



**Evaluation Framework for Federal
Investment in the Social Economy:
A Discussion Paper**

by

Eric Leviten-Reid and Sherri Torjman

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Table of Contents

Introduction	1
Horizontality	1
The Social Economy Pilot Initiatives	2
The Social Economy: A broad and dynamic concept	2
The Social Economy: Some key features	5
Evaluating the Social Economy Pilot Initiatives: Challenges, overall approach and guiding principles	6
Challenges	6
Overall approach: Learning-oriented evaluation	8
Guiding principles	9
Logic Model	10
Social Objectives: Compass points for a conceptual map	11
Inputs	14
Financial resources	14
Knowledge/research	15
Opportunities for learning	15
Enabling policies	16
Partnerships and infrastructure	17
Results	17
1. Economic and social benefits for households	18
Economic Results (illustrative)	18
Employability	18
Employment	18
Enterprise development	19
Finances	19
Social Results (illustrative)	19
2. Enterprise development and organizational capacity building	19
Social Economy Enterprise Development	20
Human Resources (illustrative)	20
Recruitment and retention	20
Technical Capacity (illustrative)	20
Organizational management	20
Community organizing and development	20

3. Community and systemic changes	20
Community organization and structures	21
Human and financial resources	21
Supportive context	21
4. Sector development	21
Sector planning and development	22
Peer learning and applied dissemination	22
Relations with government	22
Data Collection	22
Narrative reports	24
Quantitative reports	24
Case studies	25
Reflection sessions	25
Focus groups and key informant interviews	26
Learning and Accountability	26
Endnote	27
References	27

Introduction

The purpose of this paper is to support Social Development Canada and its government and community partners in developing a horizontal Results Based Accountability Framework for the Social Economy Pilot Initiatives announced in the 2004 federal Budget.

This evaluation framework describes the nature of the social economy, identifies the challenges associated with assessing its activities and proposes a learning-oriented approach to its assessment. The paper also presents a logic model for conceptualizing the work of the social economy, including its broad societal objectives, the major inputs or investments required to sustain this activity, and results at the household, organizational, community and sector levels.

This document represents an overall framework for thinking about federal investment in the social economy. Additional work is needed to address the range of design and implementation issues. In order to operationalize this framework, input will be required from evaluators knowledgeable about the social economy.

Horizontality

The Social Economy Pilot Initiatives¹ are considered to be a horizontal file involving several partners working together across organizational boundaries to achieve common goals. The Parliamentary Secretary to the Minister of Social Development with a special emphasis on the Social Economy is leading the broader federal effort to support the social economy in Canada.

Current federal partners in this initiative are Social Development Canada, Industry Canada, Western Economic Diversification, the Federal Economic Development Initiative in Northern Ontario, Atlantic Canada Opportunities Agency, Canada Economic Development for Quebec Regions, and the Social Sciences and Humanities Research Council. A wide range of non-governmental organizations engaged in community economic development and social economy activities are also partnering in this initiative. Other departments and levels of government may join this effort as it evolves.

One of the major challenges of horizontal initiatives is to create a shared understanding among participants about the goals they are pursuing and how the progress of their efforts will be assessed. The intent of this framework is to help develop common thinking among key partners in the Social Economy Pilot Initiatives regarding the overall evaluation methodology and its various dimensions. The document pays special attention to community perspectives on evaluation design.

The Social Economy Pilot Initiatives

The Social Economy Pilot Initiatives emerged from a process of discussion and collaboration among members of the sector and the federal government. Both *Le Chantier de l'économie sociale* and the Canadian Community Economic Development Network have worked over a number of years to identify policy concerns. Through papers submitted to the federal government and other representations, they helped bring about the current initiative [CCEDNet 2003 a; b; c]. Discussions continue between the sector and the federal government around the design and magnitude of the required supports, especially regarding the need for equity capital and supportive infrastructure.

The federal government has described the current Social Economy Pilot Initiatives as unfolding in three stages. An initial set of programs will address the priority concerns and help the federal government deepen its understanding of the sector's needs and potential. The 2004 Budget announced three measures in this regard: \$17 million over two years for capacity building, \$100 million over five years for financing social economy enterprises and \$15 million over five years for community-university research related to the social economy.

A medium-term initiative will consider ways to embed support for the social economy in relevant policies and programs across the federal government. More specifically, the 2004 Budget announced a review of federal programs that assist small and medium-sized business to ensure that these programs are accessible to social economy enterprises. A similar review of other policies and programs may be pursued in future.

Finally, Social Development Canada is responsible for creating a long-term policy framework for promoting the ongoing vitality and expansion of the sector. A Social Economy Roundtable consisting of representatives from the sector has been established to provide input to the government around the unfolding of this initiative.

The approach taken by the federal government recognizes the complex nature of the social economy and the need for ongoing collaboration to formulate an appropriate set of supportive policies and programs. This collaborative process is, in itself, a vital component of the initiative. The Social Economy Roundtable provides a forum through which partners can align their understanding of the social economy and link their respective contributions.

The Social Economy: A broad and dynamic concept

The idea of the social economy is not new. It has a rich heritage dating back to the early 19th century. 'Social economy' is a dynamic concept that has been defined differently in various historical and social contexts. Its meaning continues to evolve in response to changing conditions.

Fundamentally, the social economy represents an integrated approach to economic and social concerns. Social economy initiatives mobilize market resources, such as revenues from the sale of goods and services, and non-market resources such as public investment, charitable donations and volunteer labour [Lévesque and Mendell 2004: 4]. They weave these together in ways that simultaneously promote economic capacity and social inclusion.

Social economy initiatives are involved in economic activity, such as accessing capital, human capital development, formation of social enterprises, job retention/creation and the production of goods and services. However, these initiatives also address social concerns such as affordable housing and food security, health and safety, culture and recreation, education and social supports [Lewis 2004]. The major challenge is to link these elements in mutually supportive ways to enhance the economic and social well-being of citizens.

In Canada, the term social economy is more commonly used in Quebec than elsewhere. *Le Chantier de l'économie sociale* has described the social economy as:

.... the set of activities and organizations stemming from collective entrepreneurship, organized around the following principles: 1. the purpose of the social economy enterprise is to serve its members or the community rather than simply to make profits; 2. it operates at arm's length from the state; 3. it promotes a democratic management process involving all users and 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 [*Chantier de l'économie sociale* 2004: 5].

In the rest of Canada, the work of the social economy is most closely associated with the field of community economic development (CED). CED is a unique form of practice that links economic and social development to improve a community's quality of life. It includes a broad range of organizations and activities that support the economic and social development of marginalized individuals and communities. The Canadian Community Economic Development Network has described CED as:

.... 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 [CCEDNet 2005].

Recent literature and practice suggest that there is growing mutual understanding and even convergence between these two approaches. The 'old' social economy tended to emphasize the role of democratically controlled enterprises such as co-operatives, mutual societies and credit unions.

The ‘new’ social economy encompasses a wider set of organizational forms, including various types of community development organizations through which citizens tackle economic and social challenges [Ninacs 2002].

Similarly, while community economic development often involves a territorial or place-based perspective, it also recognizes communities of interest or identity (e.g., persons with disabilities, youth and visible minorities). CED typically includes strategies to assist these groups [Lewis 2004: 8].

The federal government’s approach to the social economy acknowledges the relevance of both place-based community development and social economy enterprises. Social economy enterprises are understood as ventures that are run like businesses, producing goods and services for the market, but which manage their operations and redirect their surpluses in pursuit of social and environmental goals. These enterprises often emerge from community economic development strategies that involve citizens, governments, the voluntary sector, business, learning institutions and others working together [Atlantic Canada Opportunities Agency 2005: 4; FEDNOR 2005].

The financing initiative announced in the 2004 Budget focuses explicitly upon the support of such enterprises. The capacity building initiative, by contrast, has been defined more broadly to include the overall process of place-based development. This broader process creates a supportive context for social economy enterprises – a specific and powerful tool through which communities can exert control over their economic and social affairs. In Quebec, long-standing federal and provincial investment in various forms of community development infrastructure has proven effective at supporting the growth of the social economy.

Both CED and the social economy tend to identify themselves with the ‘third sector,’ a sphere of activity distinct from either government or the market, and incorporating traits from each. Both approaches employ democratic and participatory modes of decision-making that help citizens shape their own affairs. In addition, CED and the social economy create opportunities for collective ownership of economic resources and the use of economic means to achieve social goals. While the ‘third sector’ sometimes includes all organizations outside of government or conventional business, it is used here to refer to the blend of citizen participation, social purpose and economic methods unique to the social economy.

In this respect, CED and the social economy are important complements to the public and private sectors. They help create a ‘pluralist economy’ that expands the avenues through which citizens, including those who are marginalized, can participate in tackling economic and social challenges [Neamtan 2002: 6].

Ultimately, the social economy can be understood as an ensemble of activities and strategies through which citizens work together to craft economic and social arrangements that serve the common good. This broad conceptualization is consistent with the notion of the social economy adopted by the federal government:

A community-based, entrepreneurial, not for profit sector, based on democratic values, that seeks to enhance the social, economic and environmental conditions of communities, often with a focus on their disadvantaged members [Social Development Canada 2004].

This discussion points to the complexity of the sector's work and the need for ongoing exploration of its various dimensions, their links and the required supports.

The Social Economy: Some key features

This evaluation framework was developed within the context of the following key features of the social economy:

Responsive to specific communities – Social economy initiatives take their mark from the unique circumstances, needs and opportunities of the communities they serve. Individual efforts must always be tailored to local realities.

Local leadership – Critical to the success of these initiatives is the leadership role of community members. The tacit knowledge of citizens is vital for determining what is done and how it is done: “Local people know where the ice is thin” [Torjman and Leviten-Reid 2003: 5].

Participatory and inclusive – Participation and inclusion are both means and ends for social economy initiatives. They seek to create opportunities for a wide spectrum of community members, including those who are typically marginalized, to participate in the effort. Community members must be able to shape and re-shape these initiatives as they evolve.

Social capital – Social economy initiatives both draw upon and seek to strengthen the social capital of communities. Social capital refers to networks, norms and trust that enable people to work together to solve problems and achieve shared goals [Putnam 2000]. Communities with strong social capital are able to combine expertise and resources to generate effective responses to local challenges.

Economic capital – Social economy initiatives build the economic capacity of communities. For example, they help increase the financial resources under their collective ownership, control of land and other physical assets that are the building blocks for economic development. These initiatives improve access to technology and technical expertise, and develop the specialized institutions to support such work – e.g., community financial institutions and land trusts.

Capacity building – Social economy initiatives are not simply remedial interventions intended to reduce or compensate for identified problems. Rather, the purpose of these efforts is to build local decision-making capacity and resilience [Colussi, Lewis and Rowcliffe 2000]. They are

also concerned with the technical skills, knowledge and organizational capacity required to tackle economic and social issues on an ongoing basis.

Holistic – Local challenges are often treated as compartmentalized rather than interwoven issues. Social economy initiatives seek the links among diverse problems and integrated strategies for addressing them. This work may be carried out by individual organizations that undertake a range of initiatives or through the coordinated effort of several organizations.

Community learning – Social economy initiatives are developmental processes. It takes time and experience to build the required capacities. Complex challenges did not arise overnight and typically can be effectively addressed only over a period of years. Ongoing opportunities are needed to enable participants to reflect on their efforts and other approaches.

Evaluating the Social Economy Pilot Initiatives: Challenges, overall approach and guiding principles

Challenges

There are several distinct challenges involved in evaluating work in the social economy. These include:

Initiatives are diverse and evolving: Each social economy initiative is different, shaped by unique local circumstances. Moreover, these initiatives are intended explicitly to evolve and change as participants learn from their experiences. The evaluation process must therefore be flexible enough to recognize the diversity of local experience and the evolutionary nature of social economy efforts.

In addition, the policy environments in which these initiatives operate vary across the country. In some jurisdictions, such as Quebec, there has been substantial investment in community infrastructure over a period of years, while in others the policy supports have been more limited. Diverse starting points must be taken into account when assessing the progress of current social economy efforts.

Different types of results are pursued simultaneously: Social economy initiatives frequently pursue results simultaneously at various levels of activity – benefits to individuals and households, organizational and enterprise capacity, and broader community and systemic changes. Work in these areas tends to progress at different paces and to compete with one another for attention and resources. The evaluation process must acknowledge the importance of each dimension and show how they support each other in the pursuit of enhanced economic and social well-being.

Attention to outcomes must be balanced with attention to process: Social economy initiatives enable citizens to participate more fully in shaping their own affairs. Evaluation processes must document this type of change as well as more conventional results (e.g., jobs created; individuals trained). An effective development system involving community organizing and planning, human capital development and business financing is needed to generate substantial results in the long run.

Goals are often long term in nature but near-term signs of progress are required: There can be a mismatch between the time frame for funding social economy initiatives and the long-term nature of the goals being pursued. Interim results that indicate progress toward long-term objectives are required to appropriately reflect the nature of the work.

Different types or levels of results are to be expected depending on whether initiatives are new and emerging or mature and expanding, and whether the policy supports and other infrastructure are in place: Anticipated outcomes must be adjusted to the different starting points for various communities and organizations, and the projects they decide to pursue.

Both quantitative and qualitative data are required to capture the multiple facets of these initiatives and to satisfy the information needs of various stakeholders: Different kinds of data are needed to reflect work undertaken in the social economy. Some elements of these initiatives lend themselves to quantification – e.g., number of jobs created, retained or accessed; number of new, expanded or modernized social enterprises; improved incomes; and number of households that have gained access to affordable housing.

Other results can be captured only by recording observations and perceptions – e.g., enhanced sense of belonging or improved community relationships. Perceptual indicators can be critical in assessing the basic capacity of communities [Colussi, Lewis and Rowcliffe 2000]. The overall significance of an initiative often is conveyed only by telling its story: putting its work in a social and historical context and showing how its various dimensions relate to one another and the scale of results achieved.

The demand on time, energy and resources can be overwhelming: The resources required for multifaceted, community-based initiatives are always stretched to the limit. While capturing their multiple dimensions, the evaluation process must also be streamlined. It must help participants make sense of their work without demanding more time, energy and resources than they realistically can provide.

Key outcomes, such as community capacity-building, lack commonly accepted measures and do not readily lend themselves to quantification: While further work is needed, significant progress has been made. In the area of community resilience, for example, valuable work has been undertaken in Canada and applied both domestically and internationally [Colussi, Lewis and Rowcliffe 2000].

Due to the holistic nature of social economy initiatives, a wide range of results may be appropriate for different initiatives: Program and evaluation design must be clear about the type and range of desired results. It may be necessary to specify that priority is being given to a limited, focused set of outcomes or, alternatively, to illustrate the menu of acceptable results that different efforts may achieve.

Some initiatives are likely to require technical assistance to enable them to effectively design and conduct evaluation: Many community organizations have only limited understanding and capacity for evaluation, and may need external support to undertake this work.

Practitioners may feel alienated from evaluation processes that prioritize funders' need for accountability over practitioners' desire for learning and improvement or that judge success of an initiative only at its conclusion: Evaluation processes should support both accountability and learning. In addition to helping funders determine whether their investment was effective, these processes should enable projects to improve their work on an ongoing basis. Participatory approaches to evaluation have the added value of deepening the engagement of citizens and strengthening their understanding and capacity.

Overall approach: Learning-oriented evaluation

A learning-oriented approach to evaluation is vital to the success of social economy initiatives. It suits the developmental nature of the field which seeks to build the capacity of individuals, organizations and communities to achieve economic and social goals. This approach is also consistent with the federal effort to understand the impact of its support for the social economy. Continuous learning allows the federal government to adjust policies, programs and procedures as required.

Evaluation generally is undertaken to determine whether certain interventions worked or not – whether they were effective or ineffective with respect to their intended results. While this information is significant, it may not be the most important. It is certainly not sufficient.

The central question is not so much what works, but rather what was learned from a given effort. What appears to have been a successful intervention? What factors contributed to its success? Why did certain interventions not work effectively? What could have been done differently to ensure a more positive result? Approached in this way, evaluation contributes to improved accountability and to strengthening practice in the field.

The new thinking on assessing complex initiatives moves beyond a simplistic retrospective. Learning-oriented evaluation shifts the focus from one of judgment to continual improvement. It

views the world not in after-the-fact black or white but in varying shades of gray. It assumes that mistakes may be made because the course being pursued is virtually uncharted. At any point diversion from the original work plan may be required and should not be seen as a failure. In fact, no change in direction may be a sign of risk aversion or minimal self-critique [Torjman 2003: 16-17].

The problem is that funders generally employ a straight-line path of project development, leaving too little room for the side trips and circling back typical of a learning process. New evaluation models are beginning to emerge precisely to support the work of multidimensional, partnership-based strategies that tackle complex community issues. Theory of change evaluation, for example, concentrates on identifying practitioners' understanding of their work so that these ideas can be examined and refined as the initiative unfolds [Fulbright-Anderson, Kubisch and Connell 1998].

Developmental evaluation is another mode of assessment. It is particularly well suited to initiatives in the early stages of innovation that require exploration and experimentation. In this model, evaluators are part of a team whose members collaborate to conceptualize, design and test new approaches in a long-term process of continual improvement, adaptation and intentional change. Practitioners in such processes expect to innovate constantly in response to a complex and dynamic environment, and they want an evaluation framework that recognizes this innovation and change [Patton 1994: 313].

Learning-oriented evaluation is appropriate for the aims of social economy initiatives. By tracking progress in meeting goals, it addresses the need for accountability. By enabling peer learning and continuous reflection on the challenges and associated response strategies, it allows for ongoing adjustments.

It should also be noted that a substantial body of knowledge already exists. Research undertaken through the Social Sciences and Humanities Research Council and the proposed learning-oriented evaluation should be linked so that lessons from previous experience can feed into current initiatives, even while new insights are being documented.

Guiding principles

Given the nature of the social economy and the goals of the Social Economy Pilot Initiatives, several principles can be identified for the proposed evaluation design:

1. *Dual Purpose*: Evaluation should serve two basic purposes – accountability and learning.
2. *Collaboration*: To the extent possible, evaluation should be undertaken as a collaborative effort between funders and practitioners.

3. *Results-based approach*: The design of local projects and their evaluation frameworks should be results-based. Funders and recipients should agree on the basic design of the effort and the desired results. Practitioners should then be able to implement the initiative in ways deemed appropriate for accomplishing the established targets. This approach can help prevent evaluation from becoming an exercise in micromanagement.
4. *Long-term orientation*: Where the intended results require a long-term time frame, interim milestones should be used to track progress and make mid-course corrections. Long-term funding should be tied to annual progress reviews.
5. *Flexible and evolutionary design*: Evaluation frameworks should acknowledge the developmental nature of social economy initiatives. These frameworks should be subject to revision based on changing conditions and key lessons.
6. *Multiple dimensions*: Social economy initiatives should be assessed according to a variety of dimensions and should take into account the following qualitative and quantitative factors:
 - *Social and economic results* (including environmental results where possible and appropriate)
 - *Process* (how the work is undertaken, including the values it embodies and the relationships it fosters) and *outcomes* (what is achieved)
 - *Systemic or institutional change* (changes in underlying conditions or arrangements – policies, attitudes or organizational structures – that build community capacity, remove barriers and/or generate opportunities for marginalized communities and their members) and specific *benefits for individuals/households*. Government policies and procedures are important factors that need to be addressed throughout the learning and evaluation process. These factors include, for example, efforts to address fragmented approaches.
7. *Cultural and social sensitivity*: Evaluation processes must be sensitive to cultural and social diversity.

Logic Model

A logic model sets out the overall purpose of an initiative and shows the chain of results moving from inputs and activities to ultimate outcomes [Treasury Board Secretariat: 2001]. The logic model proposed in this paper has been developed in respect of the overall federal initiatives – though it could apply equally well to any individual social economy project.

The long-term goals of the federal effort can be conceptualized as a set of broad, interrelated societal objectives. The overall vision is to strengthen the social economy so that it contributes fully to the resilience and well being of communities. Within this overall vision, there are specific objec-

tives that enable its attainment: greater social inclusion, enhanced self-sufficiency, greater equity of outcome, improved human health and wealth generation through social ownership.

Key inputs such as financial resources, knowledge and research, technical assistance and enabling policies provide the foundation for activities in such areas as community organizing and planning, human capital development and social enterprise development. These activities lead, in turn, to economic and social results at the level of households, organizations, communities and the social economy sector. The components of the proposed logic model are discussed below.

Societal objectives: Compass points for a conceptual map

The fact that the social economy acts as an umbrella for a wide range of work is both a strength and weakness. On the one hand, it makes for a rich and robust field that puts into practice the concept of innovation [Torjman and Leviten-Reid 2003]. At the same time, the scope of work represented by the social economy sometimes creates difficulties in understanding its prime focus or in presenting in simple terms the nature of its work.

It may be easier to capture the essence of the social economy if it were understood not as a set of individual disparate efforts but rather as a cluster of activity rooted within a broader foundation. This evaluation framework adds a theoretical dimension to the work by embedding social economy activities into a larger conceptual map.

The purpose of this map is to identify the overall objectives within which to understand the actual and potential links among its many dimensions. It is not anticipated that each individual social economy project will pursue all of the possible societal objectives. Different projects will address at least one of these major goals.

The conceptual map employed for this evaluation framework builds on work carried out for the Prime Minister's Advisory Council on Science and Technology (PMACST) [Torjman and Minns 2005]. The purpose of that framework was to identify key indicators for assessing government investment in research and technology. Despite its specific origins and focus, the PMACST framework is actually a generic conceptualization that can be applied to a range of fields. It builds on selected economic and social objectives that have been formulated by the Organisation for Economic Co-operation and Development (OECD).

The OECD publication *Society at a Glance: OECD Social Indicators* identifies four broad categories of societal objectives: enhancing social cohesion, fostering self-sufficiency, promoting equity by overcoming social or labour market disadvantages and improving the health status of populations. Based on discussions with representatives of the sector, one additional societal objective was added to capture the distinctive economic contribution of the social economy: wealth generation through social ownership.

As noted, this categorization is not intended to imply that all social economy projects embody these broader societal objectives. Rather, any given project will seek to achieve (at least) one of these objectives. When the government looks at its spectrum or portfolio of investments, it should be able to identify some activity in each of these areas.

Social economy activity that seeks to enhance social inclusion involves, for example, planning and decision-making processes that enable marginalized individuals and communities to directly influence their own affairs. It also includes collective ownership and governance of economic resources through participation in social economy enterprises.

Enhanced self-sufficiency is the second key societal objective. Improved knowledge and skills are key to this objective because of the proven links between higher levels of education and higher income. Consistent positive correlations have been found between educational attainment and occupational achievement, measured in both job position and associated income.

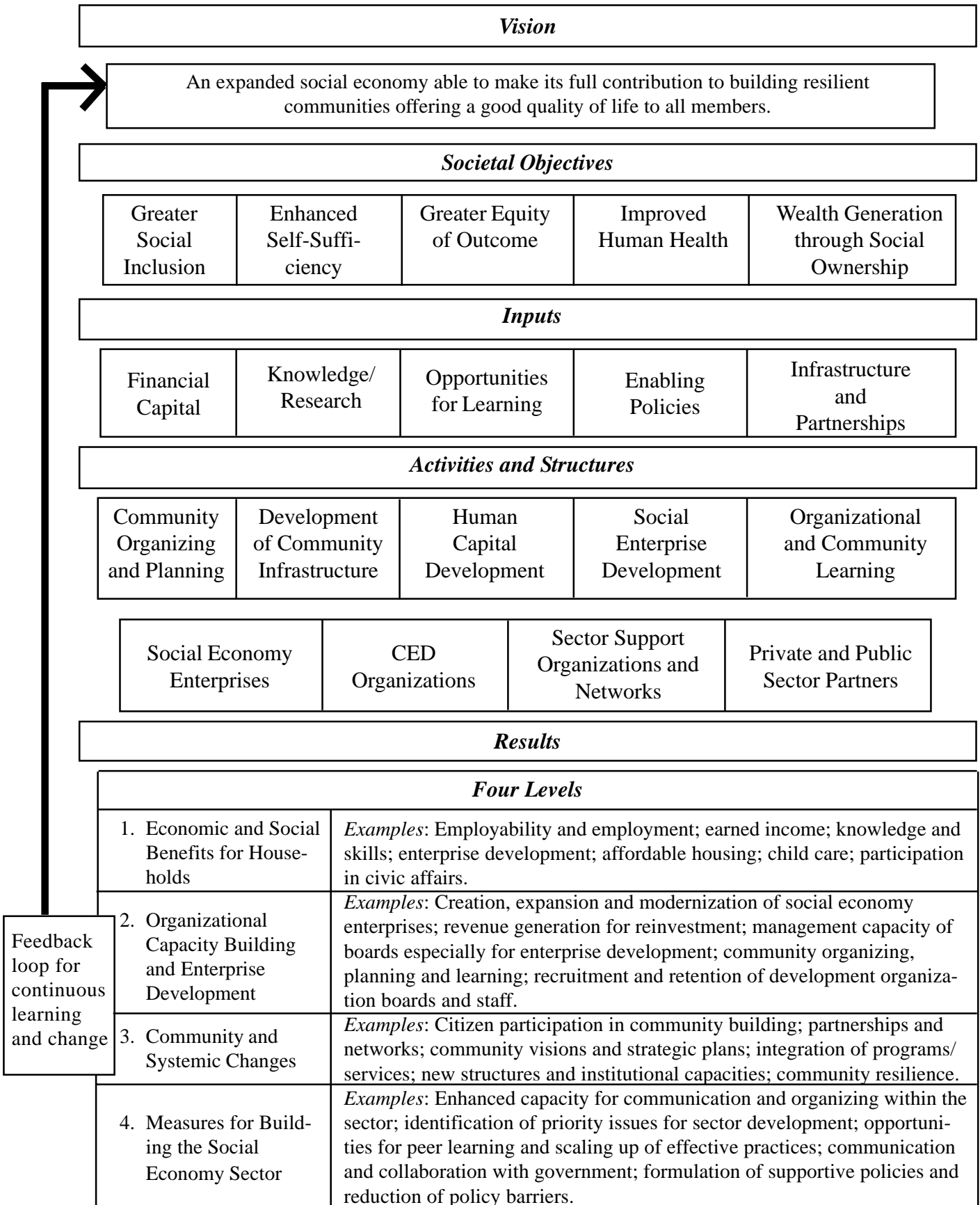
Social economy activity focused on knowledge and skills development includes enhancing capacity in literacy and numeracy, customized training to help marginalized workers gain access to jobs in high demand and creating community networks that support learning throughout the life cycle.

But there is another crucial dimension of self-sufficiency with which the social economy is concerned: the vital role of assets in promoting economic and social well-being [Sherraden and Gilbert 1991; SEDI website]. Social economy activity that improves self-sufficiency includes the creation of individual development accounts and the collective ownership of economic resources by marginalized groups (e.g., new Canadians, persons with disabilities and women) or communities (e.g., small towns whose resource base has been depleted).

The third objective, *greater equity of outcome*, is concerned with relative poverty, low-paid employment and income inequality arising from the gender wage gap. The latter refers to the fact that women earn less, on average, than men in similar employment positions. Social economy activity that would improve equity of outcome includes helping women gain access to non-traditional work, such as the construction trades, and financial asset building to redress inequities of income and wealth. Other social economy activity that enhances equity of outcome involves the development of social enterprises that pay decent wages and job accommodation for people facing barriers to employment.

Improved human health is the fourth major societal objective. It refers not to the formal health care system but to a wider set of interventions. While social economy enterprises are involved in home care and other health-related services, they also contribute to health by ensuring access to basics such as decent affordable housing and food. Social economy activity in this area also includes environmental initiatives – e.g., recovery of polluted land and waterways, recycling and renewable energy projects.

Social Economy Logic Model



Finally, by fostering *wealth generation through social ownership*, the social economy strengthens the contribution that organizations outside of government can make to economic life. Civil society brings a distinct set of interests and capacities to economic matters. By engaging citizens, social economy initiatives are particularly effective at ensuring that goods and services are responsive to their needs.

Moreover, by mobilizing a diverse array of market and non-market resources, social economy initiatives can undertake activities that might not be financially viable for conventional business, or within the ability of government to deliver in an efficient and sustainable way. Such initiatives also add value – e.g., recycling services that simultaneously integrate the unemployed into the work force and result in local economic spin-offs that a multinational corporation providing the same service may not.

Social economy enterprises provide important alternatives for consumers and workers. These alternatives include funeral co-ops that offer affordable services and home care co-ops that pay decent wages and challenge others to do the same. The social economy is a site of innovation. It tends to tackle unmet needs and opportunities, and brings together diverse players and resources in the search for solutions – two hallmarks of innovation.

The specific projects and efforts within the social economy represent a unique methodology whose purpose is to realize significant societal goals. The attainment of any of these goals requires various resources or ‘inputs,’ described below.

Inputs

Diverse resources required to support the social economy include: financial capital, knowledge/research, opportunities for learning, enabling policies, and infrastructure and partnerships.

Financial capital

Social economy organizations are often constrained by inadequate funding. One mature organization estimated that it could absorb \$1 million per year for four years to pursue specific initiatives it has already identified [CCEDNet 2002: 16]. Although few CED organizations could make effective use of funds of this scale, many operate below their capacity due to difficulties in securing adequate financial capital.

In order to sustain their operations, social economy organizations must obtain funding from a number of sources: governments, private and community foundations, social venture capitalists,

mainstream financial institutions, corporate philanthropies and private citizens [Torjman and Leviten-Reid 2003: 33]. Based on consultations with its members, the Canadian Community Economic Development Network has identified two major funding needs: access to equity capital and systemic investment in organizational and community capacity building [CCEDNet 2002].

Government has an important role to play in financing the social economy. It can provide seed capital that allows organizations to leverage funds from other sources, such as the private sector. It can also invest in initiatives that build individual, organizational and community capacity.

As noted, the federal government announced in the 2004 Budget a total of \$100 million over five years for the capital needs of the sector. While these funds are welcome, they are understood by the sector as only an initial investment.

Knowledge/research

Various types of research must be supported to promote the growth and development of the social economy. In some cases, government can undertake this research and make the results widely available. In other cases, the role of government is to support others, including community practitioners, to carry out the research and dissemination.

Research on economic and social conditions in communities is needed to facilitate local planning and action. Data collection undertaken by government, including Statistics Canada, is essential. The availability of data for rural areas and the accessibility of local data more generally are especially important. Community-based research and information systems would help support local planning and development processes.

There is a need as well for research to identify exemplary practices both within and outside Canada. The documentation and sharing of good practice are essential to scale up the work of the sector. Policy research conducted by government and by non-governmental researchers, including the sector itself, is also required.

The Social Economy Pilot Initiatives recognize the importance of the ongoing development of knowledge in the field. The 2004 Budget allocated \$15 million over five years for this purpose. The challenge as the work evolves will be to make the links between research and practice.

Opportunities for learning

Because the work of the social economy is complex and demanding, there is a need for opportunities for continuous learning. Communities that are trying to tackle complex economic,

social and environmental problems often require technical assistance – i.e., guidance around generic or specific skills [Torjman 2003: 10]. The 2004 federal Budget allocated \$17 million over two years in respect of capacity building for the sector.

Generic skills include the areas of knowledge and expertise that all communities need regardless of focus. These skills pertain to the processes involved in local decision-making, engaging partners from diverse sectors, including marginalized groups, developing strategic plans, raising funds, creating learning networks, and devising evaluation plans and monitoring systems. Specific skills relate to substantive concerns, such as affordable housing, creating a business, financing a community loan fund and organizing a home care co-operative.

Members of the social economy sector make two other categorizations of technical assistance. The Community Economic Development Technical Assistance Program (CEDTAP) distinguishes between the types of assistance required for emerging initiatives and for mature initiatives. The Canadian Community Economic Development Network (CCEDNet) points to the technical assistance geared to individual projects and that focused on building the institutional infrastructure that supports such projects.

While access to technical assistance is valuable, opportunities for sharing insights and experiences with peers is equally important. Practitioners throughout the country have a wealth of knowledge. Challenges in one setting are frequently encountered in other settings; effective practices are often applicable, in modified form, to a range of contexts. A strong community of practice will help support the development of the field.

Enabling policies

While many community initiatives have persevered in the face of policy obstacles, their work is significantly enhanced by a supportive policy context. The policy dimensions of community development are often overlooked even though they have a profound impact upon the ability of communities to find effective solutions to complex problems. The sector itself must play a leadership role in identifying policies that support its work.

The federal government must create a supportive policy context. It can integrate the social economy within broader economic and social policy and within the activities of all departments. It can work with the sector to identify various barriers in policy and practice. The federal government can also practise horizontal management more effectively. It can align its policies, programs and procedures with those of other orders of government to support the development of the social economy.

In the spirit of mutual learning and accountability, government should join with the sector in reflecting on its own policies and procedures and make appropriate adjustments. The federal

government has taken some important steps in this regard. Industry Canada, its portfolio partners and the regional economic development agencies, for example, have reviewed their full suite of programs for small and medium-size businesses to ensure they are accessible to social economy enterprises. Social Development Canada is also leading a broader review of small and medium-size business programming across the federal government.

While the vast majority of programs are available to social economy enterprises, the review also identified that many such enterprises were not specifically targeted by program communications and therefore may not have been aware they could access the programs. The government has since undertaken a special consultation with social economy enterprises to identify measures to improve this awareness. The consultations also served to educate program administrators about the unique value of social economy enterprises and their contribution to economic development.

Partnerships and infrastructure

The horizontal nature of the Social Economy Pilot Initiatives effectively makes it a partnership among several federal departments and agencies by requiring the development of new relationships and shared frameworks.

Partnerships both within and beyond the sector are vital for enabling the work of the social economy. One of the strengths of social economy organizations is their ability to work with a range of partners to achieve desired outcomes. Through such collaboration, each partner leverages its own resources to accomplish what no single organization could achieve on its own.

Pan-Canadian and regional bodies that provide specialized support to the sector are critical for its effective operation and development. Such organizations facilitate communication and networking. They track key trends, enable sectoral planning and act on behalf of members to address collective concerns. They may also deliver essential services or supports such as research on sector-wide issues, technical assistance and policy dialogue with government.

Governments can support this core infrastructure of organizations by recognizing the significance of their role, investing in their development and engaging in dialogue as a way to work collaboratively with the sector.

Results

Within the overall framework, the various inputs taken together are expected to generate results at several levels. While a full range of possible results is presented, it is essential for any

given project – and for the federal effort as a whole – to select desired benefits. Any individual initiative will be working to achieve only a subset of the broad spectrum of results identified here.

This section discusses results in four areas:

- *Economic and social benefits* for households
- Enhanced *organizational capacity and enterprise development*
- *Systemic or institutional change* in underlying context (i.e., policies, attitudes or organizational structures) that build community capacity, remove barriers or generate opportunities for marginalized communities and their members.
- *Measures for building the social economy sector.*

1. Economic and social benefits for households

Economic and social benefits for households will vary from one initiative to another. Only a limited number of results from among this list of possible benefits will apply to any specific effort. Relevant targets are determined by individual project.

Economic Results

Employability

- Upgraded training and education – including life skills, literacy, English as a Second Language, advanced education, job skills, customized training
- Workplace orientation through work experience opportunities
- Reduction of physical and other barriers to employment.

Employment

- Jobs
- Improved quality of employment – e.g., preferred type of work, hours, working conditions, including accommodation for people facing barriers to employment
- Increased earned income and period of earned income
- Increased job satisfaction – e.g., overall employment experience, respect from co-workers and supervisors, tasks and responsibilities, opportunities for advancement
- Reduced reliance on social assistance, Employment Insurance or other income program.

Enterprise development

- Participation in development and direction of social economy enterprise
- Improved access to goods and services tailored to marginalized communities or groups
- Strengthened and retained local businesses, including social economy enterprises.

Finances

- Increased income through employment
- Capital asset acquisition – e.g., computer, car or home
- Reduced household living costs
- Lower household debt.

Social Results

- Improved personal and support networks
- Enhanced self-esteem and self-confidence
- Increased participation in civic affairs and community decision-making
- Reduced need for social services
- Available affordable housing
- Improved quality of housing – e.g., security, space, cleanliness and repair
- Enhanced food security
- Improved access to high quality, affordable child care
- Greater access to recreation activities
- Reduced out-migration.

2. Enterprise development and organizational capacity building

Social economy initiatives may pursue a variety of strategies to enhance their capacity. The overall effects from such efforts include:

- Increased rate of formation
- Improved success rate
- Improved leveraging of resources for expansion
- More economic assets within the social economy.

Human Resources (illustrative)

Recruitment and retention

- Enhanced recruitment of board members
- Improved staff retention
- Improved succession planning for social economy organizations
- Enhanced capacity to include marginalized groups in social economy organizations and enterprises – e.g., job accommodation for people facing barriers to employment.

Technical Capacity (illustrative)

Organizational management

- Improved capacity of volunteer boards to manage the business dimensions of social economy enterprises – e.g., opportunity identification, business planning, marketing and communication, finance, human resource development, partnership and innovation
- Enhanced ability for organizational learning
- Enhanced sectoral and technical knowledge
- Greater ability for research and development.

Community organizing and development

- Enhanced capacity to facilitate community learning
- Strengthened ability to facilitate community planning
- Improved capacity to convene and facilitate multistakeholder collaboration
- Improved ability to pursue public policy research and advocacy.

3. Community and systemic changes

Social economy initiatives may pursue strategies to effect broader community and systemic changes. Illustrative results include:

Community organization and structures

- Enhanced trust, information sharing and capacity for collaborative problem solving
- New or improved partnerships or networks
- Shared vision and plan of action within individual communities
- Enhanced integration of programs/services
- New structures that provide a missing institutional capacity – e.g., convener organization, community-based financial institution, community development corporation or training facility.

Human and financial resources

- Strengthened local leadership
- Enhanced supply of human resources
- Expanded citizen participation in community building activities
- New resources to support social and economic development, including financial resources for the creation of social economy enterprises
- Improved access to stable funding for effective organizational development
- Increased volunteer participation in social economy enterprises
- Increased investment by conventional financial institutions and other funders in social economy enterprises.

Supportive context

- Changes in public policy – i.e., removal of policy barriers or provision of appropriate supports
- Greater understanding of the social economy sector among the public, media, government, education institutions, private businesses and lenders
- Greater interest in developing social economy enterprises, especially among nonprofit organizations.

4. Sector development

A variety of initiatives may be pursued to strengthen the infrastructure of the sector.

Sector planning and development

- Enhanced capacity for communicating and organizing within the sector
- Research to support sector planning and development
- Identification of priority issues for sector development
- Strengthening of relations within the sector and with other stakeholders.

Peer learning and applied dissemination

- Documentation and sharing of promising practices
- Opportunities for peer learning
- Support for scaling up effective practices.

Relations with government

- Effective communication and collaboration with government
- Formulation of supportive policies and reduction of policy barriers
- Well-designed mechanisms and procedures for the delivery of government services and supports to the sector
- Coordination of policies across departments and orders of government
- Appropriate levels and targeting of government investment in the social economy.

Data Collection

Given the diverse nature of the social economy, the process of data collection for learning and evaluation purposes can be challenging. There are many possible dimensions and outcomes to track. Various stakeholders have their own preferences regarding the type and frequency of information they require – e.g., quantitative versus qualitative, ongoing for management purposes or periodically for overall assessment.

A variety of data collection methods and sources should be employed to capture the work of the social economy. At the same time, it is essential to streamline the level of research and reporting required of social economy organizations. Excessive accountability requirements can overwhelm organizations and divert limited resources from their primary purpose: to improve local economic and social conditions.

Social Economy Objectives, Results and Indicators

<i>Societal Objectives</i>	<i>Results (Illustrative)</i>	<i>Substantive Indicators (Illustrative)</i>		<i>Process Indicators (Illustrative)</i>	
		<i>Near Term</i>	<i>Longer Term</i>	<i>Near Term</i>	<i>Longer Term</i>
<i>Greater social inclusion</i>	<ul style="list-style-type: none"> • Increased participation in civic affairs and community decision-making 	<ul style="list-style-type: none"> • Number of marginalized residents who participate in community planning and/or share ownership of social economy enterprises 	<ul style="list-style-type: none"> • Increased participation rates • Reduced crime rates 		
<i>Enhanced self-sufficiency</i>	<ul style="list-style-type: none"> • Upgraded training and education (e.g., life skills, literacy, customized training) • Increased income through employment • Increased financial assets 	<ul style="list-style-type: none"> • Number of years of formal education • Improved literacy scores • More workplace training • Number of jobs created • Use of EI/social assistance 	<ul style="list-style-type: none"> • Increased educational/training attainment • Improved literacy/numeracy • Higher employment rates • Improved asset levels • Reduced use of income assistance programs 	<ul style="list-style-type: none"> • Project partnerships formed • Detailed project plans established 	<ul style="list-style-type: none"> • Social economy infrastructure established or strengthened locally, regionally and nationally
<i>Greater equity of outcome</i>	<ul style="list-style-type: none"> • Improved employment opportunities for people with limited incomes • Increased financial assets for people with limited assets 	<ul style="list-style-type: none"> • Increased savings • Improved wages for low-income participants • Reduced wage differentials • Improved access to affordable housing 	<ul style="list-style-type: none"> • Lower poverty rates • Reduced inequality ratios 	<ul style="list-style-type: none"> • Dollars leveraged • Capacity building supports provided • Strategies implemented • Lessons learned and policy implications identified 	<ul style="list-style-type: none"> • Effective social economy strategies disseminated and brought to scale • Appropriate changes made to public policy
<i>Improved human health</i>	<ul style="list-style-type: none"> • Access to basics such as housing and food • Enhanced environmental well-being 	<ul style="list-style-type: none"> • Numbers with access to good quality, affordable food • Increased use of public transit • Number who participate in local recycling programs 	<ul style="list-style-type: none"> • Reduced homelessness and number of households living in core housing need • Lower incidence of food insecurity • Decrease in environmental illnesses – e.g., respiratory ailments 		
<i>Wealth generation through social ownership</i>	<ul style="list-style-type: none"> • Strengthened role for civil society in economic and social affairs 	<ul style="list-style-type: none"> • Number of social economy enterprises and other structures through which civil society controls economic resources • Level of economic assets within social economy 	<ul style="list-style-type: none"> • Enhanced partnering among private, public and social economy sectors in pursuit of broad societal objectives 		

Five data collection methods are described here. In combination, they can provide both the breadth and depth of information needed to assess progress toward desired goals and identify required changes.

Narrative reports

One challenge facing the sector is to convey the significance of its work. Stories are a compelling way to capture the experience of complex initiatives and draw attention to their most significant elements. Effective storytelling, however, is an art. Social economy practitioners may require support in building their capacity to effectively communicate their work.

Some evaluators have begun to focus attention on the telling of ‘credible performance stories’ [Mayne 2003: 13]. These stories are not intended to prove absolutely the causal impact of the initiatives in question but to make a reasonable case, based on multiple lines of evidence, for their value. It has been suggested that the story line for such accounts is “how well has the program [initiative] performed in relation to what was expected and what will now be done differently to better ensure future performance” [Mayne 2003: 14].

Five elements for good performance stories have been proposed: the context (including the setting, the theory behind the initiative and the risks), anticipated outcomes and costs, results (including an analysis of cost effectiveness), lessons and next steps, and measures to ensure the data presented is reliable and of high quality [Mayne 2003: 14].

These elements serve multiple purposes: summarizing the data relevant to the initiative, supporting reflection and learning, uncovering the factors that contributed to the initiative’s effectiveness and limitations, sharing practices and insights, and bringing the social economy to life for those, including policy-makers, who are unfamiliar with the sector. In fact, each social economy project receiving support from the federal government should be required to prepare a brief story describing its aims, results, challenges, lessons and adjustments.

Quantitative reports

Basic numerical data should be collected for each initiative to provide an understanding of the scale and scope of the work. Again, it is essential to be cautious about the depth of the data being sought. Virtually all initiatives are able to track the immediate effects of their work. However, documenting the extended effects, especially over time, typically requires more intensive research.

Basic organizational record keeping can help document immediate results – e.g., number of individuals receiving services such as training or child care, or the number being assisted in respect of specific objectives, such as employment or affordable housing. However, deeper impact, such as the change in a household’s income over time or changes in a community’s resilience or quality of life, require more specialized research activities.

Surveys and interviews can also be conducted to identify the benefits experienced by participants in various projects. These methods can be used to determine the broader impact of social economy initiatives, such as improved collaboration among community members.

But some types of information are inherently difficult to collect and pose special problems in terms of confidentiality. Income changes, for example, are notoriously hard to track due to concerns about sharing this personal information with researchers. There also are technical challenges involved in measuring income changes, particularly when income derives from several different sources.

Case studies

Case studies can be carried out on a selective basis to examine projects of particular interest due to the scope and complexity of their activities, innovative nature or potential for broader application. Case studies can be used for comparative analysis, for example, of the successes and challenges of different policy environments or infrastructure supports. The findings should be published and made widely available.

Reflection sessions

In addition to these more intensive studies of specific projects and topics, opportunities should be created for stakeholders in all initiatives to reflect on their work and document key lessons. Reflection sessions are structured processes in which participants consider whether the ideas guiding their efforts are being borne out in practice. Typically, these sessions begin by reviewing the initiative’s goals and strategies. They then identify the progress of the work as well as the lessons learned and changes that can enhance future performance.

Reflection sessions are also valuable for identifying the strengths and limitations of these initiatives, and fostering innovative thinking that can lead to improved strategies. The sessions serve both to document the work of the initiatives and to build capacity. These meetings can be organized on a single project basis or with a cluster of projects engaged in similar purposes, such as employment development or affordable housing.

Focus groups and key informant interviews

Beyond individual initiatives, feedback is also required on the effectiveness of the federal support for strengthening the sector. There is a need for more research on various dimensions of the sector (e.g., size and composition; extent of human and financial resources), as well as its developmental requirements. Such research involves an assessment of the infrastructure available to support local initiatives, including financial resources, knowledge and research, opportunities for learning, enabling policies, and partnerships and sectoral supports. Key informant interviews, focus groups and case studies can all be used to explore the implications of different policy contexts on the ability of social economy initiatives to thrive and achieve significant economic and social impacts.

Learning and accountability

In order to ensure the validity and effectiveness of the evaluation design, a sectoral advisory committee could be established to provide expert input to the evaluation process throughout its implementation. Such a committee would help ensure that the process is appropriate to the sector, and that its methods are rigorous and practical. Throughout the initiative, technical challenges are likely to arise. The proposed committee could provide expert advice to address these concerns.

A sectoral advisory committee could also help ensure that evaluation activities are linked to peer learning and dissemination. These links are essential for realizing the full value of the evaluation process – not only its ability to assess progress but also to capture and share lessons that build the capacity of the sector.

The advisory committee could connect the evaluation activities to ongoing efforts to research, document and disseminate promising practices, and create opportunities for continual learning. In fact, throughout the evaluation process, there is a need for feedback loops that allow information and insights emerging from the evaluation to inform the work of the sector and the government's social economy policies.

A wide range of stakeholders, including practitioners, policy makers, funders and researchers, ideally should be engaged in the learning process. The collection of data and information is worth little unless the findings are shared in a consistent and meaningful way.

Endnote

1. Throughout this paper, the term ‘Social Economy Pilot Initiatives’ refers to a series of pilot programs announced in the 2004 federal Budget through which the federal government will learn more about the social economy in Canada. The measures are: \$17 million over two years for capacity building, \$100 million over five years for financing social economy enterprises and \$15 million over five years for community-university research related to the social economy.

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