

GOVERNMENT OF CANADA'S SOCIAL ECONOMY INITIATIVE

In its February 2004 Speech from the Throne, the Government of Canada identified the “social economy” as a new federal priority. Social Economy encompasses activities that are built on democratic values and are distinct from the public sector and the commercial economy. The social economy is ‘economic’ in that it involves the production of goods or services. It is also ‘social’ in that its guiding objective is to serve the needs of the community, including vulnerable members, and because of the values (democratic process, collective empowerment, etc) on which its governance and operations are based.

The social economy is sometimes referred to as part of the “third sector” and is related to the not-for-profit and voluntary sectors. Social economy organizations have some degree of organizational permanence and are not part of or controlled by government.

1. Why is the federal government interested in social economy enterprises?

In a world growing ever more complex and diverse, governments are increasingly turning to community-based processes and initiatives to address local problems with local solutions.

In recognition of the social economy sector’s growing contribution to Canadian communities, Budget 2004 increased support for the sector by confirming that it will become eligible for a wide range of options currently offered to small businesses. These options include access to programs and agencies that provide financing and contributions to small businesses.

Budget 2004 also provided new funding through pilot programs focused on strengthening existing support in areas that social economy and community economic development organizations have identified as their highest priorities, namely, capacity building, financing, and research.

2. What are social economy enterprises?

Budget 2004 placed a special emphasis on a specific component of the social economy known as social economy enterprises. Such organizations often help individuals in marginalised socio-economic groups to achieve their economic potential (in particular, to acquire employment or entrepreneurial skills and experience). They also meet demands for affordable goods and services for less fortunate communities or community groups. The social economy has the potential to create collective wealth through the production of goods and services and job creation and to strengthen social cohesion through community involvement.

ACOA will focus its effort in this new initiative on social economy enterprises which are defined as follows:

“Social economy enterprises are run like businesses, producing goods and services for the market economy, but they manage their operations and redirect their surpluses in pursuit of social and community goals.”

Often these enterprises emerge out of community-based development that involves collaboration among various stakeholders, citizens, various levels of government, the voluntary sector, private business, and educational institutions.

3. What benefits does the social economy bring to communities?

The social economy is important because it contributes to a range of community goals and has the potential to create collective wealth through the production of goods and services.

Social economy enterprises provide a flexible and sustainable tool that can help communities to achieve their own objectives, such as:

1. Stimulating job creation and skills development;
2. Enhancing community capacity for social supports;
3. Supporting economic growth and neighbourhood revitalization;
4. Protecting the environment;
5. Mobilizing disadvantaged groups.

4. What is the Government of Canada doing to help the social economy develop?

In the 2004 Speech from the Throne, the Government of Canada recognized the valuable and innovative work of those involved in the social economy and indicated its interest in supporting those engaged in this entrepreneurial social movement. In Budget 2004, the Government of Canada committed to making the social economy a key part of Canada's social policy tool kit, building on the work it had already been doing to support community economic development and the social economy.

Social Development Canada is responsible for developing the federal social economy policy framework that will guide efforts of the federal government to support the social economy.

ACOA has a responsibility to deliver on the following components for the Atlantic region: capacity building, financing and access to existing small business programming. Industry Canada and the other regional agencies will deliver in other parts of the country.

An amount of \$132 million was allocated for initiatives to support the social economy nationally:

1. Capacity building (\$17 million over two years);
2. Financing (\$100 million over five years); and
3. Research (\$15 million over five years).

The budget also committed to improving the access of social enterprises to programs and services for small- and medium-sized enterprises.

Sources: Atlantic Canada Opportunities Agency (ACOA) and Social Development Canada