



Community Economic Development: Creating Pathways to Well-being for All

Marginalized communities across Canada are facing unprecedented social, economic, and environmental challenges – the sense of urgency and crisis is palpable. Overcoming these

challenges – rooted in economic systems that treat people and the planet as commodities – requires more than minor adjustments to current practices. It requires a shift in economic practices away from extraction, exploitation, and near-sighted growth towards models that build strong, resilient, inclusive, and sustainable communities with economies by and for people, a social and sustainable economy. This shift is already underway.

How does the Social and Solidarity Economy strengthen Community Economic Development?

Around the world, momentum is building for a different economic approach. The United Nations, the International Labour Organization, and the Organisation for Economic Co-operation and Development have all recently voted in support of the social and

solidarity economy (SSE), an economy that puts people and the planet before profits. Driven by collective interests, social and environmental goals guide economic activity. Social economy organizations are active in almost all sectors of the economy, e.g. care services, education, housing, food and agriculture, etc. and include social enterprises, cooperatives, mutuels, associations, foundations, etc. Building on local roots, the social and solidarity economy is based on democratic decision-management, and defends the primacy of individuals and work over capital in the distribution of its surpluses and revenues. The SSE bases its activities on participation, individual and collective empowerment, and serving people and the planet by putting profit back into communities, creating jobs and opportunities.

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

How does the Social Innovation and Social Finance Strategy advance Community Economic Development?

At the federal level in Canada, social innovation and social finance are key opportunities to advance the social and solidarity economy and community economic development. In 2018, following a year-long engagement process, the Government of Canada appointed Co-Creation Steering Group (17 social innovation and social finance leaders, practitioners, and experts from community, philanthropic, financial, and research fields) released a federal Social Innovation and Social Finance Strategy (SI/SF Strategy): [Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities](#). However, implementation of the 12 recommendations has been slow. The 2018 Fall Economic Statement announced a \$755M Social Finance Fund (SFF) and \$50M Investment Readiness Program (IRP); the 2021-22 Federal Budget re-affirmed commitments to launch the SFF and renew the IRP for another \$50M over two years; in 2021, the Minister of Families, Children, and Social Development was mandated to continue to advance the SI/SF Strategy, including full implementation of the SFF and launch of the SI Advisory Council (SIAC); and in 2023, the SIAC was launched and the SFF fund managers were announced.

Social innovation refers to a new idea, approach, intervention, service, product, law, or type of organization that responds more adequately and more sustainably than existing solutions to a well-defined social need, and that produces a measurable benefit for the community, not just for certain individuals. The scope of a social innovation is transformative and systemic. It constitutes, in its inherent creativity, a break with the status quo.

Social finance refers to an approach to making capital (e.g. loans) accessible to social purpose organizations (SPOs) that deliver a social

dividend and an economic return in order to achieve social and environmental goals. Social finance is meant to help SPOs grow their earned income from social purpose activities, not replace other sources of funding. It is part of an ecosystem approach to transformative economic change.

Social innovation and social finance are different from typical government grants and contributions because they seek to shift the economic system. The SI/SF Strategy is about how SPOs can grow a new type of economy, a social and solidarity economy. The social and solidarity economy can be both charitable and enterprising. That is the real innovation – creating business models and operations that provide needed goods and services to all Canadians, while also benefiting workers, communities, and the planet.

The foundations of our economy and way of life need to be reimagined. Across Canada, thousands of initiatives, combining economic know-how and social goals, have emerged and are producing important results, at both the social and economic levels, towards building a more democratic and inclusive economy – a social and solidarity economy – through citizen-based action.

The Honourable Karina Gould, former Minister of Families, Children and Social Development, has said this is the economy Canadians want – an economy that prioritizes people and the planet.

CCEDNet is committed to helping members, partners, and stakeholders better understand social innovation and social finance so we can act together to grow the social and solidarity economy and strengthen community economic development.



Guiding Principles: Promoting Agency and Inclusion

Community economic development (CED) is a community-driven process that advances local action to create economic development opportunities while enhancing social and ecological well-being on a democratic and inclusive basis, particularly by people who are most marginalized.

Strong, resilient communities are built around the principles of democracy, human rights, social justice, and respect for equity, inclusion, and diversity. CED approaches make concrete efforts to promote participation and include people who are often excluded from decision-making processes that directly impact them re: program and policy design, plans, and implementation.

CCEDNet's efforts are guided by the following principles:

Acceleration of Reconciliation with Indigenous Peoples

Indigenous Peoples have long been advocating for a new and just relationship. The Government of Canada committed to achieving reconciliation with Indigenous peoples through renewed, nation-to-nation, government-to-government, and Inuit-Crown relationships. CCEDNet urge all orders of government to respond to the following calls and principles from the Truth & Reconciliation Commission (TRC), National Inquiry into Missing & Murdered Indigenous Women & Girls (MMIWG), and United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) Act, while also aspiring to do likewise:

- Recognize treaties, agreements, and other constructive arrangements between Indigenous Peoples and the Crown as acts of reconciliation based on mutual recognition and respect
- Recognize and respect Indigenous Peoples' right to self-determination including the inherent right to self-government in the pursuit of economic and social development which will require: a renewed fiscal relationship, developed in collaboration with Indigenous nations, that promotes a mutually supportive climate for economic partnership and resource development; economic and social progress and development on an equitable basis; community-based supports and solutions designed to improve social and economic security; and long-term, sustainable funding
- Commit to meaningful engagement/consultation, build respectful relationships, and obtain the free, prior, and informed consent to actions which impact Indigenous Peoples and their rights, including land, territories, and resources, before proceeding with economic development projects
- Ensure Indigenous Peoples have services and infrastructure that meet social and economic needs, and have access to safe housing, clean drinking water, and adequate food

- Ensure Indigenous Peoples have equitable access to jobs, training, and education opportunities, and Indigenous communities gain long-term sustainable benefits from economic development projects

Integration of an Intersectional Approach

Intersectionality is concerned with institutional and systemic barriers to equality. In 1989, Kimberlé Crenshaw coined the term "Intersectionality" in "Demarginalizing the Intersection of Race and Sex", to help explain the oppression of African-American women arguing the experience of being a Black woman cannot be understood independently of being either Black or a woman, but rather include intersections and interactions between the two identities (e.g. race and gender). Today, the analysis has expanded to include (but is not limited to): class, sexual orientation, gender identity, ability, age, culture, and language. Intersectionality:

- Starts with practicing equity, inclusion, and diversity
- Moves from merely describing similarities and differences distinguishing systems of oppression to focusing on how these systems interconnect and interact
- Sees privilege and power as an interactive system: a matrix of domination, exploitation, and oppression where, depending on the context, one may benefit, be penalized, or (most likely) both benefit and be penalized by a system of oppression

Pursuit of a Just Transition

Community economies can be sites of transformation and offer practical opportunities to address the ecological and climate crises in ways that enhance equity and well-being for all. Transformation can include creating new and stronger relationships to foster innovative and sustainable economies. While a focus on physical infrastructure is necessary for the transition away from fossil fuels, a lack of focus on social infrastructure may exacerbate underlying inequities in the labour market and the broader economy, undermining the potential to deliver on a physical infrastructure agenda.

Hadrian Mertins-Kirkwood outlined five guiding principles for a just transition in Canada (2021):

- Recognizes and respects rights including human, labour, Indigenous, and those of future generations
- Involves affected workers and communities as partners in determining their own paths forward
- Expands the social safety net to ensure affected workers and communities don't bear an unfair burden
- Creates new economic opportunities for affected workers and communities
- Includes workforce development and integrates historically marginalized and equity-seeking groups to ensure the economic benefits of transition are widely shared

Policy Priority: Fully Implementing the Social Innovation and Social Finance Strategy

This year, CCEDNet will continue to advocate for the full implementation by the Government of Canada of all recommendations of the Social Innovation and Social Finance (SI/SF) Strategy:

1. Renew and expand the Investment Readiness Program (IRP) to serve as a permanent, whole-of-government **Social Innovation Ecosystem Program**:

- Continue grants to strengthen social purpose organizations' (SPOs) ability to access capital – a need taken for granted in the private sector, but still underserved for SPOs. The IRP is not intended to fund SPOs service delivery; it is meant to enhance the readiness of SPOs to access social finance, allowing them to scale up their innovative responses to pressing social needs. It accelerates innovation that brings together the most effective elements of traditional public, private, and community sector roles.
- Support longer-term ecosystem-building activities to continue strengthening understanding and capacity for SI and SF among SPOs and communities, especially SPOs led by marginalized groups.
- Coordinate a national SI/SF awareness campaign to increase understanding of Canadians' roles as innovators, volunteers, donors, consumers, and investors to create better outcomes in communities, e.g., highlight social innovations, foster cross-sector partnerships and multi-sector involvement, and support and reach youth and marginalized groups.
- Establish an SI initiative that develops evidence and shares knowledge to expand the evidence-base and coordinate data, research, and information-sharing across SI ecosystems in Canada. For example, more supports would enable SPOs to connect with each other and have timely access to information in order to share success stories and build stronger communities of practice.
- Focus attention and support knowledge-sharing, education, technical advice, and intermediary services to accelerate implementation and create greater opportunities for SPOs, and to ensure social value outcomes are achieved, measured, and reported. For example, the Treasury Board Directive on the Management of Procurement and the Public Service Procurement Canada social procurement policy shift the objective from lowest price to best value, leveraging procurements to support environmental, socio-economic, and Indigenous considerations. Infrastructure Canada's Investing in Canada Infrastructure Program includes a Community Employment Benefits requirement on many major



infrastructure projects (like transit projects) receiving federal contributions. These shifts make possible a range of measures to achieve public policy priorities through purchasing of existing goods, services, and construction, and increasing the diversity of bidders on government contracts.

- Support business succession to co-op and non-profit models through access to existing funding programs and amendments to policies, legislation, and regulations. For example, any tax or other incentives which may be provided to the new Employee Ownership Trust model should also be provided to worker-owned co-operatives and multi-stakeholder cooperatives with substantial worker control. In addition, with many small business owners preparing to retire, employee or community buyouts would preserve jobs and services as well as avoid disruptive closures of many small businesses. A level-playing field would enable employees buying the company employing them to have a choice regarding various models of employee ownership.
2. Expand the **Social Finance Fund** (SFF) to include a Black-led and Black-serving wholesaler / fund manager, modeled after the capital provided to the Indigenous Growth Fund. The SFF, launched in May 2023 to help advance the growth of the social finance market by increasing access to flexible financing opportunities, e.g., loans, will enable SPOs to innovate and expand their social, economic, and environmental impacts.



- A Black-led fund manager will strengthen the capacity of the SFF to achieve its mandate of reaching underserved populations, sectors, and regions in Canada.
3. Draw on the **Social Innovation Advisory Council (SIAC)** to engage stakeholders and provide advice on how federal programs and policies can best support SI/SF ecosystems, and to oversee the co-creation process for subsequent actions to implement the strategy. The SIAC, created in February 2023 to help advance Canada's SI/SF Strategy, should work to:
 - Embed a commitment to SI/SF in Canadian legislation that underpins the entire Strategy and provides the legislative framework for the federal government to create specific mechanisms, policy measures, and regulations required to foster the SI/SF ecosystem in Canada. Legislation can create a culture of innovation and facilitate policies, programs, and delivery tools to support SI in communities.
- Improve SPOs' access to federal innovation, business development, and skills training programs to accelerate the development of Canada's SI/SF ecosystems, and ensure federally-funded and delivered innovation supports are fully accessible and consider the needs of SPOs.
 - Address legal and regulatory issues that impede charities and non-profits from engaging in SI/SF towards an enabling and adaptive federal partner that recognizes charities and non-profits as part of an ecosystem of players that together create social and economic value.
 - Ensure federal funding practices support and enable SI, including building new relationships between the federal government and grant recipients that move beyond transactional and compliance-based activities towards valued partners with common policy objectives.



**Canadian
CED Network**
**Réseau canadien
de DÉC**

The Canadian Community Economic Development Network represents a national membership of people and organizations committed to strengthening communities by creating economic opportunities that enhance social and environmental conditions for all.