



**OFIFC**

Ontario Federation of  
Indigenous Friendship Centres

**Social Economy Framework for  
Ontario's Urban Aboriginal Communities**

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**ONTARIO FEDERATION OF INDIGENOUS FRIENDSHIP CENTRES**



# Social Economy Framework for Ontario's Urban Aboriginal Communities

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## Introduction

Social economy as a term may be relatively new to some Friendship Centre communities; however, Ontario's Friendship Centres and the broader Friendship Centre Movement have been operating within the social economy for decades.

As it pertains to Friendship Centres, the current economic system consists of the public sector, the private sector, and the non-profit sector. The social economy fits within the non-profit sector, with some overlap with the private sector.

The social economy is comprised of those organisations within the third sector that operate on the principle of reciprocity, and use market mechanisms to achieve social, cultural, and or environmental goals. As such, any earned income activities implemented by Friendship Centres are within the realm of the social economy.

Examples of social economy activities include social assets of community organisations, such as housing and child care facilities; social enterprises, operating as cooperatives or revenue-generating programs of non-profit organisations; and credit unions.

A more recognizable term used in recent history may be economic development. However, this differs from the social economy both in scope and approach.

To help distinguish and contextualize these key terms, refer to Figure 1 on the following page.

# Figure 1



**Economic development** is likely the most familiar of the terms in Figure 1, particularly among Aboriginal communities. Economic development has been offered as a solution to socio-economic conditions that for the most part are unequal to others. As a foundational discourse and practice for planning in Aboriginal communities across Canada since the 1980s, the concept has been supported by both provincial and federal governments. As such, it is not surprising that this concept is familiar and often well understood.

An important distinction to be made with regards to economic development and the context of the social economy is in the philosophical and practical application of approaches and outcomes. To simplify, the primary focus of economic development is wealth creation, which is measured by the ability to generate income and demonstrate profit. While economic development may provide promising opportunities to improve immediate financial health and contribute to self-sufficiency, it is primarily built upon a for-profit model that does not necessarily consider broader overall community benefits.

Consider too, that aspects of this approach are contrary with Indigenous ways of knowing, which value land stewardship, overall community health and multi-generational perspectives on planning and measuring benefits.

Alternatively, let's consider the following terms:

**Community economic development (CED)** emphasizes the importance of community voice in meeting local social and economic needs. The Canadian Community Economic Development Network defines CED as:

*“action by people locally to create economic opportunities that improve social conditions, particularly for those who are most disadvantaged. CED is an approach that recognizes that economic, environmental and social challenges are interdependent, complex and ever-changing. To be effective, solutions must be rooted in local knowledge and led by community members. CED promotes holistic approaches, addressing individual, community and regional levels, recognizing that these levels are interconnected.”* <sup>iii</sup>

**Sustainable community development (SCD)** is positioned to encompass multiple aspects of a community's health in the context of development. Community capital is seen as the foundation for SCD, which consists of six different forms: natural capital, human capital, social capital, cultural capital, physical capital, and economic capital. SCD is viewed by some as a more holistic approach to community economic development.

**Social enterprise** is a business model that operates to achieve a blend of social/environmental/cultural goals along with financial goals; often referred to as achieving a “blended value”. While economic development, CED, and to an extent SCD, are largely focused on job creation, social enterprises can, in addition, take a variety of forms in terms of mission and goal focus, as well as employment, often for marginalized individuals. A social enterprise can be structured in a way where its sole purpose is to generate a profit; however, that profit is then returned as an investment into a non-profit parent organisation to further aid it in achieving its mission and delivering its mandate.

# Friendship Centres and the Social Economy

Conversations and formal and informal engagement with Ontario Friendship Centres about revenue generating activities reveals that the majority of Friendship Centres currently operate or have in the past operated some sort of revenue generating activity. This tells us that Friendship Centres are active members in the social economy. From daycares, space rentals, and fitness centres to catering services, facilitation services, and craft stores, Friendship Centres are utilizing earned income strategies that not only provide services to the community but also subsidize revenues for programming. How profitable or sophisticated these activities may be does not matter. What matters here is that Friendship Centres have demonstrated capacity and ability to produce goods and/or services for sale, and this activity is meeting a “blended value” return.

## **“Friendship Centres are active members in the social economy.”**

Friendship Centres have had to be creative in response to decreased funding from all levels of government, coupled with a growing increase in community demands for services. This has, in part, led to experimentation with revenue generating business practices. Some efforts have been the result of dedicated planning and business knowledge, while others resulted from seizing opportunities with less expertise. To ensure such initiatives are sustainable and that future opportunities are garnered, there must be a commitment from Friendship Centre communities to entrepreneurial values and practices.

The engagement with Ontario Friendship Centres also reveals that Friendship Centres continue to be interested in the social economy and social enterprise, and it is their interest and desire that has shaped and informed this Social Economy Framework for Urban Aboriginal communities.

# Purpose of the Framework

## “to achieve greater self-sufficiency”

In support of the Ontario Federation of Indigenous Friendship Centres' (OFIFC) Long Range Strategic Plan, this Framework will serve as a tool to assist Ontario's Friendship Centres to achieve greater self-sufficiency through their participation in the social economy and through social enterprise. Social enterprise is but one approach in realizing self-sufficiency, and depending on the organisation, social enterprise may not be an appropriate course of action. The Framework intends to assist Friendship Centres to recognize the potential of this model, and make informed decisions regarding social enterprise.

## The Vision

Build sustainable urban Aboriginal communities that are self-determining, self-sufficient, and unified through inclusive community engagement and supportive cross sector, governmental, and cultural collaborative partnerships while maintaining an Indigenous worldview of sustainable community development.

Notably, many supporters of the social economy share similar values to the traditional ways of Aboriginal communities including notions of community/collective participation, community and wholistic wealth, and recognition of the natural world. This Framework shares these principles, while incorporating an intra- and intergenerational lens.

This Framework also shares principles with other organisations that are driving the social economy discourse in Canada, including our friends in Quebec, *Regroupement des Centres D'amitié Autochtones du Québec* (RCAAQ), who have done extensive capacity and partnership building over the last ten years, and to whom we extend our gratitude for their guidance and expertise in the development of this document.

# Principles

❖ **Community voiced**

The community identifies their own needs, which become the basis for any development plans/planning approaches

❖ **Community-driven process**

The community is consulted, engaged and has representation among decision makers. This can take many forms, but the key is that no one individual makes decisions for the collective group

❖ **Production of goods and/or services**

Production of goods and services are undertaken with an Indigenous worldview; balancing and blending cultural, social, and environmental interests along with financial aims

❖ **Intra- and intergenerational lens**

The approaches consider impacts on future generations as well as the current generation



# Goals

The goals of this Framework are not mutually exclusive; they blend into one another, can occur simultaneously, and should occur continuously once a strong foundation has been laid for achieving each goal.

- ❖ **Capacity and Commitment**
- ❖ **Partnerships**
- ❖ **Social Enterprise Development**
- ❖ **Evaluation and Analysis**

That being said, capacity development and broad based education is strongly recommended first step.

# Capacity and Commitment

One of the most challenging transitions in this process is capacity development, and it can be thought of in two different ways:

1. developing the organisation's knowledge base regarding the social economy and social enterprise; and
2. establishing organisational commitment to social economy practices, including an organisational shift from fundraising to earned revenue practices. Knowledge and expertise is needed to build capacity, but without organisational buy-in and demonstrated commitment, e.g. listing social economy as organisation's strategic priority, any initiative will struggle to survive and thrive. Key elements of social economy

## Goal 1.1

Broad based education and capacity development towards organisational buy-in for a social economy focus

### → Actions:

- Promote dialogue and discussion regarding a social economy direction by Friendship Centres' Boards of Directors
  - o A proper understanding of the social economy and social enterprise is needed to dispel any myths and manage risks and expectations of what is possible for the organisation.
  - o A cultural shift from "no profits" to revenue generation is a significant transition for a non-profit organisation, and it must begin at the Board of Directors' level.
- Engage the community for their input and feedback regarding new/focused direction.

### Goal 1.2

Build Friendship Centres knowledge of the social economy and social enterprise.

#### → Actions:

- Provision of training for Executive Directors, Boards, and staff, at minimum those individuals who will be involved in social enterprise activities, including the Executive Director.
- Promote dialogue and discussion regarding a social economy direction by Friendship Centres' Boards of Directors
- Network with local expertise in the social economy, e.g. local social enterprises or regional intermediary organisations that support the social economy.
- Promote self-education through online resources on the social economy and social enterprise.
- Continue to offer a coordinated and supportive network for Friendship Centres and communities through the work of the OFIFC's Social Economy Capacity Coordinator or similar central support system

### Goal 1.3

Demonstrated commitment to the development of social economy activities to improve mission delivery.

#### → Actions:

- Include social economy as a strategic priority in Friendship Centres' strategic plans.
- Create a position dedicated to developing social economy activities.
  - Create supports for that individual, either externally or internally by way of human capital, e.g. social economy team or committee to start, building towards communities of practice as efforts become more established.

# Partnerships

The nature of the social economy, also referred to as the solidarity economy, is of reciprocity and community. The emergence and growth of the social economy was a result of people coming together to meet the needs that the public and private sectors did not, or could not meet. One of the strengths of the social economy is its human capital, which is strategically expressed through partnerships. Partnerships are needed to ensure support and success of social enterprises. The most successful social enterprises to date credit their success to their strategic and lasting partnerships. Organisations must be open to partner with others and actively seek out relationships, rather than wait for opportunities to present themselves. This kind of mind-set can be fostered while building capacity for social economy involvement.

## Goal 2.1

Foster a pro-partnership organisational culture

### → Actions:

- Actively seek out strategic partnerships by attending relevant information sessions and networking opportunities.
- Open doors to organisations doing similar work; initiate partnership dialogue and drive the conversation.
- Use a collaborative approach to partnership building guided by open communication and clear expectations.
- Ensure partnerships are meaningful, informed and purposeful with clear decision-making practices and accountability measures in place.

## Goal 2.2

Develop strategic partnerships to support social economy activities.

### → Actions:

- Engage potential partners from within the community, the local non-profit network and social enterprises, and regional social economy network.
- Seek out cross sector partners and involvement in work groups or committees that benefit social economy effort.
- Follow-up with new contacts and maintain current networks through regular communication.

# Social Enterprise Development

Critical to success in any business model, including social enterprise, is building the business acumen necessary to support the operations. The individual or individuals directed to develop social economy activities should either have business knowledge, or be able to access that knowledge by enlisting outside help, e.g. creating an advisory committee or similar approach. Identifying and obtaining funds for a proposed initiative is the other key piece in this development. Boards and leadership must be engaged in this phase of the work.

**“The individual or individuals directed to develop social economy activities should either have business knowledge, or be able to access that knowledge”**

### Goal 3.1

Obtain business expertise.

#### → Actions:

- Hire someone with a business background and teach them about the organisation's mission and the operations of a non-profit. This person will need to understand the social side of the business activity, and focus on blending cultural, social and environmental, and financial aims.
- Provide business training for the individual responsible for social economy activities. Look to small business centres or local post-secondary institutions where available.
- Create a business advisory committee consisting of those with financial, legal, and marketing expertise. Once the social economy activity has been determined, this committee should also include someone with industry knowledge, e.g. food services, retail, health services, etc.
- Establish communities of practice, regionally, to support Friendship Centres in developing and expanding on local business expertise

### Goal 3.2

Secure investment for enterprise activity.

#### → Actions:

- Look to partnerships for support, if not for actual dollars then to leverage their knowledge of funding opportunities and/or their support in securing investment.
- Explore grant opportunities for social enterprises, e.g. government, community futures development corporations, and community foundations.
- Explore any small business loan opportunities and their allowance for social enterprises. As social enterprise becomes increasingly recognized as a business model, financial institutions are developing innovative ways to serve them.

# Evaluation and Analysis

As is the case with traditional businesses, operations must be evaluated and measured against projections on a regular basis. During the start-up phase, this will take place more frequently and will be adjusted as an enterprise grows and matures. However, each enterprise will have its own reporting or evaluation schedule depending on the business. The key is that projections, evaluation, and future planning for the enterprise are all fluid. They must be compared against one another, while considering the impacts of potential internal and external factors, e.g. staff turnover or changes in the market.

Unique to social economy activities or social enterprises is that evaluation of the enterprise is not solely based on financial performance but also must encompass social, cultural, and/or environmental performance.

The blend is different for each social enterprise. This activity must also be evaluated separately from the organisation's programs and services. Doing so will help determine, for example, if the activity is worth continuing or if it should be expanded. The purpose of this goal is to ensure success and sustainability of the social economy activity and to maximize the efforts of Friendship Centres and their communities.

## Goal 4.1

Create an evaluation plan.

### → Actions:

- Research evaluation frameworks for social enterprises. While the social, cultural, and/or environmental performance pieces will need to be responsive to the community context the business operations can likely be evaluated from a pre-existing framework for a similar business.
- Enlist the help of someone with expertise in performance measurement, particularly someone with an understanding of social enterprises.

#### Goal 4.2

Evaluate and measure performance regularly.

##### → Actions:

- Create an evaluation schedule. Early on this will likely be more frequent, perhaps once every couple of weeks. The schedule will then need to be adjusted regularly. Evaluating performance should also include a review of the business plan's exit strategy, should the evaluation reveal that the business or activity is no longer viable.



# Social Economy as an Opportunity

This Framework has presented foundational information on the areas of overlap between social enterprise and CED, social enterprise and SCD, and has presented the potential for these activities to progress into more formalized social enterprise opportunities.

Bolstering a social economy presence and activities either through capacity development or the creation and operation of a social enterprise are ways that Friendship Centres and other community-driven organisations can continue to help meet the needs of their community while also progressing towards self-sufficiency. In time Friendship Centres may also choose to explore other activities within the social economy including establishing cooperatives, exploring opportunities in social finance, and other social innovations.

The presence of social economy activities within Friendship Centres provides a foundation from which to now build upon. The recognition of, and concentrated effort to improve and build on these activities is emerging; this must now be shared with all stakeholders to ensure community and organisational buy-in.

The nature of reciprocity, the primacy of people over profits, and the use of a wholistic approach are core values that the social economy shares with Aboriginal community development. As such, this space creates an opportunity for new partnerships for Friendship Centres, ones that are based on shared values and a respect for diverse knowledge and experience. These are the kinds of relationships that will build more enriched and robust communities to support our future generations.

# Glossary of Terms

## **Economic Development**

Traditionally, economic development is focused on improving the standard of living for a particular population through job creation, skills development, and investment in infrastructure, innovation, and new businesses. To achieve these goals, economic development is measured by wealth creation, defined as the ability to generate income and demonstrate profit. How this is done and the impacts that result from this monetary form of wealth creation is less of a consideration if the bottom line is satisfied. Economic development does not sit within the social economy.

## **Social Economy**

This segment of the economy comprises organisations within the third sector that use market mechanisms to achieve their social, cultural, and or environmental goals. The legal structure, size, and scope of these organisations vary greatly, but their unifying factor is the use of a business model, however sophisticated, to meet a need that goes beyond financial ends. Organisations within the social economy are said to operate by way of collective participation in management with a democratic process, placing the primacy of the person over capital while producing socially useful goods or services.

## **Community Economic Development (CED)**

Included within the social economy is community economic development, which includes those organisations or initiatives that emphasizes the importance of community voice in meeting local social and economic needs. Central to CED is community perspective and community benefit. Economic development decisions are often made through a top-down policy process, while CED reverses this by considering the community first and foremost.

## **Sustainable Community Development (SCD)**

Similar to CED and what some might consider to be the same notion, is sustainable community development. This concept was created to encompass a more wholistic view of community economic development as one that includes social, cultural, environmental and economic aspects, and with a lens that looks at generations into the future. The key difference is the sustainability piece, whereby a community can support itself through diversification as much as possible, and be stewards of the land so as to ensure it can support future generations.

## **Social Enterprise**

Social enterprise is specifically a business that operates to achieve a blend of social, environmental, and/or cultural goals along with financial goals; more commonly referred to as “blended value”. Social enterprise is unique to the traditional business model, and sits on the business side of the social economy spectrum. There are varying degrees of sophistication among social enterprises as well, but all must have a sound business model from which they operate. A social enterprise can be structured in a way where its sole purpose is to generate a profit; however, that profit is then returned as an investment to a non-profit parent organization. Profits will directly or indirectly benefit support a social, cultural and/or environmental mission/goals. These blended value outcomes outweigh the overall amount of profit-revenue generated by the enterprise.

## **Cooperatives<sup>vi</sup>**

Co-operatives are autonomous associations formed and democratically directed by people who come together to meet common economic, social, and cultural needs. Founded on the principle of participatory governance, co-ops are governed by those who use their services: their members. The co-operative model is as flexible as any organizational structure and may be applied to the social services sector, used to create shared infrastructure, as well as to pursue business ventures. Types of co-ops can include retail co-ops, credit unions, service provider co-ops and housing co-ops.

## **Social Finance**

Social Finance is any alternative means of investing capital to grow a project or business that is seen to have blended value outcomes. Social Finance demands that investment produces more than financial dividends. This is often referred to as achieving and maintaining ‘a double bottom line’. Social finance is an investment strategy; it is not charity and is not fundraising. It requires loan recipients to demonstrate a viable business model and business structure, an ability to make a financial return, and to have repayment capacity. Social finance tools can include social impact bonds and social impact investing.

## **Social Innovation<sup>vii</sup>**

Social innovation refers to the creation, development, adoption, and integration of new ideas, concepts and practices that put people and the planet first. Social Innovations resolve existing social, cultural, economic, and environmental challenges by simultaneously meeting social needs and creating new social relationships or collaborations. Some social innovations are systems-changing - they permanently alter the perceptions, behaviours, and structures that previously gave rise to these challenges.

<sup>i</sup> Guide for Analysis of Social Economy. (2005). Montreal, QB: Réseau d’investissement social du Québec.

<sup>ii</sup> The social economy. (n.d.). Retrieved from [http://ccednet-rcdec.ca/en/our\\_work/socialeconomy](http://ccednet-rcdec.ca/en/our_work/socialeconomy)

<sup>iii</sup> What is CED? (n.d.). Retrieved from [http://ccednet-rcdec.ca/en/what\\_is\\_ced](http://ccednet-rcdec.ca/en/what_is_ced)

<sup>iv</sup> Roseland, M. (2005). *Toward Sustainable Communities*, Gabriola Island: New Society Publishers.

<sup>v</sup> What is a social enterprise? (n.d). Retrieved from <http://www.socialenterprisecanada.ca/en/learn/nav/whatisasocialenterprise.html>

<sup>vi</sup> <http://www.learningcentre.coop/content/what-co-operative>

<sup>vii</sup> <http://socialinnovation.ca/about/social-innovation>

For more information contact:



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