit from fiscal advantages while respecting the ethical principles of the social economy. An important risk capital fund for the social economy, SOWECSOM, has received government support.

The United Kingdom is one of the few countries where a comprehensive social enterprise strategy is now in place, adopted in 2002 by the British government to support the development of social enterprise. Social enterprise is defined as a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners. Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. They include local community enterprise, social firms, mutual organizations such as cooperatives and larger scale organizations.

The goal of the strategy is to create an enabling environment through legal and regulatory issues, public procurement, business support and training, finance and funding. In order to coordinate the work across government, work with and support practitioners, intermediaries and other key stakeholders, and carry out specific tasks, **a Social Enterprise Unit was created within government.**

Certain specific measures have also been adopted to support social enterprise and community revitalization.

One example is the creation of a new legal structure, the Community Interest Company. **The Community Interest Company (CIC)** is a new legal structure created by the British government as a tool for social enterprise. A new type of company for those wishing to establish social enterprises, CICs were conceived as an addition to existing forms such as cooperatives and traditional associations and have the option of issuing shares that pay a dividend to investors. To ensure that they use their assets and profits in the interest of the community, CICs are restricted from distributing profits and assets to their members. CICs report to an independent regulator on how they are delivering for the community and how they are involving their stakeholders in their activities.

The British government has also supported the creation of an intermediary organization, the Social Enterprise Coalition. The Social Enterprise Coalition (SEC) is the UK's national body for social enterprise.

As the voice of the sector, SEC provides a national platform for showcasing the benefits of social enterprise. It shares best practice and influences policy in order to create an enabling environment for social enterprise. SEC is committed to representing the totality of social enterprise in all its forms, working to ensure that social enterprises learn from and support each other.

SEC's membership includes umbrella bodies for specific types of social enterprise (housing associations, development trusts, cooperatives etc.), regional and national networks of social enterprises, national social enterprises and partner organizations working or interested in the sector.

## **8.2. Procurement policy to support social enterprise and community economic development**

The use of procurement policy as a tool to promote social or sustainable development is not new. The United States has used procurement as a tool for several decades. The European Union developed a Public Markets Code for all its member countries which provided for the inclusion of social criteria in purchasing processes of local authorities. This has allowed local governments in several countries to develop procurement policies that support social or environmental objectives.

Several strategies have been used to develop pro-active procurement practices by national or local governments. The first strategy has been to pass laws allowing or obliging social or environmental criteria in the government procurement process. A second strategy has been to inform local authorities about the means available to include these criteria in their procurement processes. A third strategy has been to set quantitative objectives for the percentage of public purchasing with social or environmental benefits.

Several European countries have taken up the challenge and have used diverse strategies. For example, section 91 of Poland's law on government contracting (2004) states

The criteria for evaluation of submission will be the price and other criteria related to the object of the market, particularly the quality, the functionality, the technical characteristics, the use of the best available technologies in regard to the environmental impact, the operating costs, the repair services, the impact of the contract on the local labour market and the date of execution of the said contract.

In Austria, the law stipulates that government contracting transactions take into account socio-political (women, people with disabilities, apprentices etc.) and ecological criteria.

The Belgian, British and German governments have chosen the strategy of providing information to local authorities.

The Belgian government has a Web site ([www.guidedesachatsdurables.be](http://www.guidedesachatsdurables.be)) that informs federal public services about a wide range of products that are frequently purchased by public authorities and which describes the principal social and environmental criteria to take under consideration in the procurement process. It also makes recommendations on the way to prepare calls for bids.

In the UK, the *National Procurement Strategy for Local Government* calls on local authorities to "use procurement to help deliver corporate objectives including economic, social and environmental objectives set out in the community plan". National Health Service bodies (NHS) are "required to use their role as powerful corporate bodies to act as a good corporate citizen and contribute to public health through their procurement practices—be it through purchasing healthier food; developing local employment schemes; and supporting local economies by opening up procurement contracts to local suppliers." (Source: Office of the Deputy Prime Minister (2003) *National Procurement Strategy for Local Government*)

The German government also provides information for public authorities to enlighten the decisional process. It published a manual on public purchasing of green products and developed a Web site encouraging sustainable public purchasing. ([www.beschaffung-info.de](http://www.beschaffung-info.de)).

Other governments have chosen the strategy of quantitative goals. For instance, the Belgian sustainable development plan (2000-2004) requires that 4% of the federal government's publicly procured food products be socially responsible and organic.

The most advanced practices or those that have had the most impact can be found in the United States and Italy.

The **United States** has used procurement policy as a means to support small business for many years. Through the Small Business Administration, a policy to set aside certain parts of federal contracts for small business, allows exclusive access to small contracts and a guarantee of access to a percentage of larger government sub-contracts.

Even more significant is the Minority Business program within the context of the Small Business Act. This program helps "disadvantaged enterprises" obtain federal contracts. Small disadvantaged businesses are those that are owned by, and mostly employ, workers from the following groups: ethnic groups (African-American, Latino-American, Native, Asia-Pacific, Asia-Indian), women, disabled, veterans, disabled veterans, lesbian/gay.

Another form of preferential procurement policy is defined territorially. The HUBZones program uses federal contracts to help disadvantaged communities. Under the *Small Business Reauthorization Act*, the program encourages development in zones that have been neglected by business based on criteria such as unemployment rates. It is addressed to businesses in these zones that draw on the local population for at least 35% of their workers. In certain cases, companies in HUBZones can bid at up to 10% more than non-targeted enterprises and still obtain the federal contract.

Between 20% and 23% of federal agency contracts are given to small business, including 5% to women-owned businesses, 3% to veterans and 3% to HUBZones.

Policies earmarked for small or minority businesses have been adopted by several American states. For example, Connecticut has a Supplier Diversity Program for businesses owned by women, minorities and the disabled. New Jersey and Illinois have earmarked policies for small business.

The **Italian experience of support for social cooperatives through procurement strategies** is interesting both from a social enterprise perspective and from a labour market development perspective.

Italy has supported the development of a vast network of over 3000 social cooperatives, an innovative new form of cooperative whose mission is to furnish social or welfare services to "economically weak layers of society" and to create employment. In 1996, Italian social cooperatives provided 75,000 jobs, had close to 100,000 members or associates and mobilized over 9000 volunteers.

Though the first experiments began in the late 70's, social cooperative legislation was passed in 1991, following broad-based debate in the cooperative movement. Social cooperatives focus their work on the local community and particularly needy segments of the community. The law further clarifies two basic forms: 1) social service, in the areas of health care, elder care, and education; and 2) the creation of employment for specific disadvantaged groups: namely, physically or intellectually impaired, current or ex-psychiatric patients, drug addicts, alcoholics, young workers from troubled families, and criminals who have received alternative

sentencing to detention. In addition, the law regulates and restricts the role of volunteers.

Employment standards and benefits are basically those of the Italian state, but with certain advantages to cooperatives. Social co-ops also receive a 25% reduction on land and mortgage taxes.

Aside from the legislative framework, government support for social cooperatives, or of the regional consortia linking them together, is allocated provincially or regionally. Their development has been significantly supported by local governments' preferential procurement policies.

### **8.3. Policies in favour of private investment in the social economy and community economic development**

Public policy in many OECD countries has identified mechanisms to encourage individual or institutional investors to invest in social enterprise or in community revitalization projects. The purpose of these policies is to create pools of capital to finance projects where social or environment return on investment is taken into account and where financial return on investment is not the unique criteria for investment. The type of financial products varies from micro-credit to large real estate projects, from environmental initiatives to services or social housing.

For example, the Council of Europe has encouraged forms of solidarity financing and has constituted an inventory of supporting regulations for the solidarity economy in member states. It has identified a clear trend of increased government support for solidarity financing.

In the United Kingdom, **the Community Investment Tax Credit** was adopted in 2001. It is intended to improve access to capital for small businesses, potential business start-ups and community projects in disadvantaged regions of the United Kingdom. It provides tax relief to corporations and individuals that invest in community development finance institutions that in turn invest in SME and charitable projects in disadvantaged communities.

Over the past decades, the United States has supported community economic development initiatives primarily through financial and fiscal instruments or legislation. This has led to the creation of a wide variety of local organizations and financial institutions.

**Community Development Financial Institutions** (CDFIs) are private-sector, financial intermediaries with community development as their primary mission. While CDFIs share a common mission, they have a variety of structures and development lending goals. There are six basic types of CDFIs: community development banks, community development loan funds, community development credit unions, microenterprise funds, community development corporation-based lenders and investors, and community development venture funds. All are market-driven, locally-controlled, non-governmental organizations.

One crucial source of support for CDFIs is the federal CDFI Fund, created in 1994, administered by the Department of the Treasury. The CDFI Fund makes capital grants, equity investments, and awards to finance technical assistance and

organizational capacity building. CDFIs apply for limited funds through a competitive process that requires the CDFI, in most cases, to provide at least a 1:1 match of non-federal funds to receive financial assistance. The Fund also rewards banks and thrifts for making investments in CDFIs and distressed communities through its Bank Enterprise Award Program.

The **Community Reinvestment Act** is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighbourhoods, consistent with safe and sound banking operations. It was enacted by the Congress in 1977 and is implemented by a regulation. The regulation was revised in May 1995. The CRA requires that each insured depository institution's record in helping meet the credit needs of its entire community be evaluated periodically. That record is taken into account in considering an institution's application for deposit facilities, including mergers and acquisitions.

The **New Markets Tax Credit (NMTC) Program** is designed to generate \$15 billion of private sector equity investments in low-income communities by financing neighbourhood retail centres, small businesses, charter schools, childcare centres and other community facilities in distressed areas nationwide. Congress enacted the NMTC in the Community Renewal Tax Relief Act of 2000, and to date, the Fund has made 129 awards totalling \$6 billion in allocation authority. Approved Community Development Entities (CDEs) apply to the Fund annually for New Markets Credits. These entities will sell the credits for cash to individual investors and use the proceeds to support their community revitalization projects. Taxpayers will claim credits over 7 years, starting on the date when the equity investment is made in the CDE and on each anniversary. The NMTC has a present value of approximately 39 percent, meaning that activities it finances generally will have to generate substantial economic benefits on their own to attract investors.

In conclusion, we have chosen to highlight two best government practices: in the area of community revitalization in the UK, and evaluation and benchmarking in the state of Oregon.

#### **8.4. United Kingdom Neighbourhood Renewal Initiatives**

At the end of 1998, eighteen **Policy Action Teams** (PATs) were set up in the UK to provide essential building blocks for the National Strategy for Neighbourhood Renewal. Billed as the biggest example to date of an integrated approach to policy making, they represented a significant departure from the usual policy making models. Rather than being made up entirely of Whitehall officials, the PATs brought together civil servants from a range of departments and outside experts including residents with practical experience of living and working in deprived neighbourhoods. And beyond the PATs themselves, each Team adopted an open approach and consulted widely, particularly with people living in deprived neighbourhoods. This made for a unique experience and helped ensure that the recommendations made were outward-focused and reality-tested.

Collectively, the PATs made nearly 600 recommendations (jobs, skills, business, housing, community self-help, etc.) that were presented to the government to consider in their National Strategy for Neighbourhood Renewal. Many were reflected in the Key Ideas in the National Strategy framework that was published for consultation in April 2000 and fed into the final National Strategy Action Plan document, *A New Commitment to Neighbourhood Renewal*, which was launched by the Prime Minister in January 2001.

#### **8.5. Oregon Initiative on Evaluation and Benchmarking**

In the state of Oregon, an important initiative has been carried out over the past decade in the field of evaluation. The Oregon Benchmarks initiative offers a clear framework for setting objectives and measurable targets for change involving all levels of government, communities and civil society organizations. It represents one of the most integrated, evidence-based systems of setting social, economic and environmental objectives for communities and government in North America. Initiated over 10 years ago, Oregon Benchmarks has engaged a broad cross section of citizens and organizations in setting targets for change (benchmarks) and indicators to measure progress. The initiative has also involved legislated horizontal mechanisms for communities and their development organizations to work across departments to support priority action on social, economic and environmental concerns.

## 9. RECOMMENDATIONS FOR NEW FEDERAL POLICY INITIATIVES

Recent experiences, both in Canada and internationally, have shown that strategic and supportive public policy is an essential component for the development of the social economy. The types of policy are varied and respond to diverse situations and needs. Certain initiatives are aimed specifically at developing the social economy. Their impact is often both direct and indirect, for they offer immediate support but also have a leveraging effect on other potential partners. For example, in the field of investment, the creation of loan guarantee programs or fiscal measures allow social economy initiatives access to sources of capital that would otherwise be closed to them. Direct support to marginalized groups to help them integrate into the labour market and create their own economic opportunities has allowed many social enterprises to develop in a market context.

Other policies do not specifically target social economy initiatives but help create the conditions for their development. This is the case of many sectoral policies where social economy enterprises are well placed to respond to emerging new markets or new opportunities. For example, environmental policy aimed at reducing waste disposal or finding new sources of alternative energy open up opportunities for social enterprises to develop, particularly in partnership with municipalities. Increased investment in quality daycare is a clear opportunity for community-based initiatives to consolidate and develop. In other words, the advantages offered by the social economy approach to producing goods and services, particularly in sectors where accessibility, quality, proximity and flexibility are central issues, has opened up possibilities for creative public policy that indirectly supports the development of the social economy.

In this section of the report, we will present lessons learned from public policy experiences and recommendations for future policy initiatives by the Government of Canada.

1. Policy initiatives must be based on a clear understanding of the new paradigm of integrated social and economic development.
2. Successful policy initiatives must be rooted in a strategically situated government structure in order to define and carry out an integrated approach to policy.
3. Territorial policies must offer long-term support to community-based development initiatives and community capacity building.
4. Specific initiatives must be focussed and take into account the realities of urban and rural communities.
5. Sectoral policies must target social economy organizations to open up development opportunities in response to emerging markets and emerging needs.
6. Specific labour-force policies must be directed at helping marginalized groups benefit from community economic development and social economy initiatives.

7. Preferential procurement policies must be established in favour of social economy enterprises.
8. Fiscal measures and other means must be put in place to encourage private investment in social economy and CED initiatives.
9. Support for social innovation, research and development must be an ongoing part of public policy.
10. Policies in favour of the social economy must support initiatives that target certain segments of the population, particularly women, people with disabilities, recent immigrants, and First Nations.
11. Resources must be allocated to support intermediary organizations to provide support to local and regional actors and to carry out national and international networking to make known Canadian innovations and learn from experiences in other countries.

### **9.1. Policy initiatives must be based on a clear understanding of the new paradigm of integrated social and economic development**

As presented in the section identifying the challenges to public policy makers, the first condition for successful policy initiatives is recognition of the paradigm shift to analyzing needs and identifying strategies that integrate social and economic objectives. A social economy policy initiative can only be fully successful if there is a good grasp of the need for new kinds of relationships between the State, the market and civil society. Indeed, the fact that the definition of the social economy has raised so much debate clearly indicates the need for deeper understanding of its parameters and underlying philosophy of development.

If social economy is understood as a way for government to disengage itself from its responsibilities, public policy initiatives will fail. If social economy is understood simply as another form of private entrepreneurship, it will also fail. Successful public policy must stem from an understanding that the social economy needs strong government engagement, but an engagement outside of its traditional role. It requires a new understanding by elected officials and civil servants of how to partner with communities and civil society and combine social and economic objectives in responding to the needs of citizens and the communities in which they live.

**For these reasons, our first policy recommendation is to develop a major campaign to raise awareness and foster deeper understanding of the social economy among elected officials and civil servants. This should be accompanied by a "social marketing" strategy to raise public awareness of, and engagement in, the achievements, potential, and nature of the social economy in Canada.**

*The potential outcome of this recommendation cannot be measured quantitatively. Its aim is to create the conditions for effective application of the other recommendations. In the section on challenges to policy makers, we have underlined the complexities of the social economy for policy makers. Effective policy must be able to count on the collaboration of decision makers in a wide*

*range of government departments, each possessing their own organizational culture and their specific objectives. They must be able to work with an integrated approach that cuts across the various silos of government structures. They must also be able to enter into new forms of relationship with community stakeholders while benefiting from understanding and strong support from elected officials. For all these reasons, this first recommendation is fundamental to the success of any social economy policy initiative.*

## **9.2. The need for a strategic government structure to define and carry out an integrated approach to policy**

Because the social economy embraces both social and economic goals, stems from a holistic approach to development, and challenges the traditional ways governments work, social economy policy initiatives cannot be confined to one ministry, nor can they be supported only for their impact on social development or their contribution to economic growth. The inventory included in the Appendix to this paper indicates the wide variety of tools and programs that could potentially support development of the social economy. However, the analysis of these measures concludes that in order to address the full range of sectoral opportunities and create social and economic benefits for citizens and communities, a horizontal structure with significant political leadership is needed, to engage and educate federal government staff and agencies.

An examination of examples in other countries also supports this recommendation. The countries or regions where the social economy has flourished in the past decades are those where direct political responsibility has been assigned, and specific structures designated, to guide and implement the policy initiatives. In Québec, for example, the social economy made great strides because it was under the direct responsibility of the premier of the province from 1996 to 2001 and subsequently, under the responsibility of the Minister of Finance and Economic Development. A Social Economy Bureau was created with the specific mandate of coordinating interdepartmental mandates and assuring the collaboration of a variety of government agencies in supporting the social economy. In Britain, the social enterprise initiative was supported by Prime Minister Blair; the Social Enterprise Unit within the Department of Trade and Industry has ensured follow-up in implementing the overall policy. In France, the social economy made major advances during the period of the Secretariat for the Solidarity Economy. In Argentina, the Minister of Social Development has defined the social economy as a priority in the field of social policy and has mobilized top levels of her ministry to implement new policy initiatives. In Wallonie (Belgium), the Minister of Economic Development is also responsible for the social economy. In all cases, the high level of political authority has enabled substantial breakthroughs in policy support for the social economy.

A long-term and broad government initiative necessarily requires the involvement of a wide range of government bodies and policies. A serious and long-term policy initiative must be rooted at the highest level of government and benefit from strong political support.

**It is recommended that the elected official responsible for the social economy have a mandate and a seat in Cabinet to enable cross-government coordination, supported by a body within the Privy Council or elsewhere with the power to convene and mobilize resources across and within different federal government entities.**

*The potential outcome of this recommendation can only be measured in strategic terms but its importance is fundamental. It would allow those responsible for the social economy agenda to call upon a variety of departments and ensure their collaboration, whereas presently coordination of the social economy agenda relies on the good will of various decision makers within the federal government. It would also allow the social economy to move up the priority agenda and ensure an integrated and consistent approach to development in all regions, while respecting diversity among provinces and territories.*

### **9.3. Territorial policies that offer long-term support to community-based development initiatives**

Community economic development is a long-term process whose impact cannot be measured in the same way as traditional service delivery programs. CED is an empowerment process that helps communities help themselves through an integrated approach to community revitalization, encompassing social, economic, cultural and environmental goals. A major inspiration for the Government of Canada's social economy initiative was RESO, the first urban community economic development in Canada. The key to the success of RESO and similar organizations has been ongoing core funding that has allowed stakeholders to come together, develop a consensus on a neighbourhood renewal strategy and implement the plan based on collaborative efforts of the private sector, unions, community organizations, citizens, institutions and the three levels of government. The Vibrant Communities initiative works from the same principle and has added a training and networking component to ensure best results.

In all regions of Canada, CED has been central to the emergence and consolidation of social economy enterprises, enabling communities to create social and economic assets for their collective benefit based on specific local priorities and conditions.

The challenge for policy supporting these kinds of integrated development models is the need for a flexible funding model that leaves room for a wide variety of initiatives (training, housing, social development strategies, strategic planning, enterprise development etc.) and recognizes that priorities may change from one community to the next and from one year to the next. Today, support of this kind from federal and provincial governments is limited and fragmented.

**It is recommended that a major new policy initiative be developed in consultation with the CED sector to strengthen territorial approaches to growing the social economy through support to community economic**

**development organizations and initiatives that engage a variety of stakeholders and sectors in concerted action to create economic and social opportunities and assets in rural, urban, Northern and Aboriginal communities. This requires multi-year funding that recognizes the long-term nature of CED and the different needs and stages of development among communities and their organizations, from initial community mobilization and planning, to major development and operating investments.**

The implementation of this recommendation responds to a major gap in public policy, with a potential outcome of both cost-avoidance savings and better returns on program expenditures from more coordinated investment and government partnership with community-based organizations. In addition, much of the statistical data on population disadvantage shows a geographic concentration of poverty and social exclusion in communities that exhibit interrelated social and economic challenges. Urban, rural, northern and Aboriginal communities with high rates of poverty and unemployment also tend to have higher than average rates of poor health and limited schooling. By focusing government efforts on support to community-led strategies to build assets and transform social and economic conditions on an integrated basis, we can expect important outcomes with respect to overall wealth, productivity, social and health conditions in Canada.

#### **9.4. Specific initiatives must be focussed and take into account the realities of urban and rural communities**

Given the very different contexts in which community-based initiatives evolve, territorial policy must also take into account the specificities of urban and rural conditions.

##### CED, the social economy and the urban question:

In urban centres, the federal government has begun to implement its "New Deal for Cities" initiative whose aim is to create a national framework for strong urban communities. An "urban lens" has been proposed to coordinate the actions of federal and provincial governments in cities. The first concrete measure has been sharing the gas tax to transfer revenues directly to municipalities. But healthy cities can only exist if they are made up of healthy neighbourhoods with strong civic participation and social cohesion. Limited experiments in this kind of approach have begun with initiatives like the Vancouver Agreement. However, a more systematic approach is needed that explicitly links federal urban policy to support for community economic development.

Several existing models can be used to implement an urban strategy. The ongoing support of Développement économique Canada, the Québec regional agency of the Government of Canada to community economic development corporations working with the provincial and municipal authorities, has allowed intermediary organizations made up of a wide range of community stakeholders to contribute to the renewal of urban neighbourhoods. The contribution of these organizations to the revitalization of several poor neighbourhoods has been

significant with the result that federal support has continued on an ongoing basis, in some cases since 1992.

A more recent example is the Vibrant Communities initiative, an innovative policy dialogue, initiated by Tamarack Institute, Caledon Institute of Social Policy and the J.W. McConnell Family Foundation in partnership with the federal government. The objective of Vibrant Communities is to empower citizens in local communities to address complex issues and design policies for poverty reduction and economic revitalization.

Inspired by the Roundtable on Comprehensive Community Initiatives convened by the Aspen Institute in the U.S. in 1992, Vibrant Communities is a four-year pan-Canadian learning partnership created in 2002 that includes 14 cities across Canada.<sup>1</sup> While the issues addressed and debated vary across the country, from specific problems like housing, to broader questions of community capacity, this project is also exploring how a process of active learning and transmission of knowledge from actors to policy makers strengthens community capacity at the local level. These are multi-sector dialogues including representatives from business, labour, community organizations, the voluntary sector, citizens and government, convened by a designated organization in each city. The project is coordinated by a national secretariat and participating cities share their visions and strategies in a monthly Web-based dialogue. Most important is the participation of ten federal departments in this project, once again, forcing a shift from a hierarchical and silo approach to policy towards horizontal policy formation, and a critical shift from a results-based to a process evaluation that recognizes the value of relationships established to carry out the project.

**It is recommended that the New Deals for Cities include a component that joins the three levels of government with the community to plan and implement economic and social development strategies through support for neighbourhood CED organizations.**

#### Stronger support for rural initiatives

Over the past decades, the federal government has specifically targeted rural issues through its Rural Secretariat and its Community Futures program specifically designed for rural communities. The effectiveness of these organizations in addressing a wide range of challenges in rural Canada has varied over the years but in general has produced positive results. The type of tools and programs that have been made available to Community Futures Development Corporations and the scope of the stakeholders that make up the volunteer boards, have created a very diverse network of organizations. This diversity has permitted enormous creativity on the part of certain CFDCs and innovative partnerships based on a community economic development approach. In certain regions or communities, the focus of CFDCs has been more narrowly concentrated on small business development. In certain parts of the country,

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<sup>1</sup> Vibrant Communities also includes a "Gender and Poverty Program" in partnership with Status of Women Canada to strengthen the capacity of communities to address gender dimensions of poverty. Low income women are participating in research and workshops in this project.

CFDCs have created strong partnerships with other organizations and with municipal and provincial governments. In other regions, they have evolved in a more isolated way.

**It is recommended that certain improvements be brought to the policy framework for Community Futures in order to reinforce their contribution to the social economy and community economic development strategies. Measures such as diversification of their programs and tools (including supports for social enterprises) in order to implement a broad, integrated approach to rural development, and encouragement (or obligation) to ensure the presence of a wide variety of stakeholders on their volunteer boards should be explored in collaboration with existing CFDC networks.**

The potential outcome of this recommendation is to increase the impact of existing programs and policies in favour of urban and rural communities. By involving a wide range of stakeholders in the "New Deal for Cities" initiative, and increasing the scope of CFDCs, the Canadian government will better ensure that its investment in cities and rural regions will support sustainable development and mobilize the energies of local communities.

#### **9.5. Sectoral policies that offer development opportunities to respond to emerging markets and needs**

Collective, citizen-based organizations and enterprises offer many comparative advantages in responding to certain sectoral challenges. Historically, social economy enterprises have occupied large sections of public and private markets because of their capacity to identify emerging needs, propose innovative solutions and structure or occupy sectors that are not considered sufficiently profitable for private, for-profit initiatives. The development of the cooperative movement in the financial and agricultural sectors is an example of how the social economy captured major parts of markets at a time when privately owned businesses were not interested or capable of responding to new needs.

The inventory of policy and programs illustrates how sectoral policy or program initiatives can support the development of the social economy. In the past 20 years, some provincial or federal agencies have chosen to favour social economy enterprises in certain sectors because of their commitment to collective interests. This is particularly true of labour market development strategies, childcare and housing initiatives. In the field of health and social services, most provinces have counted on the non-profit sector to deliver important specialized services to communities and to certain target populations. More recently, many municipalities, particularly in Québec, have chosen to do business with social economy enterprises to respond to the challenges of reducing waste and increasing recycling efforts

Due to jurisdictional issues, the federal government is not the primary actor in most sectoral policies favouring the social economy. However, it can play a role in sectors where it is present as well as support provincial governments in

recognizing and assisting the development of social economy enterprises in various sectors of the Canadian economy.

For example, the role of community radio and television, a component of the social economy, is increasingly important in the context of media concentration. For many rural regions, community media is the only way to have access to information on what is going on in their communities. In the Government of Canada's response to the Standing Committee on Canadian Heritage's report, *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*, the commitment to responding to the public interest needs of Canadians in the area of broadcasting is clearly stated. The role of social economy enterprises has enormous potential to fulfill these needs. A sectoral initiative in favour of community broadcasting could include measures such as: a commitment to buy a percentage of the federal government's media space for public interest announcements from community media (a similar measure exists for community media in Québec and for community radio in minority languages in Canada) and the opening up of Canadian Heritage Programs to community media and their associations,

***In order to reinforce the contribution of various federal departments and agencies to the social economy initiative, it is recommended that various departments (Canadian Heritage, Environment, etc.) work with the Parliamentary Secretary and the Social Economy Roundtable to identify opportunities for sectoral policy initiatives in favour of the social economy***

The potential outcome of this recommendation is greater coherence and more return on investment in the numerous sectoral initiatives undertaken by various government departments. The silo approach to development that is characteristic of most governments diminishes the capacity to create synergy among different policies and programs. By casting a "social economy lens" on sectoral initiatives, the Government of Canada can offer strong support to the social economy initiative within the limits of existing programs and budgets.

#### **9.6. Specific labour-force policies must be directed at helping marginalized groups benefit from community economic development and social economy initiatives**

Support for social and economic integration of marginalized groups through employment and training programs under the Employment Insurance Act has been a major focus of federal and provincial governments. Many organizations involved in CED and the social economy are actively engaged in community-based delivery of these programs, achieving substantial outcomes due to their knowledge of local conditions and the intensity of their local commitment, partnerships, and leveraged resources in communities. Community economic development and social economy strategies in employment and training can create holistic and inclusive approaches to accompany unemployed and disadvantaged Canadians into employment and economic self sufficiency through a spectrum of locally customized supports and initiatives. However, these

strategies and access to them are increasingly being restricted by government terms and conditions, contracting and eligibility criteria. Government-sponsored programs must support community-based groups to offer flexible, integrated initiatives. At the same time, federal policy must take into account the fact that the majority of provinces have negotiated agreements with the federal government on labour market development issues.

***It is recommended that changes be made in federal government policies to support flexible community-based CED and social economy programs to ensure that all Canadians can obtain the training and other supports they need to participate effectively in today's economy, including additional federal investment of EI funds to improve access to employment and training opportunities for marginalized populations not currently eligible for EI programs.***

The potential outcome is undoubtedly the impact on marginalized groups within Canadian society and the increased possibilities for these groups to obtain training and support in the process of integrating the labour market. There is no lack of know-how among social economy and CED practitioners on how to best serve these populations. The major problem is the inadequacy of funding and, as mentioned above, certain problems of delivery in provinces where the federal government is directly involved in delivering labour market development programs.

### **9.7. Preferential procurement policies in favour of the social economy**

Governments have historically used their buying power to support economic growth in various economic sectors. In addition, specific policies have existed for many years to favour social inclusion, minority entrepreneurship or environmental protection. The Minority Business Act in the United States and the "voluntarism policy" within the European Union, which has opened the door to social criteria in public procurement practices, are two important examples. The Canadian government could contribute concretely to social, economic and environmental objectives without additional cost by adding a certain number of social clauses or preferential approaches to its procurement policy.

The Parliamentary Secretary's Task force Final report on Government-Wide Review of Procurement in January 2005 opens the door to the possibility of using procurement policy as a means to support the social economy in Canada. The report states:

"The government should evaluate the policy and the practice of using procurement to achieve socio-economic benefit program objectives. Criteria should focus on the following factors.

- Procurement as a policy instrument (as opposed to other instruments such as regulation or direct investment based on factors including a

capacity and opportunity assessment of the intended beneficiaries and delivery model);

- The impact of potential requirements on procurement processes (including cost and effort);
- Consistency with overall objectives (priorities and consistency within a single policy as well as between policies).

Specific elements of these three factors would be expected to vary from program to program, with the risk, complexity and capacity of the policy goals and delivery mechanisms."

A federal government initiative in the area of procurement could be initiated in three different ways:

- 1) Legislation to define social or environmental criteria in the choice of enterprises (the European model);
- 2) An earmark approach based on quotas (American model); and/or
- 3) Information and support to local authorities on means of implementing local procurement policies in favour of the social economy (British model).

**It is recommended that the Canadian government adopt a preferential procurement policy in favour of social economy enterprises that integrate marginalized groups, contribute to environmental protection or contribute directly to community revitalization efforts.**

The potential outcome of a favourable procurement policy can easily be measured in traditional economic terms such as increased spending and investment in disadvantaged communities or increased job opportunities for disadvantaged groups. The New Economics Foundation in the United Kingdom illustrates the case in a document entitled *Public Spending for Public Benefit*. It demonstrates that the UK public sector spends 125 billion pounds per year on delivering goods and services. If the UK public sector diverted just 10% of this spending to goods and services for the country's most disadvantaged areas, it would inject 12.5 billion pounds into those areas, which is more than 17 times the UK's annual spending on regeneration (725 million pounds).

#### **9.8. Fiscal and other measures must be put in place to encourage private investment in social economy and CED initiatives**

It is commonly known that, despite the availability of large pools of private capital, there is a lack of development capital for CED and social economy initiatives.

The lack of capital is primarily due to the fact that these initiatives cannot respond to expectations from traditional investors in terms of risk and rate of return. For example, the largest sources of potential investment capital reside within Canada's pension funds. However, Canada's pension funds are fairly unfamiliar with the social economy and generally do not understand the merits of investing in this sector. Pension funds are, by nature, averse to risk taking. A concerted strategy, involving government and social economy actors, to engage institutional

capital, as that carried out by pension funds in the United States through economically targeted investments (ETI), could have a huge impact on the availability of capital for social economy initiatives.

The Government of Canada has, over the years, put in place several policies to support savings and investment by Canadians. These policies have meant that individuals have access to federal incentives to invest in all sorts of other securities, including, increasingly, capital intended for investments outside of Canada, but no incentives to invest in community-owned, social-purpose enterprises. It is perhaps time to establish a more level playing field.

The inventory of best practices in certain Canadian provinces and other countries clearly demonstrates that targeted policies can help orient private capital to low-income communities or social purpose enterprises. These policies range from loan guarantees to tax credits to measures allowing pension funds to carry out economically targeted investment. Given the important role that capital plays in social economy strategies, several recommendations are being proposed:

***It is recommended that the federal government establish a new federal tax credit and guarantee of capital attached to financial instruments (shares, bonds, etc.) issued by community investment funds within defined requirements to be developed in consultation with those funds and complementary to provincial measures already in place. The tax credit should be available to retail and institutional investors.***

***In order to allow individuals to invest in the social economy, it is recommended that the Government of Canada create an opening for RRSP eligibility for debt and equity investments in community investment funds.***

***It is recommended that the Government of Canada work with the cooperative sector to develop new fiscal measures directly adapted to the cooperative enterprise model, such as the Cooperative Investment Regime (Québec) which offers tax credits for workers and producers who invest in their own cooperatives.***

***It is recommended that obstacles preventing pension funds from carrying out economically targeted investment be identified and measures taken to remove those barriers within reasonable risk and return requirements.***

***It is recommended that charitable tax credits be extended to CED or other intermediary organizations dedicated to not-for-profit activities, such that they can effectively raise capital intended to help declining communities through the support of social enterprises.***

The potential outcome of these recommendations is immeasurable. The potential to capture private capital for social purpose has increased exponentially over the past years. Ethical investment funds and socially responsible investment groups have identified community investment as one of the three areas of socially responsible investment. At the community level, access to patient capital that

measures economic, social and environmental return on investment can mean the difference between community renewal, particularly in rural areas and in distressed urban neighbourhoods, and further decline. The 2004 Budget initiative of \$100M to create patient capital funds in each region of Canada is a first step forward in mobilizing this capital. Each of the above recommendations aims at bridging the gap between potential private investors, both individual and institutional, and social economy initiatives.

### **9.9. Support for social innovation, research and development must be an ongoing part of public policy**

Unlike technological innovation, social innovation does not occur in a controlled environment where products or processes can be perfected before their practical application. Social innovation is a process of learning by doing, and of trial and error. In addition, successful initiatives cannot be replicated in a precise manner, but must be adapted to each local reality.

Social innovation is an integral part of social economy practices. It is essential to be able to support this innovation and to systematize lessons learned in order to improve ongoing practices and to replicate best practices in a wide variety of contexts. The most efficient way to do this is to ensure a dynamic process of action research and to support partnerships between researchers and practitioners, while ensuring that practitioners are full partners in the processes. The recent creation of a National Hub on the Social Economy, involving a wide range of partners (CCEDNet, Imagine, Chantier de l'économie sociale, Regional Nodes, researchers from University of Victoria, OISE, UQAM and many others) represents a major step forward and creates an infrastructure to support the systematization of research and practices across Canada.

***It is recommended that funds be made available to various agencies and ministries to test new and innovative practices in CED and the social economy. These funds must be specifically earmarked to allow new non-programmatic initiatives to be experimented with result-based evaluations.***

***It is recommended that the SSHRC ensure continued and long-term support for university-community partnerships in the social economy,***

***It is recommended that action research funds be made available to intermediary organizations of the social economy in order to ensure the systematization of accumulated knowledge and the dissemination of lessons learned to community-based organizations across Canada.***

The potential outcome of these recommendations will be to ensure a solid understanding of the diversity of the social economy in Canada, a clear portrait of its size and scope, a consensus on definitional issues and the dissemination of best practices to create a broader base for the sector's evolution. It is also a key strategy for the dissemination of Canadian knowledge and experience abroad.

**9.10. Policies in favour of the social economy must support initiatives that target certain segments of the population, particularly women, people with disabilities, recent immigrants, and First Nations.**

Social economy initiatives are traditionally characterized by their inclusive approach to development and are therefore open to people of all origins and social status. However, there are also substantial activities in CED and the social economy directed to enhancing the social inclusion of specific populations that face structural barriers to social and economic participation, including women, First Nations and Aboriginal people, people with disabilities and recent immigrants. Specific strategies are needed that will strengthen the use of CED and social economy tools and approaches in cooperation with representatives of these groups.

For example, the Canadian Women's Community Economic Development Council insists on the fact that women-centred CED is fundamentally different from mainstream CED because it adapts the CED framework to accomplish changes for women. It underlines the fact that women, reflecting their nurturing role in community life, tend to focus their entrepreneurial energies on the development of social purpose enterprises. This affirmation finds statistical evidence in Québec, where, according to a study by the Comité sectoriel de main-d'oeuvre en économie sociale et action communautaire, 76% of the paid jobs and 63% of the management positions in non-profit social economy enterprises are held by women. In the social economy/cooperative sector studied, women represent 44% of the workforce but only 18% of management positions. This can only partially be explained by the strong component of forestry cooperatives, an almost entirely masculine sector.

***It is recommended that working groups be created, in collaboration with major national and regional organizations, to examine the possibilities of developing targeted social economy policies and strategies for women, Aboriginal and First Nations people, people with disabilities, and recent immigrants.***

The potential outcome of this recommendation is twofold. First, the creation of working groups and targeted initiatives set the conditions for an inclusive social economy that leaves no group of Canadians on the sidelines. Second, an exploration of innovative social economy and CED practices may open up new doors to answer the needs of the various target populations.

**9.11. Resources must be allocated to support intermediary organizations to provide support to local and regional actors and network nationally and internationally to make known Canadian innovations and learn from the experiences of other countries**

In the past decade, the development of the social economy and CED in Canada has been exponential. Certain regions of the country have been at the cutting

edge and have invested in sharing their knowledge. Other regions have only begun to recognize the value of community initiatives evolving on the ground, and several provinces have not created the public policy environment necessary for the sustainable development of CED and the social economy.

This situation is paralleled at the international level. Several European and Latin American countries have shown leadership and dynamism regarding the social economy. Others have yet to come to grips with the groundswell of community-based economic initiatives that can be found in almost every country. Despite uneven levels of development, the Canadian, and particularly the Québec experience, have attracted enormous attention on the international scene.

One of the most strategic ways to support the development of innovative practices is through support for intermediary organizations, whose function is, among other things, to support networking and knowledge transfers. This can only be done through support for intermediary structures at a regional, national and international level. The Québec experience is clear proof that dynamic intermediary organizations supported and recognized by government create the conditions for rapid development within communities as well as facilitating the task of policy makers and public administrations to interact efficiently with a wide variety of stakeholders.

The creation of the Roundtable on the Social Economy is a step in the right direction. Much work remains to be done to ensure that the Roundtable and the Social Economy Initiative as a whole can build on success through an effective infrastructure of learning and development by active and vibrant networks of the actors in the social economy and their partners.

***It is recommended that the Government of Canada invest in the development and the consolidation of networking among civil society actors at the regional and national levels, as well as networking between civil society actors and government in the field of the social economy.***

***It is recommended that the Government of Canada support national networks in their work to disseminate Canadian knowledge abroad and learn from experiences in other countries.***

There are many potential outcomes to these recommendations. The first is the assurance that the federal policy initiative will be based on real needs expressed by practitioners and formulated by legitimate representatives of member-based networks both regionally and nationally. The second outcome is a reinforcement of the Canadian presence in international debate and networking on the social or solidarity economy. In 1997 Québec social economy networks hosted a major event bringing together representatives of the social and solidarity economy in 37 countries. Several Canadian organizations, including CCEDNet and the Chantier de l'économie sociale, as well as several Canadian NGOs, with the support of CIDA, have made important contributions to the organization of the next major event to take place in Senegal in November 2005, under the auspices of the newly created INPSSE (Intercontinental Network for the promotion of the social

solidarity economy). Both CCEDNet and the Chantier are members of the inter-continental liaison committee of INPSSE. This initiative and other bilateral or multilateral exchanges with other countries not only reinforce Canada's role internationally but are also rich in lessons for the social economy at home.

## 10. APPENDIX: INVENTORY OF PUBLIC POLICIES AND PROGRAMS

### 10.1. Government of Canada

#### 10.1.1. Territorial Policy

##### **Regional Development**

There are four regional development agencies mandated by the federal government: Canada Economic Development Québec, Western Economic Diversification, Federal Economic Development Initiative for Northern and Rural Ontario (FEDNor), and the Atlantic Canada Opportunities Agency (ACOA).

Each **regional development agency** provides support to community projects, sectoral and population-based initiatives (with Aboriginal, Francophone, women and youth populations) that contribute to the economic and social well-being of their regions. They are responsible for delivery of the Government of Canada's social economy initiative.

They also administer the **Community Futures Program** which provides long-term funding to Community Futures Development Corporations (CFDCs), or Community Business Development Corporations (CBDCs), as they are known in Atlantic Canada. These Corporations are independent, not-for-profit corporations that assist in the creation and expansion of small businesses in rural communities, providing loan funds, business planning and other technical assistance services. In some cases, the Corporations are actively involved in community economic development (as defined by CCEDNet) as well as local business development. Each regional development agency has developed mechanisms to support the business loan activity of CFDCs/CBDCs, mainly through loan loss guarantees to mitigate risk, and provide points of service for a range of business information and supports. The following are examples of specific programs managed by regional development agencies.

**FEDNor** provides support to initiatives of non-profit organizations, community economic development corporations, municipalities and First Nations in: community economic recovery where there has been a sudden downturn in the local economy; the development of community capital, telecommunications, internet and tourism infrastructure; training, marketing, and research for tourism developments; and support to non-profit organizations that promote entrepreneurship and development. In addition, FEDNor supports business and industry with research and development, marketing, trade and investment initiatives, and funds youth internships in the non-profit and business sectors.

**Western Economic Diversification** fosters economic development through partnerships and collaboration with other levels of government, as well as private, non-profit, and community organizations in three strategic directions: Innovation;

Entrepreneurship; and Sustainable Communities. Western Economic Partnership Agreements provide matching federal funds to the four Western Provinces for initiatives that promote economic growth in priority sectors. Urban Development Agreements involve partnerships with provinces and municipal governments to address urban issues. The Softwood Community Economic Adjustment Initiative supports forest-dependent communities with economic diversification and adjustment in response to US countervailing duties on softwood lumber.

**The Atlantic Canada Opportunities Agency** provides services to support entrepreneurship, investment, trade development, and innovation. The Business Development Program (BDP) supports the start up, expansion or modernization of small- and medium-sized enterprises. The program offers access to capital in the form of interest-free, unsecured, repayable contributions. Non-profit organizations providing support to the business community may also qualify. The Innovative Communities Fund supports initiatives to diversify and enhance the economies of Atlantic communities. ICF capitalizes on the opportunities and strengths that exist in these communities to: develop competitive, productive, strategic industry sectors; strengthen community infrastructure in rural communities; and invest in projects that enhance communities' capacity to overcome economic development challenges and take advantage of their strengths, assets and opportunities presented.

**Canada Economic Development for Québec Regions (DEC)** operates small and medium enterprise development services and supports CED in 18 regions. The agency has integrated an urban component to their support for community-based development organizations. Community economic development corporations (CDEC) receive funding from DEC to support overall revitalization efforts in poor urban communities. This initiative, which began as a pilot project in 1991, now supports 14 CDECs in different cities in Québec.

### **Rural Development**

The Rural Secretariat of Agriculture and Agri-foods Canada supports a rural **Networking Initiative** that funds three types of rural community projects aimed at building community capacity: learning events (training and skills development for community stakeholders and needs/assets identification for rural and remote communities), partnerships (development of action plans for community development and community capacity building, and carrying out socio-economic research on the issues faced by rural communities), and networks (enhancing the capacity of communities and community organizations to develop responses to rural and remote community issues thereby contributing to community capacity building).

### **Community Learning**

The **Community Learning Network Initiative** of Human Resources and Skills Development Canada supports community-based pilot projects, which demonstrate innovative and sustainable uses of existing network technologies to upgrade skills and knowledge of adult learners in Canadian communities. The Office of Learning Technologies created in 1996 by the Federal government manages this program, which promotes community-led approaches to lifelong

learning aimed at furthering social and economic development and supported by Internet-based computer networks.

#### *10.1.2. Generic Tools for Enterprise Development and for Research*

The Atlantic Canada Opportunities Agency operates a **Seed Capital Program** that provides loans to start, expand or improve a small business, or acquire business skills training, in partnership with the Community Business Development Corporations and other organizations.

Canada Economic Development Québec operates **IDEA-SME**, a financial assistance program the objective of which is to facilitate and improve the development of small and medium-sized enterprises (SMEs) in every region of Québec. It also aims to help these enterprises become more competitive on the world scene. Canada Economic Development clients are mainly from one of the three following groups: 1) small and medium-sized enterprises with a place of business in Québec (200 employees or fewer), 2) SME groups and associations, 3) regional and economic development support organizations and Québec SME support organizations.

In 1999, the Social Sciences and Humanities Research Council created a new program to support research partnerships between university researchers and non-university actors within Canadian civil society. This CURA program as well as the Research Initiative on the New Economy has allowed the establishment of constructive partnerships and produced important results in the area of the social economy. The success of the Community University Research Alliance on the Social Economy in Québec and the Manitoba Research Alliance on Community Economic Development in the New Economy inspired the SSHRC's implementation of the new \$15M CURA program on the social economy, announced in the 2004 federal budget.

#### *10.1.3. Sectoral Policies*

The **Cooperative Development Initiative** (CDI) is a joint federal government/co-op sector partnership program to help people develop co-ops and to research and test innovative ways of using the cooperative model. CDI makes the co-op option more readily available to Canadians, to respond to their present-day challenges. The Initiative is managed by the Cooperatives Secretariat in Agriculture and Agri-Food Canada and the two national co-op organizations, in partnership with 17 regional and sectoral organizations across Canada. It includes support for new cooperative development in priority areas, including: adding value to agriculture; access to health care and home care; economic development in rural, remote or northern communities; development of Aboriginal communities; integration of immigrants into Canadian communities; community solutions to environmental challenges

**The Social Development Partnership Program of Social Development Canada** provides funding to non-profit organizations, educational institutions, research institutes, and professional associations working to meet the social development needs of: persons with disabilities; children and their families, or; other vulnerable or excluded populations in Canada. The program includes support to place based initiatives for poverty reduction, and related initiatives on social inclusion.

**Employment Benefits and Support Measures** are provided to eligible unemployed Canadians under the Employment Insurance (EI) Act through contribution agreements with service providers. In Newfoundland and Labrador, Nova Scotia, Prince Edward Island, Ontario, British Columbia, and the Yukon these are administered directly by Human Resources and Skills Development Canada (HRSDC) within the terms of co-management agreements with the governments of those provinces and territories. In Ontario no agreement exists (it is now under active discussion). In the other provinces and territories Labour Market Development Agreements have devolved responsibility to their respective governments, and EI funded programs are managed on an integrated basis with employment measures under provincial Income Assistance mandates. Employment Assistance Programs assist unemployed individuals prepare for, obtain and maintain employment by providing them with services such as employment counselling, job search techniques, job placement and labour market information. Other community employment and skills development programs include: Labour Market Partnerships; Targeted Wage Subsidies; Job Creation Partnerships; Self-Employment; and Career Focus. Many of these programs are delivered by non-profit organizations with community economic development mandates.

**The Supporting Communities Partnership Initiative of the National Homelessness Initiative** was launched in 1999 in an attempt to create a more integrated and inclusive approach to homelessness in Canada. Along with providing financial support to communities, the SCPI encourages them to work together with provincial, territorial and municipal governments and the private and voluntary sectors to strengthen existing capacity and develop new responses to homelessness. Projects funded support priority areas identified through a community planning process. The SCPI aims to increase the availability and access to a range of services and facilities along the continuum from homelessness to self-sufficiency, including emergency shelters, transitional/supportive housing and homelessness prevention.

**Understanding the Early Years (UEY)** is a research initiative providing communities with information about the readiness to learn of their children, community factors influencing child development, and local resources available to support young children and their families. Communities can use this information to create and deliver policies, programs, or investments that help their children thrive in the early years

#### 10.1.4. *Policies in Favour of Target Populations*

The Atlantic Canada Opportunities Agency's **Women in Business Initiative** (WBI) provides business tools and resources. Using a team-based approach, WBI enlists the talents and the cooperation of qualified business counselling and community outreach officers, flexible lenders, expert consultants and other business support organizations throughout the region to help women reach their fullest potential as an entrepreneur.

The **Community Economic Development Program** (CEDP) of Indian and Northern Affairs Canada is designed to provide long-term employment and business development opportunities to First Nations and Inuit by giving them the means to effectively manage skill development programs, economic institutions and business enterprises. The CEDP provides funding for the establishment and operation of **Community Economic Development Organizations** (CEDOs). CEDOs services include: developing community economic strategic plans; providing advisory services; planning business or resource development projects, etc.

The **Economic Development Opportunity Fund** of Indian and Northern Affairs Canada provides financial aid in the form of matching equity funding. The objective is to use the funding to obtain conventional debt financing (such as a loan from a bank) to start or expand a business. First Nations, Inuit and Innu businesses may apply through their Community Economic Development Organization (CEDO).

The **New Horizons for Seniors** program of Social Development Canada encourages seniors to be actively involved in their community. One of the main goals of this program is to make sure that seniors are not isolated from the rest of the community and that their skills and knowledge are perceived as a valuable resource to help improve local communities.

The **Urban Aboriginal Strategy** (UAS) of Indian and Northern Affairs Canada addresses socio-economic needs of urban Aboriginal people in Vancouver, Calgary, Edmonton, Saskatoon, Regina, Winnipeg, Toronto and Thunder Bay. It is a pilot project designed to improve the socio-economic conditions of urban Aboriginal people. The Government of Canada partners with other governments, community organizations and Aboriginal people to support projects that respond to local priorities.

The **Women's Enterprise Initiative** (WEI) is supported by Western Economic Diversification and provides business guidance and services to over 40,000 women across the Western Canadian provinces, with loans, business counselling and skills training.

The **Youth Employment Strategy Programs** of Human Resources and Skills Development Canada aims to help youth acquire the skills, information and tools necessary in order to make a successful transition into the labour market. The

program is targeting people of age 15 to 30 years of age that have problem entering the labour market.

## **10.2. Provincial Initiatives**

### ***WESTERN CANADA AND THE NORTHERN TERRITORIES***

#### **ALBERTA**

##### *10.2.1. Territorial Initiatives*

The Regional Development Branch of the Ministry of Economic Development provides information on business and investment opportunities to community leaders and encourages networking among community leaders through the Alberta Economic Development Authority, Economic Developers of Alberta Association, Business Link and Calgary Business Information Centre.

The Northern Alberta Development Council is a regional development council of and for northerners. It works to advance the development of the northern economy and acts as a catalyst to identify, prioritize and analyze northern economic issues and opportunities.

The Innovative Services Section, Community Services Department, City of Edmonton has CED as one of its primary areas of work. Staff involved in CED work in this section, use the CCEDNet definitions of CED. Included in the range of activities are employment creation, asset development, finance, and research and development. In general, municipal involvement in CED takes the form of sharing knowledge, brokering service, funding, and coaching capacity. For example, the municipality supports and works collaboratively with a loan fund and community-based organizations carrying out CED activities.

##### *10.2.2. Generic Tools*

The Alberta Opportunity Company provides loans for small business ventures in communities where access to capital is restricted and financing unavailable from conventional financial institutions.

##### *10.2.3. Sectoral Initiatives*

Family and Community Support Services (FCSS) is an 80/20 funding partnership between the province, municipalities and Métis Settlements. Under FCSS, communities design and deliver social programs that are preventive in nature to promote and enhance well-being among individuals, families, and communities.

The programs depend on community resources, often involving volunteers in management and delivery.

Community and volunteer-based initiatives are supported through the Volunteer Services Branch of the Ministry of Community Development, and the Wild Rose Foundation by providing service and support to communities and community organizations in ways that encourage initiative, self-help, cooperation and partnership building, and assist communities and government departments to adopt a "community development" philosophy.

#### *10.2.4. Policies in favour of target populations*

The Aboriginal Department of the Ministry of Aboriginal Affairs and Northern Development is working with other Ministries, representatives from industry, Aboriginal organizations and the federal government to develop a cross-government Aboriginal Capacity Building Strategy. It also works with Aboriginal communities to develop capacity to deliver and be accountable for programs and services within their communities.

## **MANITOBA**

#### *10.2.1.b Territorial Initiatives*

The Government of Manitoba has developed both a policy and program approach to strengthening community economic development, with a significant emphasis on supporting community led development activities that integrate social and economic outcomes.

The CED Initiative of the Community and Economic Development Committee of Cabinet has developed a CED policy framework, principles, goals, and "lens" that work across government departments and are increasingly integrated into mandates and programs. This horizontal government policy framework ensures that departments with social, economic and environmental mandates integrate their work to support community led development activities.

The Government also provides core funding to Neighbourhood Renewal Organizations and project funding through the Neighbourhoods Alive Program, the provincial government's long-term, community-based social and economic development strategy to support and encourage community-driven revitalization efforts in specific urban neighbourhoods in Winnipeg, Brandon and Thompson, inclusive of recreation, culture, training, housing, economic and social development activities.

In rural and northern regions of the province, Regional Development Corporations (RDC) are responsible for supporting CED strategies based on community priorities by providing or coordinating the provision of CED resources that include

skills development, research, investment, resource sharing, marketing, as well as coordination of priority regional initiatives

#### *10.2.2.b Generic Tools*

The Cooperative Development Services of Manitoba Agriculture, Food, and Rural Initiatives facilitate the development of cooperatives throughout Manitoba by providing information and financial assistance to groups wishing to explore cooperative forms of organization.

A Cooperative Promotion Board provide small grants for a variety of activities such as development of new co-ops, community economic development aspects of co-ops, and co-op research, information and education.

The Department of Intergovernmental Affairs provides core funding to the Jubilee Fund, an independent non-profit organization that provides flexible financing in the form of loans and equity to commercial, social and housing projects that contribute to community development.

The Communities Economic Development Fund (CEDF) supports CED by providing capital to build community-based businesses, especially in northern Manitoba, the fishing industry and entrepreneurial arena. It provides loans and loan guarantees to individuals and community groups, as well as technical assistance, training and business counselling.

Under provisions of *The Community Development Bonds Act*, communities plan and manage grow bond offerings to raise capital which is used to finance eligible business opportunities and expansions. Activities are managed through local Development Bond Corporations which market the bond issues, make project investments in new or expanding local businesses and keep investors informed about ongoing activities.

Through the Community Works Loan Program (CWLP), the Province lends money to Community Development Corporations to establish a cost-shared pool of funds for micro-lending.

The Manitoba Fisheries Enhancement Initiative funds projects (led by community groups or associations, youth groups, environmental groups and businesses) that strengthen fish populations, improve fish habitats or raise public understanding of fish and their environment. Projects must be environmentally sounds, encourage local involvement and participation and results in sustainable fisheries.

#### *10.2.3.b Sectoral Initiatives*

Healthy Child Manitoba works across departments and sectors to build a community development approach to enhancing the economic and social well-being of children, families and communities.

Support for First Nations CED is primarily in the areas of child and family services (Aboriginal Justice Inquiry-Child Welfare Initiative) and housing (Northern Housing Strategy). The Northern Housing Strategy invests in Northern communities' housing, recognizing the relationships between housing, health, education and economic development.

#### *10.2.4.b Policies in favour of target populations*

The Multiculturalism Secretariat (Department of Immigration and Labour) manages the Ethno cultural Community Support Fund, which provides financial support to projects run by community organizations that address concerns about cultural diversity and strengthen individuals, families and community structures.

Settlement and Labour Market Services offered by the Department of Labour and Immigration assists newcomers in reaching their potentials in the workplace through job skills training, educating employers about newcomer untapped abilities, adjustment counselling, orientation materials, interpretation and translation, volunteer programs, community collaboration, health and wellness and intercultural awareness. The intention of the support services offered to newcomers is to strengthen community capacity as newcomers participate and contribute as active community members.

## **NUNAVUT**

#### *10.2.1.c Territorial Initiatives*

The Government of Nunavut has developed an integrated Community Economic Development Strategy and Policy Framework to guide the work of all government departments in supporting the development of community capacity. CED is defined as a community-based development approach that connects social, economic, environmental, and cultural goals for community well-being. It is social and economic development in the community, for the community, by the community. The Policy Framework is being implemented across government departments to:

- Provide a collaborative approach to CED through a Government of Nunavut partnership;
- Assist with the establishment of community partnerships for CED;
- Encourage a more coordinated approach to CED service delivery;
- Align program support to address community priorities;
- Support community capacity building to reach CED goals; and
- Create a CED system that will provide continuity across the Territory.

## **NORTHWEST TERRITORIES**

### *10.2.2.d Generic Tools*

The objective of the Business Credit Corporation is to stimulate economic development and employment in the Northwest Territories, by making loans to business enterprises, guaranteeing loans made by financial institutions to businesses and by providing bonds to resident business enterprises. It is responsible for making business development loans to northern businesses where conventional lending institutions are not prepared to participate. BCC's role, therefore, is a blend of being a last resort lender and a development agency to provide financial support for higher risk entrepreneurial ventures

### *10.2.3 .d Sectoral Initiatives*

The Department of Municipal and Community Affairs is the lead GNWT department for coordinating the government's effort to support the voluntary sector. The division coordinates volunteer recognition programs and assists with the promotion of volunteerism.

## **SASKATCHEWAN**

### *10.2.1. e Territorial Initiatives*

In 1992 the *Partnership for Renewal* economic strategy devolved regional and community economic development authority to Regional Economic Development Authorities, "grassroots" organizations of communities and individuals that coordinate plans for regional economic development. In 2000, *Partnership for Prosperity* also contained an objective to build and strengthen the cooperative sector. These references are supported by Cabinet-approved Policy Framework Papers that devolve authority to local bodies for regional or community economic development. The policies relate to regional economic development, northern economic development, rural action plans, Métis and off-reserve First Nations peoples, youth and neighbourhood development organizations.

The Regional Economic Development Authorities Initiative supports capacity-building among communities and organizations as they join together to plan for economic development in their regions and build on their strengths to support the creation of wealth and jobs and attract new investment.

The Neighbourhood Development Organization (NDO) program provides organizational development assistance and funding to support the development and operation of multi-purpose NDOs, by the residents of low-income neighbourhoods, to undertake community economic development activities in Saskatoon, Regina and Prince Albert. These NDOs have developed key initiatives relating to the improvement of housing in their communities, as well as supporting the development of numerous cooperative ventures, including worker co-ops for

home renovations, day-care centres, a bulk-food buyers co-op and a transportation co-op. In addition, the NDOs have undertaken a number of employment and training initiatives to improve the social and economic well-being of their residents.

#### *10.2.2. e Generic Tools*

The Action Committee on the Rural Economy (ACRE) addresses various challenges and opportunities for sustainable rural economic development in the province and provides advice and recommendations to government on strategies, programs and services that will enhance sustainable economic opportunities, increase the competitiveness of Saskatchewan products and recognize the social and economic importance of rural communities.

The Saskatchewan Council for Community Development provides capacity-building programs, such as Leadership Saskatchewan, and capacity-building workshops that increase access to community development information.

The Small Business Loans Association (SBLA) Program encourages economic diversification and supports community economic development by making funding available to beginning and non-traditional entrepreneurs through community-run organizations. SBLAs access an interest-free revolving line of credit of up to \$100,000 from Saskatchewan Industry and Resources. The SBLA in turn uses this line of credit to make loans of up to \$10,000 to new and existing businesses.

#### *10.2.3. e Sectoral Initiatives*

The Community Initiatives Fund administered by the Department of Culture, Youth and Recreation distributes a portion of casino profits to the construction/renovation of community cultural facilities, Métis organizations for community-based business development and non-profit community groups providing programs and services to vulnerable children, youth and families.

The Cooperative Development Assistance Program of the Department of Rural Development assists new and established cooperatives with organizational development costs, feasibility studies, member training and business and marketing plans. A funding program provides up to \$10,000 for new co-ops and co-op expanding into new areas of business. Funding is available for organizational costs such as board and member development, promotional material and business planning. In 2004 a Cooperative Advisory Council was set up to provide advice on co-op issues directly to the Minister.

The Neighbourhood Home Ownership Program of the Department of Social Services provides funding to community organizations to administer housing cooperatives for low-income families. A homeowner cooperative collectively owns mortgages and homes for a minimum of five years, after which individual families may assume the mortgage and title of the homes.

The Sustainable Community Planning program, coordinated by the Department of Environment, contributes to the development of community capacity to identify and address long-term community social, economic and environmental sustainability issues in Saskatchewan; encourages and mobilizes Saskatchewan communities to become models of "environmental excellence" and sustainable "socio-economic progress"; and assists in creating a network of self-empowered communities in Saskatchewan as models of sustainable socio-economic progress, and environmental excellence.

## **BRITISH COLUMBIA**

### *10.2.1. f Territorial Initiatives*

The Vancouver Agreement, a three-party agreement among the federal, provincial and municipal governments, funds projects that improve the social and economic conditions of all Vancouver communities, particularly the Downtown Eastside. Under the Agreement, a Downtown Eastside Economic Revitalization Plan has been developed to support community priorities and initiatives that will most directly and feasibly lead to a sustained **increase in business activity** and job opportunities in Vancouver's inner city. An initial two-year action plan has been developed. Year one will focus on establishing infrastructure to increase demand for Downtown Eastside goods and services, improve business capacity, and establish links in key sectors like construction, tourism, the arts and culture. In the second year, programs and partnerships will expand, and the plan will be flexible enough to take advantage of new economic opportunities like those linked to redevelopment of the former **Woodward's** department store, **Trade and Convention Centre** expansion, and the **2010 Olympic and Paralympic Winter Games**.

Building Opportunities for Business, a \$2.35 million funded non-profit, is designed to give residents of Vancouver's Downtown Eastside the tools to improve their situation by furthering community capacity building, enhancing entrepreneurship and business development, and creating employment and employment training opportunities.

The Columbia Basin Trust, a regional government corporation, manages money allocated by the Province for power projects and other investments for the ongoing economic, environmental and social benefit of communities in the Columbia River Basin. The Community Development Program of the Trust funds project proposals from Basin communities, groups and organizations that build capacity within the Basin in ways that are consistent with the Columbia Basin Trust's mandate of supporting the efforts of the people of the Basin to create a legacy of social, economic and environmental well-being and to achieve a greater self sufficiency's for present and future generations.

The BC-Alcan Northern Development Fund was established as part of an agreement between BC and Alcan in 1997 and received matching deposits of

\$2.5 million from Alcan and the provincial government between 1998 and 2000 to accrue the full capital base of \$15 million. This money is used for: business loans, community infrastructure loans, community grants and economic development capacity grants.

The Community Forest Pilot Project, managed by the Ministry of Forests, was created in 1997 to increase the direct participation of communities and First Nations in the management of local forests and create sustainable jobs.

#### *10.2.2. f Generic Tools*

The Ministry of Economic Development manages three provincial venture capital programs (Equity Capital, Community Venture Capital and Green Venture Capital) that encourage investments in BC businesses by providing BC investors with a 30 percent refundable tax credit. The investments are made through local holding companies called Venture Capital Corporations.

#### *10.2.4. f Policies in favour of target populations*

The Province operates a First Citizens Fund to support the start up and expansion of Aboriginal businesses through business loans and business advisory services, and support initiatives for language preservation and revitalization, assistance to post-secondary students, and the support of Friendship Centres to deliver a range of culturally responsive programs and services.

## **ATLANTIC CANADA**

### **NEW BRUNSWICK**

#### *10.2.1. g Territorial Initiatives*

Business New Brunswick coordinates the provincial government's role in economic development in general and supports 15 Community Economic Development Agencies (CEDAs). The Regional Development Corporation (provincial Crown Corporation reporting to the Premier) also plays a significant role in coordinating and facilitating regional and community economic development activities in New Brunswick. It provides financial support to CEDAs for operational costs and manages the Community Economic Development Fund.

The Community Economic Development Fund (CEDF) provides funding for the 15 CEDAs to implement regional economic development projects. The Regional Economic Development Agreement (REDA) provides funding for CED projects that diversify or develop local economies. The Economic Development Fund provides financial support for projects that respond to strategic economic priorities, particularly in resource sectors. The Development Assistance Program

funds job-creation projects. The Micro Business Program provides financial and management support for projects that lead to the creation of new small businesses. CEDAs will fund projects that build local/community capacity, innovation, entrepreneurship, skills development, etc.

The Acadian Peninsula Economic Development Fund supports economic diversification, infrastructure, education, development and planning on that region of the province.

#### *10.2.4 g Policies in favour of target populations*

The Aboriginal Joint Economic Development Initiative (JEDI) assists First Nations individuals, bands, organizations and communities in business development, training and economic development planning.

## **NEWFOUNDLAND**

#### *10.2.1 h Territorial Initiatives*

The Department of Industry, Trade and Rural Development provides ongoing funding to Newfoundland's 20 Regional Economic Development Boards (REDBs). REDBs provide leadership in the development and implementation of zonal strategic economic plans; coordinate business development support; support organizations and communities within their zones; coordinate social and economic initiatives related to economic development; and promote public participation and community education.

The Province has developed a system of Community Accounts to translate the government's Strategic Social Plan's vision, values, and goals into measurable indicators that provide quantitative evidence for identifying social development needs and opportunities, tracking social well-being, evaluating specific programs and planning for regional or community economic development.

A Rural Secretariat, with nine rural regional Councils, has a mandate to promote the well-being of Rural Newfoundland and Labrador through a comprehensive and coordinated approach aimed at integrating economic, social and cultural aspects of rural and regional development

#### *10.2.2 h Generic Tools*

The Micro-Business Lending and Counselling Program uses a peer lending concept in which groups of four-to-eight people form a team and make decisions on each other's business loans for amounts ranging from \$500 to \$5000. The funds are borrowed from, and repaid to, either a bank or credit union. The

program offers eligible micro-business owners access to a series of small, short-term business loans.

The Direct Equity Tax Credit Program (Industry, Trade and Rural Development) is designed to encourage private investment in new or expanding small businesses as a means of creating new jobs and diversifying the economy. Individuals who invest as shareholders in small business activities receive an investment credit, in the form of a provincial personal income tax credit.

The Small Business Development Division of the Department of Industry, Trade and Rural Development commits funding to a number of projects that support the growth of small and medium sized enterprises (including community businesses and cooperatives), including funding to pursue new markets, begin value-added manufacturing activities, support independent fish harvesting, diversify the economy and stimulate new private sector job creation in rural areas.

#### *10.2.4 h Policies in favour of target populations*

The Community Youth Network of the Department of Youth Services and Post-secondary Education invests \$1.8 million annually to assist communities to develop an array of services intended to enhance youth's opportunities for participation in social and economic development by focusing on learning, employment, community building and supportive services.

## **NOVA SCOTIA**

#### *10.2.1. I Territorial Initiatives*

The Office of Economic Development (OED) leads and manages government activities in support of economic development. OED works with the Nova Scotia Association of Regional Development Authorities, which links the CED activities of the 13 Regional

Development Authorities (RDAs) across the province. OED monitors the performance of individual RDAs and shares RDA funding with federal, municipal and other provincial partners

Regional Development Authorities are enabled by the *Regional Community Development Act: An Act to Encourage and Facilitate Community-based Planning for Economic, Social and Institutional Change*. The purpose of the legislation is to encourage and facilitate community-based planning for economic, social and institutional change. The RDAs work with communities across the province to plan and develop economically sustainable initiatives that are consistent with each community's values and assets.

The OED has convened an interdepartmental Community Development Advisory Group (CDAG) to consult citizens on community development issues, review

approaches being taken in other jurisdictions, and prepare a Community Development (CD) Policy for Nova Scotia which has now been approved by Government. The objectives of the policy are to:

- Clarify government and community roles in community development;
- Increase collaboration among departments, between communities and departments, among levels of government, and among communities;
- Increase government and community capacity to understand and advance community development;
- Develop an accountability framework to report on progress, ensure transparency and enable evidence-based decision-making in community development.

#### *10.2.2.1 Generic Tools*

The Nova Scotia Equity Tax Credit Program is designed to assist small businesses, cooperatives and community economic development (CED) organizations in obtaining equity financing by offering a personal income tax credit to individuals investing in eligible businesses.

Community Economic Development Investment Funds (CEDIF) are pools of capital formed through the sale of shares or units to persons within a defined community. The funds are created to operate or invest in a business or businesses in that community and investments are partially guaranteed by the Province of Nova Scotia.

#### *10.2.3.1 Sectoral Initiatives*

The federal/provincial Nova Scotia *Sustainable Communities Initiative* has established field teams of government representatives, municipal representatives and First Nations to build new relationships between governments, businesses and communities. The Initiative commits the province to supporting community-led programs that integrate social, cultural, economic and environmental goals.

#### *10.2.4.1 Policies in favour of target populations*

The Black Business Initiative, a joint federal/provincial program, supports capacity-building, business development, entrepreneurial development, education, training, mentoring and partnership building in Nova Scotia's Black communities.

Le Conseil de développement économique de la Nouvelle-Écosse (CDENE) is funded by the federal and provincial governments (Acadian Affairs) and works towards regional economic development with Acadian communities.

## **PRINCE EDWARD ISLAND**

### *10.2.1. j Territorial Initiatives*

The Community Development Program of the Department of Development and Technology assists communities in developing economic profiles and plans for diversification and development. Communities are also assisted by Community Development Officers to identify health, environmental, educational and economic priorities for CED plans.

## **ONTARIO**

### *10.2.1. k Territorial Initiatives*

The Ministry of Northern Development and Mines has responsibility for CED in northern Ontario and has area teams with expertise in key economic sectors, including tourism, mining, forest products, agriculture, business/industry and aboriginal economic development, as well as community development and health/social issues. The area teams support the development of a healthy, competitive and sustainable northern economy.

The Rural Economic Development program of the Ministry of Municipal Affairs and Housing is a community development initiative that helps rural communities remove barriers to community development and economic growth. The program invests in projects that support sustainable rural economies and community partnerships. The priorities for the RED program are revitalizing communities, improving access to health-care services and increasing opportunities for skills development.

### *10.2.3. k Sectoral Initiatives*

The Ontario Trillium Foundation was established in 1982 to ensure that a portion of the proceeds of the Ontario Lottery and Gaming Corporation is directed toward social issues in Ontario. The Ontario Trillium Foundation encourages systemic change through innovation and experimentation, cross-sectoral collaboration and citizen participation. Trillium is reaching out to new sectors in the community to support the important role that arts, culture, recreation, sports, the environment and social services play in the creation of vibrant communities. The Trillium Foundation recently granted \$624,900 to the Ontario Community Economic Development Network and partners, including the Ontario Cooperative Association, to help build the capacity of the social economy sector with technical assistance, an Ontario-wide knowledge-sharing network, storytelling and case-study development for learning and fundraising.

#### *10.2.4. k Policies in favour of target populations*

The Building Aboriginal Economies Strategy is working with Aboriginal peoples, the corporate sector and other government partners to promote Aboriginal business development and encourage Aboriginal partnerships with the corporate sector that can create long-term jobs and economic opportunities for Aboriginal people. The Building Aboriginal Economies strategy coordinates more than 35 Ontario government programs and services and focuses on four key areas: increasing partnerships, removing barriers, creating opportunities, and improving access.

## **QUÉBEC**

#### *10.2.1. l Territorial Policy*

In 1997, the Government of Québec enacted legislation to create Local Development Centres (CLDs) in every territory across Québec. CLDs are managed by a board of directors composed of elected municipal officers and people from the business and social economy sectors. Their mission includes: front line services for businesses; business financing; development of a local action plan for the economy and employment (in coordination with the regional or metropolitan plan); implementation of the local action plan in partnership with other local organizations and government entities; formulation of a strategy for the development of entrepreneurship that encompasses social economy entrepreneurship; and act as an advisory body to local employment centres serving their respective territories.

CLDs offer front-line assistance and technical or financial support services to prospective, or already active, entrepreneurs, as well as to individuals or groups, including social economy businesses. The Fonds local d'investissement (FLI) is the main financial tool of CLDs. It provides funding to start up and expand businesses, including social economy enterprises.

#### *10.2.3. l Sectoral policies*

Community-based organizations in Québec are an essential part of the delivery system of **employment programs**. Over 350 organizations have ongoing contractual relationships with the Government of Québec through its employment agency, Emploi Québec. These relationships are formalized through institutional structures at the provincial and regional levels. The National Forum Emploi Québec-External Resources meets regularly to discuss operational aspects of the partnership. Led by the Assistant Deputy Minister, it brings together representatives of the major networks of community groups working in labour force development and social inclusion. In 2004 a protocol of recognition and partnership between Emploi Québec and community organizations was signed.

The community sector is also recognized as an equal partner with labour, business and education at the Commission des partenaires du marché du travail, a partnership council established by law to advise and orient government employment and training strategies and services. The role of community representatives is to defend the interests of the marginalized. These structures also exist in Québec's 17 regions. The Coalition des organismes communautaires en développement de la main-d'oeuvre (coalition of community organizations in labour-force development) is an entity recognized by the Government of Québec with the responsibility of proposing candidates to represent the sector in various governing bodies.

The goal of the **Community Media Assistance Program 2005-2006** of the Ministère de la Culture et des Communications is to: promote public access to and participation in community media; improve the supply of local and regional information and contribute to local and regional development. Eligible organizations must be membership-based, democratically managed non-profits allowing participation by the community in the organization and operation of the media, and access to the media by local organizations. Their main function must be to operate a radio or television station or to publish and distribute a newspaper

**Reduced contribution program in childcare.** Québec family policy (the responsibility of the Ministère de la Famille, des Aînés et de la Condition féminine) has supported the creation of a universal network of childcare centres providing educational childcare services for **children aged 0-4 years** at a minimum cost to parents—a parental contribution of \$7 a day. Continuous educational childcare is provided principally by non-profit parent-controlled childcare centres that also supervise services being offered in home settings. These childcare centres also have a mandate to work with the community to achieve overall development goals, including the integration of children with disabilities, early detection of social or learning difficulties, integration of recent immigrants etc. When the network is completed in 2006, there will be 200,000 available childcare spaces of which 165,000 will be under the supervision of parent-controlled centres.

The Quebec government has consistently maintained support for cooperative and non-profit housing. In 1997, it initiated the program Accès-Logis and created the Fonds québécois d'habitation communautaire, an advisory body that includes representatives of social economy networks (cooperative housing, non-profit housing, technical resource groups, Chantier de l'économie sociale) and municipal representatives. Quebec has matched federal funds made available to the provinces to create a program Logements abordables. These initiatives have allowed the construction of thousands of non-profit and cooperative housing units in the past decade.

The **Fonds d'action québécois pour le développement durable** (FAQDD) is a non-profit organization whose mission is to support projects, which, in a perspective of sustainable development, are aimed at modifying practices and changing individual and collective behaviours. By its action, the FAQDD aims to support the creation of partnerships between not-for-profit organizations intervening in the field of sustainable development and, in particular, research

centres, social economy enterprises, private enterprises, municipalities, trade unions, ministries and other government agencies.

The **Secrétariat à l'action communautaire autonome du Québec (SACA)** administers the **Fonds d'aide à l'action communautaire autonome**. This special fund, financed by 5% of Casino profits, ensures that financial support is available for independent community action on an ongoing basis, year after year. The SACA finances community organizations including advocacy groups. It also finances a network of community development corporations (CDCs) that are multi-sectoral local coalitions of community organizations. Their mission is to ensure the active participation of the community movement in socio-economic development.

#### *10.2.4. I Policies in favour of target populations*

The **Subsidy Program for Adapted Companies** has supported the development of 43 adapted non-profit social enterprises producing a variety of goods and services and providing work for over 3800 people, 2850 of whom are disabled. This program initiative by the Office des personnes handicapées du Québec, supports individuals with reduced productivity due to functional limitations who cannot compete in the regular labour market. The government subsidizes their lack of productivity. Adapted companies also encourage workers who so wish to move into the regular labour market.

**Carrefour jeunesse emploi (CJE)** is a provincially funded network of 107 community organizations in all 17 regions. Their mandate is to offer guidance and accompany young people from 16 to 35 in the process of social and economic integration. The CJEs work with a wide variety of partners: municipalities, school boards, local health agencies, community organizations, private partners, local chambers of commerce and other local development players. Many CJEs play a role in supporting entrepreneurship among youth, including collective entrepreneurship.

**Défi entrepreneuriat jeunesse** is an initiative devoted to promoting an entrepreneurial culture among youth. Among the various actions, one focus has been given to collective entrepreneurship within the initiative. Funds have been allocated to hire young people to promote collective entrepreneurship in 11 regions.

**Equal Access to Decision-Making** banks on the initiative of local, regional or provincial organizations and Aboriginal, Amerindian or Inuit communities in preparing and carrying out result-oriented projects. These projects are geared to action in the field and partnership. They aim to increase the number of women holding decision-making positions in local and regional governing bodies in all regions of Québec and to reduce the obstacles preventing women from participating fully in the exercise of power.

The purpose of the **Development funds for Aboriginals** (FDA) is to set up conditions facilitating the economic development of aboriginal communities. The Funds support economic development and infrastructure projects according to the needs and priorities' expressed by each community.

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