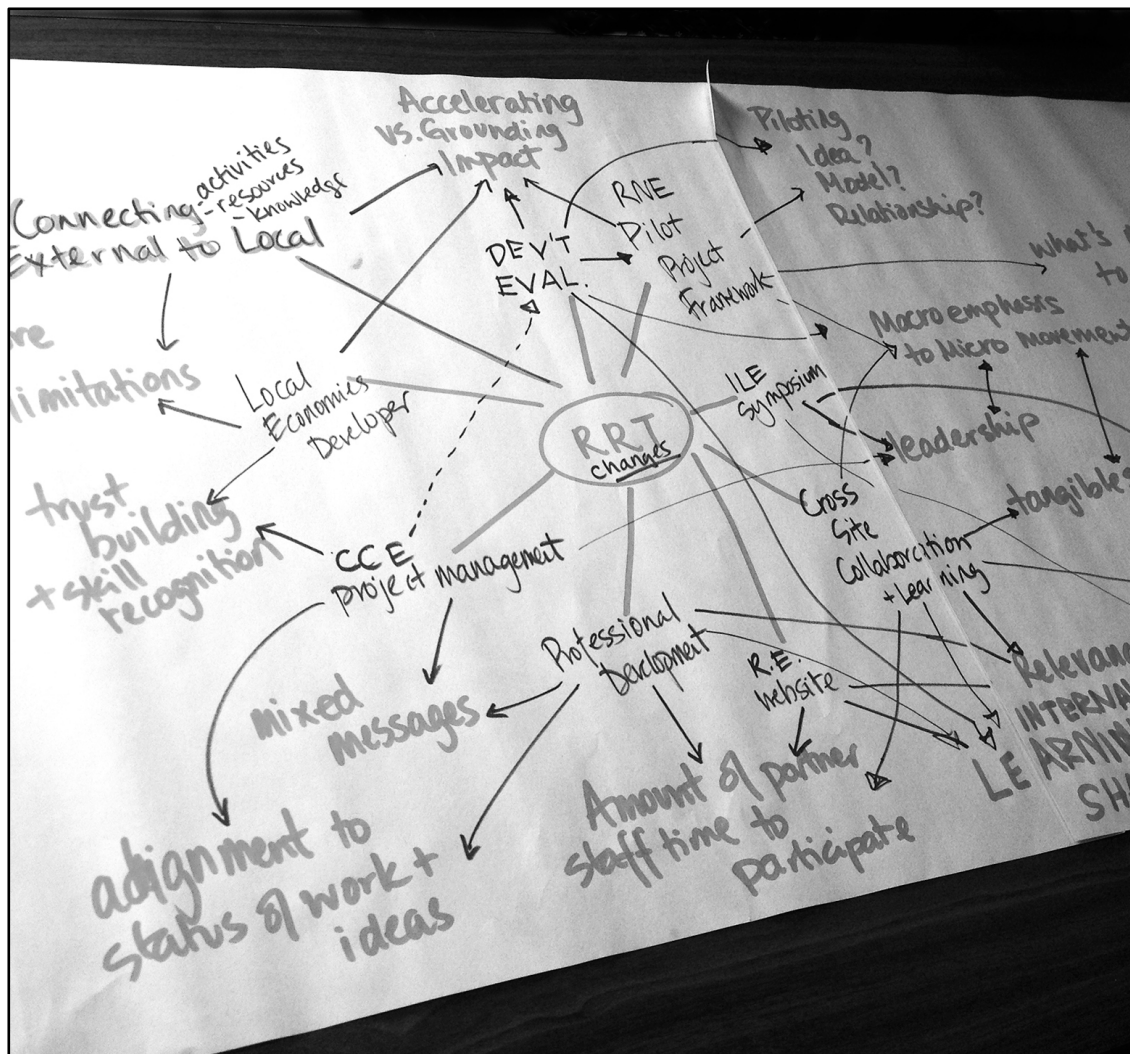# Resilient Neighbourhood Economies:

A Foundation's strategic learning from a three-year investment in local economies

METCALF FOUNDATION

Metcalf Foundation

Acknowledgements

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PART I

Introduction

Toronto is Canada's largest and richest city. With an economy that accounts for 11% of the country's GDP, the city generates prosperity and well-being for many. But there is another side to the story: Toronto is also home to the highest concentration of working poverty in the nation. In 2012, 10.7% of the City of Toronto's working-age population can be defined as "working poor." A growing gap in income and wealth in cities such as Toronto, and the spatial concentration and racialized nature of this disparity, have become a pressing concern for funders and civic leaders across the country.

The Metcalf Foundation has a history of investing in strategies to move people and places out of poverty. In 2011, aware that the changing labour market was contributing to income inequality and increased social exclusion for low-income people, Metcalf established the **Inclusive Local Economies Program**. While the previous program focused on poverty reduction, the new program would focus on generating economic opportunities for low-income people in Toronto. This meant finding new ways to support people's ability to connect to better quality jobs and forge pathways out of poverty.

As part of the Inclusive Local Economies Program, Metcalf created the **Resilient Neighbourhood Economies** pilot project. The aim of this three-year initiative was to **explore how to build sustainable economic opportunities for low-income people** in two Toronto neighbourhoods. By linking motivated people to key resources at the neighbourhood and city level, the goal was to nurture emerging local opportunities while also informing public policy. Metcalf invested just under $1 million over the three years (2012 to 2015), with approximately $320,000 allocated for each neighbourhood.

This report provides an overview of, and a reflection on, the Resilient Neighbourhood Economies pilot project. It describes the evolution of its strategy and shares the insights the Foundation gleaned regarding local economic place-based work and community/foundation partnerships. The developmental evaluation methodology we used over the course of the pilot accelerated and amplified our strategic learning. This report captures what **we learned about strategies for improving economic livelihoods of low-income peoples in Toronto**.

We hope that policy makers and practitioners may benefit from what we have learned, and that the efforts of others to build stronger local economies may be informed and enhanced by these insights.

PART II

Community Partners and Resources

Metcalf began leading the Resilient Neighbourhood Economies (RNE) pilot project in early 2012. The two neighbourhoods chosen for the project were Kingston-Galloway/Orton Park and Thorncliffe Park. Both had strong community organizations with senior leadership that were committed to the initiative, and local efforts were already underway to create economic opportunities for residents. Additionally, the two communities were quite different in their geography and demographics, so we hoped that comparing and contrasting their outcomes would inform our learning.

Kingston-Galloway/Orton Park

The **Kingston-Galloway/Orton Park** (KGO) community is an inner suburb neighbourhood located in northeast Toronto in the former municipality of Scarborough. In 2006, the City of Toronto and United Way Toronto identified it as a priority neighbourhood due to its high level of poverty, a lack of social services, and few local economic opportunities.[1] 48% of the neighbourhood are immigrants, more than 29% of the families living in KGO live on incomes well below the Low Income Cut-Off (LICO),[2] and the unemployment rate is consistently between 13 and 15%. It has the highest concentration of social housing in Toronto, and it suffers economically from a lack of investment by businesses. The neighbourhood is geographically isolated due to its inner-suburban location and lack of adequate transit. Businesses are primarily in the retail/service industries.

The **East Scarborough Storefront** (The Storefront) was identified as the community partner for this neighbourhood. The Storefront is a neighbourhood-based organization focused on leveraging the power of collaboration to support people and build community. It uses a hub model of service delivery, coordinating over 40 partner agencies to provide a range of social services and programming, and facilitates community-based collaboration to address complex community issues. As a significant funder of its work for almost a decade, the Metcalf Foundation had a long-standing relationship with The Storefront.

Thorncliffe Park

Thorncliffe Park is a community in east Toronto that was developed in the 1950s using the then-popular "tower-in-the-park" urban planning design. The community contains 36 high and

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[1] In 2005, City of Toronto identified 13 neighbourhoods as "Priority Neighbourhoods." This prioritized these neighbourhoods for infrastructure investment, greater services and programs for youth, neighbourhood building, and improving community safety. http://www.toronto.ca/legdocs/2005/agendas/council/cc051026/pof9rpt/cl006.pdf

[2] Low Income Cut-Offs (LICOs) are income thresholds below which a family will likely devote a larger share (20% points or more) of its income on the necessities of food, shelter, and clothing than the average family.

low-rise apartments, and over 90% of residents are renters. Thorncliffe Park is divided into a residential area and an industrial section—now mostly retail. It is a culturally diverse neighbourhood with over 19,000 residents (though informally the number floats at 30,000, as many families double up in apartments). 68% of this neighbourhood is home to immigrants, a quarter of whom are newcomers to Canada. Thorncliffe Park has high levels of unemployment and under-employment, with the official unemployment rate at 16%. It also has a large number of children and youth. In 2013, Thorncliffe Park was identified as a Neighbourhood Improvement Area by the City of Toronto.[3]

The **Thorncliffe Neighbourhood Office (TNO)** was identified as the community partner for this neighbourhood. TNO is a multi-cultural, multi-service agency with a 30-year history of providing a range of community services and programming (language, settlement, housing, employment) to the surrounding neighbourhood. With over 120 staff providing services to 18,000 newcomers a year, it is a community anchor and the primary partner for collaborations that occur in the neighbourhood. While not previously a grantee, the Metcalf Foundation had strong relationships with the senior leadership of the organization.

The Storefront and TNO both received funding to operate Employment Ontario offices that provide employment search and support services. Both organizations were also part of United Way Toronto's Tower Renewal project that focused—over the same time period as RNE—on testing ways of improving the quality of life for residents living in rental tower communities. It was thought that these two initiatives would provide good synergies with the Resilient Neighbourhood Economies pilot project.

The Intermediary: Centre for City Ecology

Metcalf had learned from similar place-based initiatives in the US and UK that it was beneficial to have a central team provide cross-site coordination, capacity building, communications, and project management support. With this purpose in mind, Metcalf engaged the **Centre for City Ecology (CCE)** to fill this role. CCE was a newly established organization, rooted in the writings of Jane Jacobs, with a mandate to increase awareness of, and engagement with, city building. As a neutral intermediary, CCE could help both sites find the best ways to work as partners with Metcalf. In addition to coordinating communications, professional development, and technical assistance, CCE was also seen as an organization that could nurture RNE's emerging strategies from the local level to the larger, citywide perspective.

A new staff role, the Local Economies Developer, was created. The Developer was employed by the Foundation, but seconded to the CCE office. This staff person would work with the two neighbourhoods to strengthen the effectiveness of their economic development strategies.

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[3] In 2014 the City of Toronto identified 31 neighbourhoods as Neighbourhood Improvement areas. These neighbourhoods had a low Neighbourhood Equity Score based on five factors: physical surroundings, economic opportunities, healthy lives, social development, and participation in civic decision-making.
http://www1.toronto.ca/City%20Of%20Toronto/Social%20Development,%20Finance%20&%20Administration/Shared%20Content/Strong%20Neighbourhoods/PDFs/TSNS2020actionplan-access-FINAL-s.pdf

PART III

Resilient Neighbourhood Economies Framework

At the outset of the project, Metcalf, the community partners, and a group of urban thinkers[4] worked to develop a "theory of change"[5] for RNE. The theory of change was to capture RNE's aspirations, strategies, proposed outcomes, and intended impact. Metcalf recognized that the work would be complex and uncertain, and that we would be co-creators with our community partners as the project evolved. The Foundation was committed to deep and ongoing learning, and prepared to shift goals and change activities based on what was being tested and learnt.

Theory of change

RNE's theory of change was: **By harnessing the individual and collective energy, capital, and talent found in the neighbourhood and city-region economic ecosystem, RNE will increase options for economic well-being**.

The **enabling strategies** were identified as: strengthening local networks that support economic development; testing new models and strategies for local economic development; leveraging local and citywide efforts focusing on the neighbourhood opportunities; and informing public policy.

Partners would identify key strategies and test out new ideas intended to build on pre-existing work and relationships, take advantage of emerging opportunities, and link motivated people to key city and neighbourhood-level resources. This would result in the following:

- a diverse and vibrant range of businesses and enterprises;
- a strong local economy asset base with a supportive, enabling environment;
- local money circulating in the community; and
- active community collaboration.

Conditions for lasting impact

Project partners identified a series of conditions needed for lasting change to occur. These included:

- creating spaces to build relationships;
- working across organizational boundaries;
- engaging in creative problem-solving;

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[4] The Metcalf Foundation engaged a range of urban thinkers from its network of Innovation Fellows, grantmakers, systems thinkers, consultants, non-profit leaders, and urban planners to inform RNE's design, development, and strategy.
[5] http://www.theoryofchange.org/wp-content/uploads/toco_library/pdf/ToCBasics.pdf

- building on pre-existing work; and
- investing in network builders to build upon the work and facilitate this space.

These components drove the design of the RNE framework and differentiated it from Metcalf's regular grantmaking.

Framework evolution

RNE's first year focused on learning about different models of community economic development and identifying strategies to build organizational capacity and develop community relationships. By the end of this first year, we realized that RNE required more coordination then previously thought, so CCE assumed project management responsibilities. A year-one retrospective evaluation identified several emerging issues:

- tension between wanting to test out new opportunities and ideas, and the desire for work plans with clear, specific, and achievable targets and indicators;
- lack of clarity regarding what RNE was trying to achieve over the three years and what would be considered success;
- resistance to prioritize or reduce the range of initiatives that were being undertaken by community partners;
- concern from community partners that they weren't making sufficient progress to meet the expectations of Metcalf; and
- uncertainty about how the community partners were to collaborate with each other.

In the second year, CCE ended their involvement with RNE due to staff turnover and a shift in organizational strategy. Out of necessity, reporting structures changed. The Local Economies Developer now reported directly to the Foundation, and Metcalf's Inclusive Local Economies Program Director assumed responsibilities previously handled by CCE. **Thorncliffe Park Women's Committee (TPWC)**, a grassroots, resident-led group that ran a weekly bazaar in the local park, was considered to be a promising example of pre-existing work that could be supported through RNE. Rather than being housed under TNO, they became an independent RNE partner in order to provide opportunities for more fulsome engagement and targeted capacity building.

In light of these changes and the findings from the first-year retrospective, Metcalf made a series of interventions to the pilot's design and strategy. As a result, an emphasis was placed on developing workplans to provide clarity on strategic directions and rigour on model exploration. Secondly, the Local Economies Developer's role was expanded to include acting as an in-house consultant to support partners in their initiatives.

By the midpoint of the project Metcalf was gaining a more nuanced understanding of local economies work, informed both by RNE and our broader grantmaking. A new line of inquiry

emerged: *Was RNE about building economic opportunities for local residents? Or, was RNE about understanding how organizations (including Metcalf) could position themselves to support the work of building economic opportunities?* Due to the sheer complexity of the issue combined with limited resources, a short timeline, and a steep learning curve, we realized it was unlikely that community partners would be able to craft and implement promising strategies that would build sustainable economic opportunities for low-income people in their communities.

However, if we shifted from focusing success on the end result of ***creating* economically resilient neighbourhoods**, and instead focused success on ***understanding the role* that community organizations are well positioned to play**—and the supports and conditions that are needed to foster more inclusive neighbourhood economies—then substantial progress could continue to be made. It was clear that we were learning about the realities of advancing social change in the face of complexity, and how different types of organizations[6] are positioned to influence systems change.

Metcalf decided to make a significant course correction. We developed evaluation questions with community partners that focused on understanding what occurs when community organizations integrate a neighbourhood economy lens (RNE lens) onto their work. This includes what external supports and internal conditions are needed, how partnerships can strengthen this work, and identifying broader systemic issues being encountered. This strategic shift grounded the last year of the project. Partners appreciated that Metcalf was trying to change course based on what all partners were learning, and that we were all co-designing RNE's framework.

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[6] The three community partners all played different roles in their communities. Thorncliffe Neighbourhood Office was a multi-service agency. East Scarborough Storefront was a neighbourhood-based hub and a broker of relationships. Thorncliffe Park Women's Committee was a resident-led, largely volunteer, grassroots group.

PART IV

Project Undertakings

Thorncliffe Neighbourhood Office, East Scarborough Storefront, and the Thorncliffe Park Women's Committee all initiated a range of activities over the three-year pilot project. Micro-entrepreneurship and local hiring were the primary focus areas.

Thorncliffe Neighbourhood Office (TNO) ran a workshop series for local residents interested in starting their own businesses, and provided one-on-one business planning, coaching and support. Micro-businesses were focused on sewing, food production and catering, importing textiles, and the provision of aesthetic and childcare services. TNO brokered a relationship with a local cultural institution, the Ontario Science Centre, to contract with local seamstresses to repair exhibit costumes. TNO also created partnerships to coach individuals offering home-based childcare to become licensed service providers, and changed their own purchasing to prioritize local vendors.

By the last year of the pilot, TNO received external funding to run a training program for newcomer immigrant women interested in starting small businesses. TNO worked with a micro-finance organization to create a micro-lending (up to $1,000) program with minimal eligibility criteria in order to increase the loan uptake in the neighbourhood. TNO explored the possibility of building a micro-entrepreneurship incubator on vacant employment lands that would be financed through community benefits from an incoming retail development.

East Scarborough Storefront supported micro-entrepreneurs in the neighbourhood by developing partnerships with organizations and businesses that offered a range of supports (micro-finance, legal advice, business networking, etc.) for startup businesses. Food-based micro-entrepreneurs had free and regular access to The Storefront's newly renovated commercial kitchen to prepare their products. The Storefront participated in Toronto Public Health's Healthy Corner Store pilot initiative, working with a local convenience store in an apartment complex to increase access to fresh produce. It initiated a local business network for existing businesses in the neighbourhood to share information, network, and collaborate.

The **Thorncliffe Park Women's Committee** continued running weekly bazaars in the local park, rotating 75 micro-vendors over 20 weeks each year. Recognizing there was a price ceiling for the vendors' items in its low-income neighbourhood, the group connected with public markets and street fairs throughout the city to facilitate the participation of the vendors in these markets and coach them throughout the process. The Women's Committee also developed a catering social enterprise, Flavours of Thorncliffe, to increase opportunities for the more experienced vendors.

Local hiring was considered a tangible way to strengthen neighbourhood economies for both Thorncliffe Neighbourhood Office and East Scarborough Storefront. Both organizations ran Employment Ontario offices, providing employment search and support services, and through RNE strengthened relationships with local employers to increase neighbourhood hiring. TNO worked with other local employment service providers to collaborate on a workforce development strategy for the community. The East Scarborough Storefront received external funding to run a youth hospitality skills training and employment project. Local employers contributed to the training curricula, providing access to their facilities and participating in paid placements.

Both organizations became active partners in the **Toronto Community Benefits Network**, an initiative (supported in part by Metcalf) that focused on developing a Community Benefit Agreement to embed local hiring from disadvantaged communities into a large public infrastructure project. The East Scarborough Storefront deepened relationships with the University of Toronto's Scarborough campus, exploring how to embed local hiring and social procurement[7] into the anchor institution's practices. This resulted in significant external funding to develop a collaborative neighbourhood workforce development strategy, accessing local public institution spending to develop pathways to connect local residents to local employment.

All of these activities and undertakings contributed to **informing public policy**. The City of Toronto was in the process of initiating changes to its zoning bylaws to permit small-scale commercial and community uses in high-rise apartment complexes. Both TNO and The Storefront hosted community consultations on this zoning change. The neighbourhoods were chosen as pilots, as TPWC's weekly bazaars had demonstrated the potential of transforming outdoor spaces into markets, and the Healthy Corner Store pilot in East Scarborough highlighted the challenges that commercial businesses face in inner suburb apartment complexes. Metcalf sat at the policy table, informing the development process using our RNE experiences.

Metcalf commissioned John Stapleton, a social policy expert and Metcalf Innovation Fellow, to engage with residents in each neighbourhood to better understand the disincentives that social assistance recipients face while pursuing employment. Community partners had raised the issue of the reluctance of residents on social assistance to increase their hours of work or formalize their businesses due to concerns that it would push them past the threshold amount that qualifies them for social assistance direct benefits (prescription drugs, dental care, legal aid). Residents spoke about how Ontario Works' social assistance actually restricted their entrepreneurial abilities, despite the program emphasizing self-employment. Because the Ontario Works model reinforces an individualized case management approach, collaborative partnerships are not allowed, negating the social capital that was in abundance within the neighbourhood. The City of Toronto has expressed interest in piloting a group case management approach to facilitate **collaborative entrepreneurship** based on draft findings of the research.[8]

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[7] Social procurement advances social value through the purchasing of goods and services that promote positive community, environmental, and economic outcomes.
[8] http://metcalffoundation.com/stories/metcalf-stories/solitary-confinement-series/

PART V

Insights and Learning

The Resilient Neighbourhood Economies pilot project was a rich learning experience for all who were involved. The Foundation and the community partners worked collaboratively, sharing updates and ideas on a quarterly basis using a developmental evaluation approach.[9] This section focuses on the most significant learning, from the perspective of the Metcalf Foundation, over the three years.

RNE's strength was exploring how organizations can apply a local economies lens to their work, rather than as a project with measured outcomes.

As explored in Part III, the activities that showed the most promise a year into the pilot were those where a neighbourhood economies lens was overlaid on top of *existing* programming or partnerships, encouraging opportunities for experimentation and creativity to **leverage and complement core activities**. Professional development training, guest speakers, site visits, and most importantly quarterly reflections sessions all helped us to adopt this lens.

Once we shifted the emphasis of the evaluation questions from project deliverables to how organizations can support the creation of local economic opportunities, several opportunities emerged: TNO restructured its departments to strengthen communication and collaboration between initiatives that contributed to neighbourhood economies. East Scarborough Storefront decided to overhaul its organizational theory of change[10] and strategic plan based on RNE learning and processes. The Thorncliffe Park Women's Committee realized that its work was more than community development; it was also a grassroots market/vendor incubator with a focus on building partnerships to enable more opportunities for supplemental income.

The opportunities for discussion and observation between organizations and across staff hierarchies deepened each organization's understanding of how best to contribute to neighbourhood change. With the facilitation of an external partner, staff were encouraged and supported to examine the strategies, processes, and unintended consequences of their work, and to share what changed when they applied a local economies lens to projects both new and ongoing.

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[9] Developmental Evaluation is an outcomes-based evaluation approach that focuses on innovation and strategic learning in complex issues or uncertain environments. It is well suited to radical program redesign, innovation, replication, and complex issues, and can help by framing concepts, testing quick iterations, and bringing issues to the surface. Developmental Evaluation applies rigorous inquiry to development, and uses data in a meaningful way to inform innovation in progress. http://betterevaluation.org/plan/approach/developmental_evaluation; http://tamarackcommunity.ca/downloads/vc/Developmental_Evaluation_Primer.pdf

[10] http://www.thestorefront.org/theory-of-change/

In hindsight, Metcalf has learned that community organizations need time and external support to understand and explore what it means to integrate a neighbourhood economies lens onto their organization and community, and to identify and analyse the outcomes from this change in focus.

Foundations are uniquely positioned to build constituencies that can create social change.

When Metcalf shifted its focus from poverty reduction to building inclusive local economies in 2012, it was introducing Toronto NGOs to a new approach. Although more organizations are now following this path and focusing on economic livelihoods, economic justice, and improving the economic well-being of low-income people in Ontario, this work is still being led, on the ground, by a relatively small number of non-profits.

Metcalf's primary partners—the charitable community sector—focus predominantly on their core mandates of community development and/or social service provisions. These organizations are usually not mandated, nor funded, to lead this new kind of work. As a result, such efforts are often siloed within organizations' programming or stitched together with a patchwork of funding. Metcalf realized that a core piece of its task is to help **build a constituency of non-profits that are well positioned and networked to advance this work**. In RNE's case, constituency building involved providing capacity building to properly support the organizations to leverage their existing resources, programs, and relationships to advance system change that can improve the economic livelihoods of low-income people. By building strong partnerships with grantees and learning alongside them in strategy formation and implementation, foundations enrich their own program design and strategy.

Recognizing the necessary conditions for success.

In RNE's original program design, several conditions were identified as critical for achieving lasting change. The conditions included an intermediary to provide capacity building and technical assistance, alignment between local ideas and city efforts, and creative problem-solving. Examining these underlying conditions later on in the project gave us significant insight about why RNE initially struggled.

Influenced by US models, we considered the **role of an intermediary to be a critical function**. Metcalf envisioned that the Centre for City Ecology could become the intermediary. Their role would be to strengthen collaboration between the sites and staff, provide technical assistance and capacity building, support planning processes, and create alignment between local initiatives and citywide policy opportunities. In reviewing this approach, we came to fully appreciate how different the American landscape is, as philanthropy in the US invests in intermediaries as crucial components in local economic development ecosystems. Toronto's community development/community economic development sector has few organizations that could be considered intermediaries, and sufficient sustainable funding is a constant challenge.

Metcalf funded a full-time **Local Economies Developer** to support network building and help local efforts connect and align to broader city efforts. It emerged, however, that organizations did not want an external player representing their work and developing partnerships on their behalf. Moreover, soliciting external experts to advise on community partners' initiatives proved premature as RNE ideas were very exploratory, and it was too early for RNE partners to fully leverage the external expertise.

Engaging in collaborative, creative problem solving was often frustrating because each organization was distinct in its approach, and staff members were unsure of how to collaborate with one another. Also, because their pre-existing work was fledgling, staff struggled to identify issues with which to apply this creative problem solving.

Finally, while the concepts of piloting, testing, and prototyping were all encouraged, Metcalf had underestimated the **training and coaching** that would be required to properly execute each of these concepts. As a result, the partnership's problem solving focused mostly on debriefing instead of identifying alternative approaches and designs to improve results.

Real-time feedback of developmental evaluation requires interventions.

From the onset, it was understood that RNE's funder/community organization collaboration would create different kinds of relationships than both the Foundation and its grantees were used to. What was less understood was how effective developmental evaluation would be in facilitating real-time feedback on how the initiatives were progressing on the ground.

10 to 15 people from Metcalf and the three partner organizations attended these development evaluation sessions. Over time, front line staff became more confident in sharing their observations and insights. By providing real-time analysis about how initiatives were progressing, staff members were generating important data for the project and enabling partners to make necessary adjustments and adaptations. Eventually, this empowered community partners to push back against the RNE project design (and by extension the Foundation) when roles did not feel authentic. For example, The Storefront identified that it did not want to champion specific small businesses in the community, as that felt like entrepreneurship case management. This was not a skill-set staff had, nor was it how they envisioned their role. Instead, staff at The Storefront emphasized that they were best suited to create an environment that would facilitate interactions and connections among entrepreneurs and provide business supports.

By reviewing how initiatives were progressing, identifying roadblocks, and listening to multiple analyses about the same situations, Metcalf was able to identify underlying issues that were hindering collaboration. These included the dynamics between grassroots groups and larger community-based organizations, the concentration of power and decision-making in neighbourhood networks, and how all partners approached issues of equity, community organizing, and leadership. In many ways, developmental evaluation was more of a management

tool for the Foundation—flagging key decisions that needed to be made as projects and strategies were implemented, and accelerating and amplifying what we were learning.

A critical learning that emerged for the Foundation was that developmental evaluation at its best is **a methodology that is inherently interventionist**. It requires that strategic shifts be applied based on what is being learned. Metcalf was uniquely positioned to reframe the purpose of RNE when developmental evaluation provided evidence that the necessary conditions of success were missing; that we were focusing success around the wrong components. Metcalf wrestled with **what is an appropriate level of intervention for a funder to make** as a member of a collaborative. These interventions reinforced the power differential between the community organizations and Metcalf, and at times tested the trust that community partners had placed in us when they agreed to be part of RNE. Developmental evaluation challenged all of us. The discomfort it created at times was unanticipated, yet ultimately it was empowering and transformative for all involved.

Disrupting hierarchies builds individual and organizational leadership.

While RNE was not designed to be a learning lab, the project partners all learned and changed a substantial amount within a relatively short timeframe.

For East Scarborough Storefront, RNE became the catalyst that enabled them to clarify and articulate their role and value proposition within their neighbourhood. They created a Community Wealth strategy that focused on their role as a strategic connector among multiple stakeholders to develop an integrated workforce development system that partners with local anchor institutions.

Thorncliffe Neighbourhood Office expanded its programming to focus on entrepreneurship training and supporting small business, and developed an interdivisional team to strengthen collaboration across projects.

Thorncliffe Park Women's Committee developed new partnerships and organizational mentors to help guide their grassroots community economic development work.

The Metcalf Foundation refined its Inclusive Local Economies Program's granting priorities to focus on areas where organizations are best positioned to make significant contributions to local economies. The program is now committed to convening its current and past grantees to build a learning community that facilitates networking, improves strategy, builds leadership, and enables advocacy.

Learning was expedited because there were people from all levels of the organizations, including the Foundation, present and participating at the quarterly sessions. **By disrupting organizational hierarchies, enabling front line staff to listen to and inform senior leadership, and grounding systems thinking in the everyday reality of the work, individual and organizational leadership were both strengthened**. This proved to be invaluable for a project like RNE, as it had an unusually high level of staff turnover in each

organization over the three years. A real-time learning environment became one of the best ways to brief new staff, validate their leadership in the project, and empower them to act. Having three levels from each organization—CEO/Executive Director, program managers, and front line workers—strengthened the vertical communication channels within each organization while building horizontal connections with other organizations.

The informal economy builds resiliency, but not necessarily decent work.

One of the overarching questions RNE grappled with is: what do economically resilient neighbourhoods look like? The vision, crafted at the beginning of the pilot, included a vibrant range of enterprises, a strong local economy asset base, local money circulating in the economy, and active collaboration in the community. But resiliency proved to be a challenging concept to define and advance at a neighbourhood level. One feature that emerged was that resiliency for low-income residents means **having supplemental income over which the individual has direct control**.

A significant amount of RNE work focused on reaching out to micro-enterprises to see how RNE could support their growth. Focus groups from the Thorncliffe Park Women's Committee's bazaar reported that these businesses contributed on average $700-$1500 a year to a household. This amount is not enough to raise a family out of poverty. However, it is the equivalent of one month's income for low-income families on government social assistance — a small but critical cushion to a family's budget.

Immigrant newcomer women—the primary drivers of these businesses—spoke about how running their businesses created a sense of confidence, increased their independence, and provided additional resources to survive living in poverty. While many women spoke about their desire to have a traditional job, the multiple barriers they face in finding above-minimum wage work—combined with responsibilities of child rearing for many—means that home-based businesses are the most accessible alternative. The underlying challenge in neighbourhood-level micro-entrepreneurship is that it mostly operates in the informal economy and does not necessarily pay decent wages.

Even though most of the micro-entrepreneurs were not surpassing a threshold where there were tax implications, they had only minimal interest in formalizing their businesses. Their concern was that declaring this income could jeopardize their social assistance and ancillary benefits. In addition, formalizing this income could change the amount of their social housing subsidy, increase business costs, draw scrutiny, and add an extra level of effort that could negate the amount being generated.

This informal economy activity is a challenging issue for the Foundation.[11] While not an explicit RNE objective, part of the definition of a resilient neighbourhood is having a diverse range of

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[11] The Foundation is funding West Neighbourhood House's community-based research on the informal economy in Toronto to deepen our understanding of the issues, propose public policy changes that could reduce barriers to the formal economy, and

enterprises. Underlying this idea was an assumption that these small micro-businesses would want to transition to the formal economy. This continues to be an area of exploration for the Foundation and other partners.

Local hiring and social procurement are promising strategies to deepen community collaboration and leverage neighbourhood assets.

Part of RNE's aim was to explore how community organizations can help build sustainable economic opportunities for low-income residents. Finding strategies beyond a programmatic or individual level proved challenging. This was partially because community organizations do not have a mandate or the capacity to focus on neighbourhood economic development. Likewise, there are no non-profit economic development organizations operating at the neighbourhood level with which to partner. Sector-based workforce development was considered a promising strategy, however, it requires significant investments and planning to develop and align industry knowledge within the current employment services funding model.

It was not always clear what an appropriate relationship between charitable community organizations and small businesses would be. The question of why an organization might champion one business over another proved difficult to answer. As well, local residents did not necessarily associate community-based organizations with having the programs and competencies to support small business development, so outreach was challenging. For community organizations undertaking this new role, different staff competencies and experiences would need to be prioritized during recruitment.

Engaging and supporting small and independent storefront businesses was also complicated. In many ways the "mom and pop" shops that pepper the inner suburb neighbourhoods are fundamental to strengthening the local economy. They hire locally and contribute to community vibrancy; the closing of these businesses contributes to neighbourhood blight and weakens the local economy. However, community organizations were not sure whether it was appropriate to use charitable dollars to support the private wealth gain of these existing businesses, even though many owners could be considered low-income. Businesses were open to hiring through wage subsidies, however, concerns were raised that some small businesses used subsidies as part of their business model: rather than hire the successful worker at the end of the subsidy duration, they would rotate in the next placement candidate, which did not change the employment prospects of local residents.

To improve livelihoods of local residents, community organizations were most successful when they used their programs and relationships to champion local hiring and social procurement. In order to make an ongoing significant contribution, organizations working in these two areas need capacity building and community collaboration to

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identify what role community-based organizations can play in supporting low-income micro-entrepreneurs
http://www.westnh.org/programs-and-resources/public-policy-work/informal-economy/

strengthen their competencies and knowledge of businesses' needs, as building business relationships and industry knowledge is resource consuming. It also requires strategies targeted at various levels of leadership in business. While these strategies can be advanced locally, they are more effective when aligned with citywide efforts.

The Thorncliffe Park Women's Committee's weekly bazaar.

East Scarborough Storefront's commercial kitchen.

PART VI

Conclusions

When the Resilient Neighbourhood Economies pilot was completed in March 2015, Metcalf decided not to renew the project. As a Foundation that pursues its work by creating conditions for innovation, risk taking, collaboration, learning, and reflection, this decision was not taken lightly. It was a difficult conclusion to reach, given that many of the strategies were beginning to solidify and much of the work was seeing results. However, RNE had accomplished its reframed objective to: *understand* **the role that community organizations are well positioned to play, and the supports and conditions needed to foster more inclusive neighbourhood economies**. Additionally, some of the conditions that we thought were necessary to advance this work were missing, thus making this continued community/foundation partnership challenging.

When the pilot began, it was focused on advancing strategies to build the local economy in two neighbourhoods over three years. In hindsight, perhaps we were too ambitious in our goals, too nascent in our strategies, and too linear in our thinking. Yet by beginning our project with an overly aspirational mindset—and then revising RNE's goals when provided with new information—we developed a stronger strategy based on real-time learning and experience. In many ways, Metcalf's own experience in this peer-learning environment mirrored the strategic learning approach that we were asking our partners to adopt by integrating a new lens onto their work and culture.

An ambitious undertaking

RNE was **an ambitious undertaking**. Early on we realized that the expectations for the pilot project were not aligned with the grant size. We also realized that the three-year timeframe was not long enough to be able to strengthen the capacity of organizations and to adequately leverage programs, assets, and citywide opportunities. This level of collaboration between a Foundation and community organizations needed more time to percolate in the project design phase. More neighbourhood partners would also be needed to achieve the level of scale that RNE was exploring.

By reframing RNE's purpose mid-project, we were able to align the scope of the project with the time and resources remaining. Critically, we also needed to clarify the role we could play in supporting the work of our grantees.

An emergent strategy

RNE was **an emergent strategy** both in design and implementation. It was addressing a complex social change issue. There were no clear paths to follow, and strategies needed to be forged along the way. We encouraged organizations to explore strategies by "going where the energy is" and by prototyping ideas, while acknowledging that there were no predictable outcomes.

Community partners appreciated this approach, though it became challenging to sustain due in part to staff turnover. In hindsight, a clearer framework that delineated one or two priorities for each community organization would have helped to ground the work and allowed for more time and resources to develop expertise, relationships, and rigour around implementation. As a Foundation, we could have delved more deeply into specific strategies to support the promising pieces of pre-existing work, helped build stronger work plans, and provided more technical assistance.

While building sustainable economic opportunities for low-income people in Toronto is inherently complex, our Inclusive Local Economies program strategies are much clearer than when we began the RNE pilot in 2012. We know moving forward that our philanthropy will build on the learning, partnerships, and strategies seeded through RNE.

Not a linear process

Learning, experimenting, and finding traction among partners and ideas does **not** occur in **a linear process**. Energy and ideas ebb and flow. There was a significant lag time for many ideas to get off the ground or for local efforts to be nested into broader city strategies. Traditional funding approaches (a set amount of funds committed per year for multiple years) create an assumption that organizations must achieve a set of deliverables each year instead of being able to wait until there are opportunities for momentum or alignment with external factors such as policy windows or partnerships. Flexibility in funding would have allowed organizations to learn from other similar non-Metcalf funded initiatives taking place in other communities.

For many activities undertaken, more time was needed for each organization to develop meaningful partnerships, deepen expertise in key areas, align with external opportunities, and mobilize residents. A project design that allowed for bursts of activity, and more quiet periods, would have enabled resources to be deployed according to need and would have permitted partners to "wait and see" regarding key pieces of their work. Organizations need time to be able to identify solutions that are flexible, responsive, imaginative, and inclusive.

RNE was an incredibly valuable investment that accelerated the strategy and learning of the Foundation's Inclusive Local Economies program. RNE has left behind several legacies. Here are the most striking:

- Building on their partnerships, strategies, and organizational competencies, both community agencies developed place-based strategies that received provincial funding

to design and evaluate local poverty reduction strategies. East Scarborough Storefront's strategy is focused on developing a community wealth strategy that includes working with local institutions and upcoming infrastructure development projects to build a neighbourhood workforce development strategy. Thorncliffe Neighbourhood Office is focused on building a centre of excellence for newcomer immigrant women's micro-entrepreneurship.

- Over 30 entrepreneurs were supported through RNE, with three businesses selling their goods in multiple mainstream retailers.
- Over 60 local residents were hired by local employers.
- Metcalf is continuing to deepen its learning from grantees by nurturing a learning community through convenings and strengthening the connections between Metcalf Innovation Fellows and grantees.
- Documenting and sharing lessons learned by both the Foundation and its grantees has become a more explicit focus of Metcalf's work, including documenting the history of the Thorncliffe Park Women's Committee.[12]
- Opportunities to support grantees' capacity building and leadership development are being explored.

RNE also enabled Metcalf's Inclusive Local Economies Program to better assess the strategies that are proposed in the grant applications it receives and the likelihood for success regarding implementation and impact.

The level of strategic learning generated by RNE was a collaborative endeavour. Every staff member of each organization played an invaluable role. The RNE program evaluator, Lisa Watson from Strategies for Social Impact, created a safe and stimulating learning environment and worked with each partner to garner all of the insights that were emerging. This included helping Metcalf understand what it was learning and how to apply these insights across the Inclusive Local Economies program portfolio.

As foundations, policy makers, and social change agents become more engaged in the complex work of building vibrant local economies, Metcalf hopes the many lessons learned from the Resilient Neighbourhood Economies pilot project, including our openness to rethinking our strategy and design, and the value of adopting evaluation to enhance strategic learning and inform leadership, will resonate with others and continue to enhance efforts to build inclusive local economies.

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[12] *The Power of Civic Action: How the Thorncliffe Park Women's Committee revitalized their park and created an engine of grassroots economic activity* http://metcalffoundation.com/stories/publications/the-power-of-civic-action/

PART VII

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Resilient Neighbourhood Economies:

A Foundation's strategic learning from a three-year investment in local economies