

**Canadian Public Policy
and the Social Economy**

Rupert Downing, Editor

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and the
Social Economy**

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Edited by
Rupert Downing



**University
of Victoria**

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The articles chosen from across the 300 plus research partners reflect a common interest in the public policy implications of the social economy as a unified sector of social and economic life, contributing to outcomes in social and economic development, environmental sustainability, and democratic governance.

We wish to acknowledge the funding support of the Social Science and Humanities Research Council and the commitment of students and staff at the Social Economy Research Hub co-directed by the Canadian Community Economic Development Network (CCEDNet) and the University of Victoria. Rupert Downing and Ian MacPherson Co-Directors from those two organizations helped shape and propel this book. Mike Toye, Executive Director of CCEDNet managed its creation. Matthew Thompson, Rachelle McElroy, and Ashley MacQuarrie-Hamilton edited and constructed it. The multiple authors created the knowledge that we are now sharing with you and we are indebted to your efforts to inform our horizons in creating and strengthening the social economy as an integral and vital part of Canada's society.

Special thanks as well to Dr. J. Howard Brunt, Vice-President Research at the University of Victoria who provided ongoing support throughout the six-year funding of the Canadian Social Economy Hub.

INTRODUCTION

This publication of the Social Economy Research Hub brings together a sample of papers that address a common theme: What significance does the social economy have as a concept and vehicle for addressing social, economic and environmental policy issues in Canada?

The publication has been compiled as an "e-book" to make the material as accessible as possible to students, researchers, practitioners, policy makers and other stakeholders. It is published with the support of the Social Science and Humanities Research Council who funded the national social economy research program from 2004 to 2011.

That program involved six regional research centres and one national centre, each one of them constructed as community university research alliances involving students and university-based researchers, together with representatives of practitioner or community organizations. In this way the research program deliberately set out to increase knowledge and capacity amongst both post secondary institutions and community organizations and stakeholders involved in the actual production of the social economy.

The outcomes of this research program are impressive. Over 350 researchers have been involved from both university and community settings. A Student Network has held several knowledge mobilization events at the national level. A series of scholarships have been provided for students to further research in key subject areas. A very large list of published research has been produced including several books now available for teaching, knowledge mobilization and the application of lessons learned to practice in the social economy. National and regional forums and conferences have provided ongoing opportunities for knowledge mobilization, together with tele-learning programs, websites, newsletters and profiles.

All of this work has made a major contribution to our understanding of the importance and relevance of the social economy in Canada. Our colleagues have looked into: the role of the social economy in addressing poverty and homelessness; the role of cooperatives and social enterprises in the delivery of goods and services that make a social and economic contribution to communities; new forms of production and retailing in the social economy to contribute to sustainable food and agriculture; the social economy's value in First Nations and Aboriginal communities; the role of social financing to capitalize assets for community development. This is just to name a few of the thematics that have been involved.

In this book we have chosen to focus on one particular theme and question: the utility of the social economy as a vehicle for public policy in Canada. This has struck as an important subject not just in Canada but globally. Since the 2008 global recession questions about more integrated approaches to managing the public good have faced governments and other stakeholders around the world. The dialogue on the impact of economic activities and investments on social and environmental sustainability has become more intense. Debate on regulating the economy to avoid the forms of “casino capitalism” that led to the recession continue at all levels of public policy making institutions.

At the October 2011 International Forum on the Social and Solidarity Economy in Montreal, Quebec, many aspects of this dialogue were presented and debated, in the specific context of using the social economy to reform economic and social policy. The International Labour Organization of the United Nations presented its vision of the social and solidarity economy as a vehicle for more human-centred approaches to development, spanning all continents. Representatives of international development banks from two continents (Africa and Asia) debated with social economy organizations from their regions the importance of social financing and new models of human investment. From the Local Employment and Economic Development Programme of the Organization for Economic Cooperation and Development, the 1200 plus delegates from over 60 countries heard the importance that the social economy in fostering regional development that deals with rising inequality. Representatives of two governments in Latin America (Ecuador and Brazil) spoke of the centrality of the solidarity economy to that continent’s efforts to reduce inequality and create the enabling environment for a new model of people-centred development. From Europe, representatives from Spain and Social Economy Europe pointed to the legislative developments in recognizing and strengthening the social economy as a tool for dealing with the European economic crisis. Asian and African delegates from both government and civil society spoke of the emerging efforts to recognize the social economy as an inherent and growing form of cooperative development to build capacity and grow collectively owned means of producing wealth. In the context of the “Occupy Wall Street” movement, literally on the door step of the Forum’s location in downtown Montreal, the debate centred on the need to use the social economy as a means to address two central issues in the current economic crisis: The need for economic democratization that allows people and their representatives more say over the means of production and distribution of wealth, and: the imperative to create a more people-centred approach to development that uses the social economy to produce goods and services that produce economic and social benefit but also address environmental sustainability.

In our research on public policy and the social economy before the global recession we found significant content that addressed many of these issues. This isn't surprising. The Social Economy as an empirical component of a larger plural economic system, and as a concept and movement to integrate social and economic objectives, has at its very heart a function and concern for a more people-centred approach to economic value. It is this functionality and objective that has become much more central to public policy as we seek to address a continuing global economic crisis that is impacting people and their societies. We therefore believe that it is timely to produce a compilation of research papers from both a national and international perspective, and from the many regional perspectives that our program facilitated.

Chapter One to Three of the book brings to the reader three national papers that position the social economy as a concept in public policy to deal with socio-economic development challenges around the world. Crystal Tremblay summarizes the state of literature on this subject in the first paper and then goes on in the second paper to identify public policy trends and instruments being used in different jurisdictions to increase the impact of the social economy in a sample of countries. The final paper by Sarah Amyot, Rupert Downing and Crystal Tremblay then apply this thinking to the Canadian public policy environment.

Chapter Four to Six contains three papers from the Knowledge Mobilization series sponsored by the national research hub. The first by Downing and Charron compares experiences in Quebec and Manitoba with civil society's role in using the social economy and community economic development as concepts and vehicles to advance socio-economic policy objectives. Colleagues from the Atlantic regional research centre (Karaphillis, Asimakos and Moore) look specifically at the financing of social economy organizations in that region. Finally from the Southern Ontario regional research McMurty and Reed look at the potential of the social economy in procurement of goods and services to deliver economic, environmental and social returns.

Chapter Seven presents the work of the Quebec research centre's Vaillancourt on the role of the social economy in the co-construction of public policy, with particular attention to the importance of social economy actors in not just influencing but also "constructing" public policy that integrates social and economic objectives in Quebec.

Chapter Eight looks at the potential of the social economy as a concept and vehicle for a public policy agenda in Atlantic Canada, with Myers and MacDonald providing that region's perspective.

Chapter Nine contributes the work and thinking of the Prairies research centre's Brendan Reimer and Kirsten Bernas to what a federal community economic development policy framework could consist of to increase Canada's use of the social economy to contribute to community social, economic and environmental sustainability.

Chapter Ten, published now for the first time, presents the findings of two national researchers, Amyot and McElroy, on how the social economy is and could be used to contribute to environmental sustainability concerns, inclusive of research on initiatives in different parts of the country.

There are many more papers that we would have liked to include, many that cover very timely and relevant issues. At this time however, these are the papers available to publish and share with a larger audience.

We would suggest that they present a significant narrative on the role of the social economy in public policy in Canada, one that is under-utilized compared with many other jurisdictions. At the International Forum on the Social and Solidarity Economy in 2011, representatives of our research program were struck by the quality of quantitative and qualitative research being conducted in other countries, and perhaps most importantly, the level of engagement by government, civil society and other stakeholders in using that evidence to purposefully strengthen the utility of the social economy to public policy objectives. That is an objective that we share here in Canada.

We hope that this publication contributes to debate, dialogue, and learning on the social economy, its potential and significance to addressing many of the public policy issues that we and future generations are and will be dealing with. The many organizations involved in our research program are committed to continuing to work on these issues and contribute to public policy development at the local, provincial, national and international level. For further information please see the website of our national partner, the Canadian Community Economic Development Network, that will continue to promote opportunities for learning and engagement.

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Co-Director, Canadian CED Network
<http://www.ccednet-rcdec.ca>

CHAPTER ONE

Advancing the Social Economy for Socio-Economic Development: International Perspectives

Crystal Tremblay

Abstract: Concepts and frameworks for the Social Economy have been the subject of increasing attention for academic analysis, public policy by governments, and collaborative action by civil society movements, both in Canada and internationally. The growing attention to the concept of the Social Economy (SE) is indicative of efforts to address inter-related social, economic and environmental issues affecting the sustainable development of people, communities, and nations, and the inter-dependent nature of global human development. Despite the increasing application of this concept and initiatives related to it there are limited syntheses that provide a comparative picture of the evolving state of public policy internationally. This review highlights international public policies (from academic and practitioner sources) that use the Social Economy as a framework to enhance socio-economic and environmental conditions. The review aims to capture information on ways governments are creating new policy instruments that strengthens the Social Economy in response to challenges such as poverty, social exclusion, income inequality, urban decline, unemployment, environmental and ecological degradation, and community sustainability. This review is prepared for the Canadian Social Economy Hub (CSEHub), a five-year community university research alliance on the Social Economy funded by the Social Science and Humanities Research Council (SSHRC). The findings of this review point to categories and examples of policy and program instruments used by governments and civil society in various jurisdictions internationally that may be relevant to achieving similar socio-economic development outcomes in the Canadian environment.

Keywords: social/solidarity economy, community-economic development, civil society, nonprofit sector, voluntary sector, cooperative development, mutual associations, public policy, international, literature review.

1.0 Introduction: A Global Movement to Advance the Social Economy

This literature review highlights research in both the academic and practitioner sectors of public policy developments specific to the Social Economy (SE) in Canada and around the world. It provides an overview of how the SE is conceptualised, and what role it plays in public policy as an innovative framework to enhance the social, economic and environmental conditions of urban and rural communities. In doing so, arguments are presented for the development of an economic order based on solidarity, participation and cooperation as an alternative to the mainstream neo-liberal capitalist economy. Considering the plethora of literature on this topic, this review attempts to provide a reflective sample of key works from around the world, and an analytical space to discuss the various approaches and typologies deemed appropriate that are advancing the Social Economy. A landscape is provided of the various arguments and issues associated with the Social Economy, a description of some of the key policy outcomes, and the unique instruments being used to achieve these outcomes. This review investigates the following questions:

- What are the common elements of a public policy environment supportive of the Social Economy?
- How is the Social Economy framework achieving socio-economic development and environmental sustainability and what are the public policy outcomes?
- What are the gaps in the literature related to investigating the Social Economy?

The information presented in this literature review was compiled from various sources including academic literature, government documents, and program websites. The data was compiled between December 2008 and July 2009, and is not inclusive of all relevant material available. Some of the literature included does not specifically use the Social Economy terminology but explicitly describes elements of what it aims to achieve. Other pieces of work specifically speak to the unique role of the SE towards socio-economic development and environmental sustainability that the private and state sector cannot produce, and how the policy environment is changing to support this unique role.

The Social Economy for an Alternative Future

Global challenges to socio-economic development and environmental sustainability have prompted increased efforts to find alternative strategies for development. There is a growing global movement to advance concepts and

frameworks of the Social Economy as a way to address increasing inequality of social, health, economic and ecological conditions, to provide alternative solutions to the perceived failure of neo-liberal dominated globalisation (Laville, 1994; Allard & Matthaei, 2008; Arruda, 2008) and to address the weakening social capital of communities (Putnam, 2000). In countries around the world new public policy is being developed to create supportive environments for these alternative approaches (Ailenei & Moulart, 2005; Vaillancourt, 2009; Guy & Heneberry, 2009) offering a timely opportunity for Canada to investigate best practices in social policy that might be relevant to its own objectives for a sustainable and equitable future. This movement is being referred to internationally as Social Economy (EU, Québec), Solidarity Economy (Argentina, Brazil, Chile, Québec), People's Economy (Asia) Associative Movements (Senegal, Turkey), Civil Society (South Africa), and Community Economic Development (Australia, New Zealand, USA, Anglophone Canada). Despite the growth of this movement, much remains to be done in order to create the necessary enabling environment to support the development of Social Economy organizations, and to mainstream the sector in economic and social policies in order to maximise its impact on the economy.

Some have argued that the current world crisis has been attributed to principles of domination and exclusionary private accumulation, and that leadership for a new paradigm must come from popular civic initiatives centered outside the institutions of state (Korten, 2006; Hawken, 2008). Hawken (2008) describes this growing international social phenomenon based on the idea that collectively, empowered citizens can succeed on challenging issues such as climate change and social justice, and that by working together citizens can recreate the whole of society. Thousands of social and environmental organizations around the world are spearheading this movement and challenging the paradigm of an unsustainable and unjust future. There is no doubt that a new social and economic paradigm is a necessary step towards global sustainability, encompassing the fusion of economic, social and ecological goals

This organizing has taken the form of local, regional, national and international networks that link together diverse economic justice initiatives. Examples of these networks include: *the Brazilian Solidarity Economy Forum (FBES)*, which brings together twelve national networks and membership organizations with 21 regional Solidarity Forums and thousands of co-operative enterprises to build mutual support systems, facilitate exchanges, create solidarity enterprise programs and shape public policy; the *Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS)* in which many of the regional, national and international networks convene; and the *International Centre of Research and Information on the Public, Social and Co-operative Society (CIRIEC)*¹ with partners in

¹ CIRIEC: <http://www.ciriec.ulg.ac.be/>

Argentina, Austria, Belgium, Brazil, Canada, France, Germany, Italy, Japan, Portugal, Spain, Sweden and Turkey. Salamon et al. (2000), from the John Hopkins University states this shift is

prompted in part by growing doubts about the capability of the state to cope on its own with the social welfare, developmental, and environmental problems that face nations today, a growing number of political leaders and community activists have come to see such civil society organizations as strategically important participants in the search for a middle way between sole reliance on the market and sole reliance on the state. (p. 1)

Globally, the Social Economy has evolved not only as a third sector that exists alongside the private and public sector, but as an approach encompassing initiatives in most sectors of society (Quinones, 2009). While the term Social Economy first originated in France, its relevance and spirit is widespread, recognized with three guiding principles: co-operative enterprises, mutual benefit societies, and nonprofit associations (Defourny et al., 1999). Chavez and Monzon (2007) describe these organizations as

intertwined expressions of a single associative impulse: the response of the most vulnerable and defenceless social groups, through self-help organisations, to the new conditions of life created by the development of industrial capitalism in the 18th and 19th centuries. (p. 11)

Only recently have these organizations attracted serious attention in policy circles. As a consequence, basic information about these organizations—their numbers, size, activities, economic weight, finances, and role—has therefore been lacking in most places, while deeper understanding of the factors that contribute to their growth and decline has been almost nonexistent. This has hampered civil society sectors' ability to participate in the significant policy debates now under way and its potential for contributing to the solution of pressing problems.

In Europe, the impact of the Social Economy is significant, particularly in the UK, France, Belgium, Spain and Sweden (Neamtan, 2005). The United Kingdom's advanced enabling environment for the SE for example, exists largely to address social, economic, cultural and environmental issues at the community level (HRSDC, 2006). In some cases these countries

have put legal frameworks in place for these enterprises, instituted financial supports, provided tax incentives for investment, established departmental units dedicated to social enterprise or community-

based organizations, and specified that consideration be given to social enterprises in government procurement strategies, etc. (HRSDC, 2006, p. 5). In Latin America, and particularly in Brazil, the Solidarity Economy has responded to poverty and social exclusion through collective management and by creating worker co-operatives of marginalized populations, among other successful strategies (Santos, 2006). The Brazilian Solidarity Economy Forum (FBES), initiated in 2003 has been particularly successful in instituting public policy for the sector, becoming a dominant force in economic and social development. In Canada, major Social Economy networks (the Canadian Co-operative Association, the Canadian Community Economic Development Network, Chantier de l'économie sociale, Conseil québécois de la coopération et de la mutualité, the Conseil Canadien de la Coopération, and the Canadian Social Economy Research Partnerships) are providing evidence to government of the opportunities to build a stronger, more equitable economy that tackles poverty, social exclusion and equality. (HRSDC, 2006, p. 5)

There are numerous policy initiatives internationally, as will be presented in this review, that can provide solutions to some of the urgent problems linked to poverty, such as hunger (food banks, soup kitchens, collective kitchens), homelessness, violence (shelters, support groups, etc.), and social exclusion (enterprises d'insertion or reintegration enterprises, employment-related training, etc.). There is a clear indication that momentum is building in support of the SE and that communities in many countries are being enabled by their governments "to build the capacity to adjust, to improve self-reliance and responsibility, to identify their assets and to seize opportunities" (HRSDC, 2006, p. 5). Currently, there exists economic activity that embodies social values in every corner of the globe, even if these initiatives do not consciously identify as members of a Social Economy movement. Despite global debates about the theoretical concept of the Social Economy, "its practice is everywhere engaged in and, in important ways, has always been with us" (McMurtry, 2009).

Events such as the World Social Forum,² which first took place in Porto Alegre in 2001, where the Social and Solidarity Economy were important themes, documents that the Social Economy is firmly inscribed in an international momentum for an alternative globalization. The eighth edition of the World Social Forum took place in Brazil's Amazon region in January 2009, where civil society leaders and activists from

² World Social Forum: <http://www.forumsocialmundial.org.br>

around the world came together. The Declaration from this Assembly points to the urgent need for the,

construction of a radical alternative that would do away with the capitalist system and patriarchal domination' . . . and work towards 'a society that meets social needs and respects nature's rights as well as supporting democratic participation in a context of full political freedom.'³

The contemporary models of economic monopoly—state and private capital—have long been the solution for societies throughout the world of control over political and economic resources, and has since been heightened by globalisation. There is clearly a strong case for the development of an alternative economic order, and this is evidenced by the successful policies, initiatives and programs benefiting communities around the world.

This paper begins with a description of the various components of the Social Economy, and attempts to illustrate its scope and significance to socio-economic development and environmental sustainability on a global scale. The literature review (section 3) is separated geographically (North America, Europe, Latin America and the Caribbean, Asia and Africa), looking at how the Social Economy framework is being utilized as an effective tool supporting this movement.

Although there is debate about the conception and understanding of the Social Economy, there has been some consensus in the literature about the varying components that occupy this sector. It is often broadly addressed as an array of organizations with a social mission including nonprofits (including voluntary organizations), mutual associations, co-operatives, community economic development corporations and social purpose businesses (Neamtan, 2005; Allard & Matthaei, 2007). Poirier (2008) and others (see McMurtry, 2009) caution about the many challenges faced in defining the Social Economy, and which enterprises are consistent with all or some of the principles. Socially Responsible Investment (SRI) funds, for example, integrate principles of social and environmental criteria, although 90 percent of Fortune 500 companies are included in SRI fund portfolios including Coca Cola, Wal-Mart and Monsanto. It is indeed important, Poirier (2008) argues, to continue having discussions and debates in order to work together in aligning with the principles of the Social Economy.

In Ninacs (2002) review of the *Theory and Practice of Social Economy/Économie Sociale in Canada*, a useful conceptual amalgamation is provided of the theoretical

³ WSF declaration: http://www.forumsocialmundial.org.br/noticias_01.php?cd_news=2557&cd_language=2

models that distinguish organizations belonging to the Social Economy from all others. Figure 1.1 illustrates how these characteristics interplay, and includes co-operatives, mutuals, credit unions, social enterprises, foundations and charities, and nonprofit organizations as components of the Social Economy.

Although this model serves for an interesting dialogue, there are some elements omitted that the literature points out. Some would argue for example, that the informal underground economy (excluded in Figure 1.1) is very much a part of the Social Economy, providing significant value to the economy, and often used as a survival strategy by the poor and unemployed (Beall, 2000; Ackerman & Mirza, 2001). Notably among the most influential work on the informal economy is Hernando de Soto's *The Other Path* (1986), in which he argues that excessive regulation in the Peruvian economies forced a large section of the work force into informal economic activities. There is an emerging recognition that eradicating the informal economy through deterrence (levels of punishment) is unrealistic (Williams & Windebank, 1995; Beall, 2000). Formalizing the informal sector and supporting the goal of full employment is therefore increasingly discussed in economic development literature (Williams, 2005; Mansoor, 1999; Medina, 1997). Integrating the informal sector into community-based and social enterprises, co-operatives and unions is becoming a widely used approach in Mexico (Medina, 2003), Columbia (Moreno-Sanchez & Maldonado, 2006) and Brazil (Gutberlet, 2005).

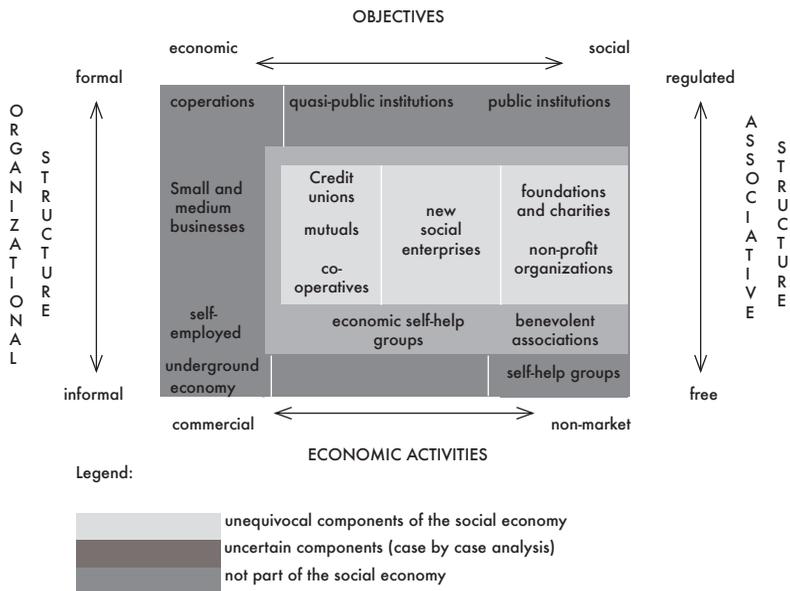


Figure 1.1. The Social Economy Quadrilateral. Source: Ninacs (2002)

Community wealth based on social value, known as ‘social capital’ is well accepted in the literature as an element of the Social Economy (Neamtan, 2002). Peredo and Chrisman (2006) highlight social capital and positive social networks as useful concepts in understanding community-based enterprises, and are seen as necessary components for economic development. It is within these networks that “communities are able to build strong relationships, which, over time, allow trust, cooperation, and a sense of collective action to develop among members” (p.314). Putnam (2000) also confirms that through the development of enterprises and economic activity, which privileges solidarity from the ‘ground up,’ citizens affirm their will and capacity to be effective entrepreneurs.

Quarter et al.(2001) illustrates a broader framework in Figure 1.2, representing the relationship between the Social Economy and civil society, and the relationship of these two entities to the private and public sectors. Here, they demonstrate that these categories are sub-components of society and that they interact and influence each other. They describe the Social Economy as consisting of three components:

market-based co-operatives (primarily with shares) and commercial nonprofits; publicly oriented nonprofits; and most important, mutual associations (including non profit mutual associations and co-operatives without shares). (p. 370)

This study suggests that member-based organizations, be they nonprofits or co-operatives, have much in common, and that may also be because they serve a similar social function in helping people who are alienated by the structures of modern societies to reconnect with each other. Given the various facets of entities and structures that contribute to the socio-economic development of communities, there is no doubt to be challenges in reaching consensus among practitioners and governments around the world of what constitutes the Social Economy. The following is a description of some of the components highlighted in the literature that are recognized to be part of, or contributing to the Social Economy.

Co-operatives

The International Co-operative Alliance (ICA)⁴ defines a co-operative as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” ICA has established seven co-operative principles: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and

⁴ ICA:<http://www.ica.coop/al-ica>

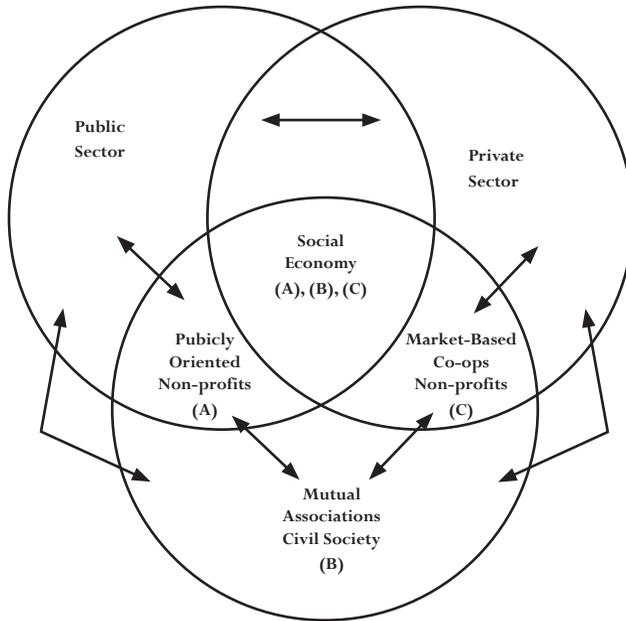


Figure 1.2. The Social Economy and Civil Society. Source: Quarter et al. (2001)

information; cooperation among co-operatives; and concern for community. Globally, co-operative organizations operate in all sectors of activity, employ more than 100 million people, and have more than 800 million individual members.

There is a copious amount of literature devoted to the meaningful role co-operatives play in uplifting the socio-economic conditions of their members and their local communities (DFID, 2005; Thériault et al., 2008; Macpherson, 2009). Faced with global unstable economic systems, insecurity of food supply, growing inequality worldwide, rapid climate change and increased environmental degradation—the model of co-operative enterprise has become increasingly compelling. When examining the percentage of a country’s GDP attributable to co-operatives around the world, the proportion is highest in Kenya at 45 percent, followed by New Zealand with 22 percent. Co-operatives account for 80 to 99 percent of milk production in Norway, New Zealand and USA; 71 percent of fishery production in Korea, 40 percent of agriculture in Brazil; 25 percent of savings in Bolivia; 24 percent of the health sector in Colombia; 55 percent of the retail market in Singapore, 36 percent in Denmark and 14 percent in Hungary (ILO, 2007). In 2006, Brazilian co-operatives exported 7.5 million tons of agricultural products for a value of USD 2.83 billion to

137 countries.⁵ Co-operative banks, in the form of credit unions, play an important role in times of economic crisis as often they display prudence and avoid excessive risk-taking, focusing primarily on the needs of their members.

The International Labour Organization (ILO) (2007) recommends the need to promote the business potential of co-operatives so they can contribute to sustainable development and equitable employment. They also advocate for an institutional framework in which government registers co-operatives as simply and efficiently as possible, regulates them in the same way as other forms of enterprise, and provides a wide range of support such as human resource development, access to credit, and support services for marketing—all without infringing co-operative autonomy. In his analysis of the ICA's Identity Statement of co-operatives, MacPherson (2000), while acknowledging this development, stresses that much remains to be done in order for co-operatives to demonstrate their validity in the contemporary world. He points to the important responsibility that co-operative educators play

“to ensure that the movement's intellectual reservoirs become deeper; that its capacity to speak to people about the most important contemporary issues is enhanced” and that their role “be central to the continuing and deepening discussion of where co-operatives fit within the social economy of modern life.”⁶

Mutual Associations

Dueck (2007) describes mutuals as a distinct form of economic organization that serves to provide a unique function in the Social Economy. These mutual nonprofits or mutual interest associations have the common feature of a membership who elect a board of directors or an executive that is responsible for representing their interests (Quarter, 1992). Mutual associations are similar to co-operatives in their membership structure, voting arrangements, and their general orientation of serving the interests of their members. They are associations of people, often of common religious or ethno-cultural heritage, based upon a common bond to satisfy their social needs. The European Commission Enterprise and Industry differentiate mutuals from co-operatives by the fact that they operate with their own, collective and indivisible funds, and not with share capital.⁷ The European Union *Mutual Act* identifies six

⁵ Brazil-Arab News Agency, 2 February 2007: http://www2.anba.com.br/noticia_agronegocios.kmf?cod=7427504&indice=0

⁶ Macpherson, I. (2000). On matters of co-operative identity. *The Bulletin of the Association of Cooperative Educators*

⁷ Enterprise and Industry: http://ec.europa.eu/enterprise/entrepreneurship/craft/social_economy/soc-eco_mutuals_en.htm

features of a mutual: solidarity of membership, freedom of membership, absence of share capital, nonprofit making objectives, user-controlled democratic governance, and independence. Dueck (2007) applies these features in his historical description and analyses of mutuals in Canada and highlights the legal challenges and limitations that must be recognized in building a common mutual foundation and framework.

Credit Unions

Credit unions are democratic, member-owned financial co-operatives. These associations provide members the opportunity to own their own financial institution and can help create opportunities such as starting small businesses. As not-for-profit co-operative institutions, credit unions use excess earnings to offer members more affordable loans, a higher return on savings, lower fees or new products and services. According to the World Council of Credit Union's (WOCCU)⁸ 2007 *Statistical Report*, the global credit union sector reported significant growth in 2007. This report, representing data from 96 countries, revealed that 49,134 credit unions serve an estimated 177 million members within those countries. WOCCU promotes the sustainable development of credit unions and other financial co-operatives around the world to empower people through access to high quality and affordable financial services.

Nonprofit Organizations

Laville (1998) identifies two distinct dynamics at work within the third sector: the first he associates with the Social Economy and is based on a tradition of self-help, understood as the practice of working with others to solve a common problem; and the second he relates to the custom of helping others in need upon which the practices of nonprofit organizations are based. Although Salamon et al. (2003) do not identify their work as being situated within the Social Economy, their research on civil society organizations provides an additional perspective on this sectors contribution towards socio-economic development. Their research titled *Global Civil Society: An Overview*, provides a broad picture of the civil society sector in thirty-five countries spanning all six continents. They identify nonprofits as a distinctive set of institutions—as an identifiable social “sector.” The inclusion of the civil society as being a component of the Social Economy is highly contested despite the complimentary elements that it encompasses.

The number and variety of these civil society organizations has grown enormously in recent years, culminating in what Salamon et al. (2003) are calling a

⁸ WCCU: <http://www.woccu.org>

“global associational revolution”—a massive upsurge of organized private, voluntary activity in virtually every region of the world. These organizations enable effective social change, “stimulate citizen activism; awaken gender, environmental, and ethnic consciousness; and prompt heightened interest in human rights” (p. 2). These structures also contribute significantly to building social capital which are found to be critical preconditions for democracy and economic growth.

The UN Nonprofit Handbook Project, administered by the John Hopkins Center for Civil Society Studies, seeks to improve the visibility of the nonprofit sector in national economic statistics by promoting the global implementation of the United Nations *Handbook on Nonprofit Institutions in the System of National Accounts* (2003). This handbook is the first comprehensive comparative assessment of the size, structure, financing, and role of the nonprofit sector at the global level. The aim of the handbook is to respond to the growing interest that statisticians, policy makers and social scientists have in organizations that are neither market firms nor state agencies. These social institutions are variously referred to as “nonprofit,” “voluntary,” “civil society” or “non-governmental” organizations and collectively as the “third,” “voluntary,” “nonprofit” or “independent” sector. Types of organizations commonly included under these terms are sports and recreation clubs, art and cultural associations, private schools, research institutes, hospitals, charities, religious congregations and faith-based organizations, humanitarian assistance and relief organizations, advocacy groups and foundations, and charitable trusts.

Nonprofits are attracting increased attention from policy makers, as highlighted in the handbook, who have been searching for ways to improve the quality of public services and reduce the size of the state. Initiatives have been launched in the United States, the United Kingdom, France, Italy, Canada, the Netherlands, Germany, Australia, New Zealand, Japan, Chile, Pakistan and the European Commission, among others, to promote nonprofits or change government’s relations with them.

The voluntary sector, often included within nonprofits (religious, charitable, artistic and cultural, public education and lobbying, sports, trade etc.) is also argued to be a significant contribution to the Social Economy (Hall et al., 2007; Fairbairn, 2004). In Canada for example, there are over 161,000 nonprofit and voluntary organizations, with annual revenues of \$112 billion, employing over two million people (Imagine Canada, 2003). These organizations report a total of 19 million volunteers collectively contributing more than two billion hours of volunteer time per year (equivalent to approximately one million full-time jobs).

1.2 Scope and Significance of the Social Economy

The literature reveals a growing interest in theory and practice of the significance of the Social Economy as contributing to socio-economic development. This trend is occurring around the world as governments and civil society begin to appreciate the benefits of this model for sustainability. Although environmental sustainability is a significant element of this alternative economy, there is limited literature that specifically discusses the environmentally beneficial outcomes of this framework. As an attempt to fill this gap, the following section (2.1.2) will briefly explore some of the literature on alternative economic models for environmental sustainability (such as, ethical or green business, fair trade, alternative energy, etc.) and highlight some of the public policies contributing to support this growth.

1.2.1 Socio-economic Development

The 1995 World Summit for Social Development (WSSD)⁹ marked an important moment, when the citizens and governments of the world agreed on the principles of equity and social justice as the objectives of development. In February 2005, a large group of stakeholders, including governments and civil society organizations, met to follow-up and review progress on the commitments made at the WSSD. This meeting highlighted the growing international consensus about the synthesis between social and economic development. Other global Social Economy initiatives include the International Labour Organization's (ILO) STEP¹⁰ (Strategies and Tools against social Exclusion and Poverty) program of the Social Security Department focusing on the poor and excluded populations in the informal economy and the rural sector. STEP works in two inter-connected fields: the extension of social security in health, and integrated approaches to fight against social exclusion at the local level. STEP's work on the development of community based social protection schemes (such as micro insurance, mutual health organizations, etc.) has been hailed as a promising perspective for poor populations excluded from formal systems in particular in the least developed countries. The Commission for Social Development (CSocD)¹¹ is a commission of the Economic and Social Council (ECOSOC) of the United Nations, and is the principal organ to coordinate economic, social, and related work of the 14 UN specialized agencies, functional commissions and five regional commissions.

The empirical data on the size and scope of the SE globally highlights the relevance of this sector. At the CIRIEC conference in 2007, Salamon, from the John Hopkins Centre for Civil Society Studies, describes the scale of nonprofit activity

⁹ The World Bank: <http://web.worldbank.org/>

¹⁰ ILO: <http://www.ilo.org/public/english/protection/secsoc/areas/step.htm>

¹¹ United Nations: <http://www.un.org/esa/socdev/csd/index.html>

internationally. Using data from 40 countries around the world, Salamon (2007) equates that this sector contributes to \$1.9 trillion in operating expenditures, 48.4 million full-time jobs, and serves 4.6 percent of the economically active population. According to the 2006 CIRIEC study, paid employment in co-operatives, mutual societies, associations and similar organizations in the European Union totaled 11,142,883 persons in 2002-3 (the equivalent of 6 percent of the working population of the EU): out of these 70 percent are employed in nonprofit associations, 26 percent in co-operatives and 3 percent in mutuals.

Comparatively, Salamon et al. (2003) found that civil society organizations employ ten times more people than the utilities and textile industries, five times more people than the food manufacturing industry, and about 20 percent more people than the transportation industry in the thirty-five countries reviewed (see Figure 1.3).

Social Economy enterprises in the EU are present in almost all sectors, such as banking, insurance, agriculture, craft, various commercial services, and health and social services etc.¹² Significant in Belgium, for example, the nonprofit sector was responsible in 2001 for providing 66 percent of social services, 53 percent of sports and recreation, and 42 percent of health services.

Helen Haug, Director of the MPhil in Management Programme and University Senior Lecturer in Community Enterprise at the University of Cambridge, highlights the significance of the sector in the UK, with an estimated 870,000 civil society organizations in UK, assets of £210 billion and total income of £116 billion. Haug (2009) includes co-operatives, charities, voluntary and community organizations, mutuals, nonprofit organizations, community businesses, social and community enterprises as components of the SE.

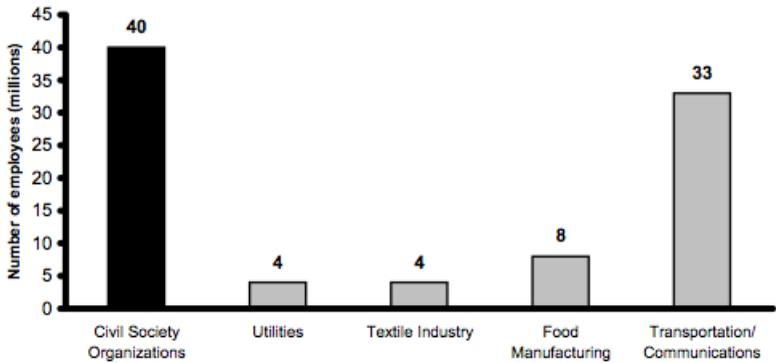


Figure 1.3. Civil Society Organization Employment, 35 Countries (Salamon et al., 2003)

¹² EU: http://ec.europa.eu/enterprise/entrepreneurship/craft/social_economy/soc-eco_intro_en.htm

1.2.2 Environmental Sustainability

There is emerging literature highlighting how the Social Economy can be a vehicle for environmental sustainability. Despite the lack of reference to the term Social Economy within this body of work, the concepts and principles are embedded in this framework. Often using terminology such as ‘green or ethical business,’ ‘ecological economics,’ or ‘social entrepreneur,’ literature from a variety of disciplines reveal research on the economy-environment relationship (Johnson, 1998; Costanza, 1998; Daly, 2005) attesting to growing interest in business models that are creating goods and services that generate ecological, social and economic value—which are the foundation of the Social Economy. Daly (2005) argues that the traditional capitalist system is ecologically unsustainable and that developing an economy that can be sustained within the finite biosphere requires new ways of thinking. Notable works such as Hawken’s (1994) *Ecology of Commerce* and McDonough and Braungart’s (2002) *Cradle to Cradle* also outline the environmentally destructive aspects of many current business practices, and offers the vision of businesses adopting new practices to promote environmental restoration.

In what Soots and Gismondi (2008) refer to as an ‘eco-social crisis,’ they point to the Social Economy as a way to address the severity and complexity of environmental challenges. They argue that there is a need for, “more reflection...in particular the organizational and operational forms and practices needed to move toward regulating ecological resources, reinstating democracy, and reclaiming sustainable futures” (p.1), and explore how the Social Economy offers “organizational practices and forms of mutuality, trust and democracy that could help a transition to sustainability” (p.1).

The International Labour Organization¹³ also recognizes the significant contribution that the Social Economy can make to mitigate environmental challenges. In the context of climate change and rising food costs, they highlight how co-operatives, particularly in rural areas around the world, are reducing carbon emissions and promoting sustainable development in general. They point to examples of dairy farming in India, eco-tourism in Costa Rica, wind farms in Denmark and coffee plantations in Africa—all operating within co-operative models and contributing to poverty reduction and improved working conditions. Gutberlet’s (2009) recent work on the Solidarity Economy in Brazil also highlights how recycling co-operatives are using micro credit schemes for collective commercialisation, resulting in improved resource-recovery and recycling opportunities as well as increased wages for the recyclers.

¹³ Confronting Climate change”: How co-operatives contribute to meeting today’s challenges: http://www.ilo.org/dyn/media/slideshow.curtainUp?p_lang=en&p_slideshow_id=18

2.0 Literature Review: International Perspectives on an Alternative Economy

The following section is a review of literature highlighting the significant contributions made by governments around the world in support of the Social Economy. Some of these contributions include changes to the regulatory frameworks within which SE organizations operate including: the introduction of a range of funding approaches supporting the delivery of government-defined services to creating investment funds; and expanding the range of organizations that can provide public services. The following section outlines, geographically, the various policy initiatives being developed and implemented by governments around the world, and some of the benefits to communities that result.

2.1 North America

The literature reveals significant examples of how Civil Society Organizations (CSOs) across North America are applying innovative strategies to successfully combat socio-economic decline and reverse destructive local processes in order to move toward a healthier setting for living and working. There is also a lot of debate and analysis on the Social Economy as an emerging framework for socio-economic development and environmental sustainability (for example, Bradford, 2004; McMurtry, 2009). In Canada, and particularly Québec, there has been progress made in advancing the Social Economy with an increasing network of actors who are committed to placing the SE on the political agenda. Organizations such as the Canadian Community Economic Development Network (CCEDNet) and the Chantier de l'économie sociale in Québec have become strong proponents of this alternative economic approach. In the United States, although not as prominent as in other parts of the world, the Solidarity Economy is gaining strength, particularly as the weaknesses of the current economic system are revealed.

2.1.1 Canada

The Social Economy (SE) is a fairly new concept in Canada that describes a diverse and evolving combination of nonprofit and voluntary organizations and enterprises that have been producing and delivering goods and services in communities across Canada for well over a century (Neamtan & Downing, 2005). Despite this history, there is varying understanding and dispute of the Social Economy within academic, practitioner and government circles across Canada, particularly in defining the sector (Smith & McKittrick, 2008; Sousa & Hamdon, 2008), and which components and activities are included (Shragge, 2004). These discrepancies

are reflected in the uneven development of the sector across the country, in the literature, and in the claims of a 'unified' Canadian Social Economy (McMurtry, 2009). The experience in Québec (discussed in more detail in the following section) is well represented in the literature and recognized by the provincial government as a valid and important sector. Practitioners and academics such as Vaillancourt (2009), Levesque (2007), Loxley and Simpson (2007) and Mendell (2008) for example provide a reflective, historical and comparative sample of works on the development and unique role of the Social Economy in Québec. Although this term has been used in Canadian literature for over a decade (McMurtry, 2009), it is only in the last few years that the Canadian federal government has made policy commitments to this sector.

Government literature has only recently discussed how the Social Economy is an emerging entity and its role in achieving public policy at the national level. A significant example is the Social Economy Initiative in 2003, resulting from a combining of interests by pan-Canadian Co-operatives, Community Economic Development and Québec "économie sociale" organizations. Other significant steps include the creation of a federal Parliamentary Secretary to the Minister of Social Development with a special focus on Social Economy, alongside significant investments in 2004 for capacity building, the creation of patient capital funds, and community-university collaborative research related to the Social Economy. The 2004 Throne Speech of the Canadian government in conjunction with an allocation of over \$130 million for capacity-building and other enabling financial instruments had the potential to advance this movement in Canada. The Throne Speech stated:

The government is determined to foster the Social Economy—the myriad not-for-profit activities and enterprises that harness civic and entrepreneurial energies for community benefit right across Canada. The Government will help create the conditions for their success, including the business environment within which they work.

Unfortunately, under the new Conservative government in 2006, this dialogue has declined, and most funding to support Social Economy organizations was removed.

Despite this setback, in 2006 the Canadian Social Economy Hub (CSEHub)¹⁴ was formed to act as facilitator for the Canadian Social Economy Research Partnerships (CSERP), promoting collaboration among six regional research centres across Canada (Atlantic, Québec, Southern Ontario, Saskatchewan, Manitoba and Northern Ontario, Northern, and British Columbia and Alberta), and creating opportunities

¹⁴ CSEHub:<http://www.socialeconomyhub.ca/>

and exchanges with international networks. CSERP, funded through the Social Sciences and Humanities Research Council of Canada (SSHRC)¹⁵ collaborates with practitioners, researchers and civil society through the regional centres and undertakes research that further understands and promotes the Social Economy tradition within Canada, and as a subject of academic inquiry within universities.

Despite successful regional cooperation among the research nodes, there is no common definition of the Social Economy in Canada; rather each node uses a distinctive local definition. It is through the National Hub, that a unified perspective and understanding of the Social Economy is facilitated (Smith & McKittrick, 2008).

The SE framework has often been argued as a means to contesting neo-liberal restructuring, and proposing an alternative to the limits and inequalities of a market-driven economy (Laville, 1994; Lévesque & Mendell, 1999). Organizations such as the Caledon Institute of Social Policy,¹⁶ and the Canadian Council on Social Development¹⁷ have concluded that the links between social and economic policy are vital to fight poverty, ensure social and economic security, and achieve social justice (Caledon Institute, 2004).

Most of the literature discusses the organization of the Social Economy emerging from the Community Economic Development (CED) movement, where today, there are “networks of networks” across Canada that are organizing cross-sectorally, and are mobilizing support for regional and national Social Economy policy initiatives (Allard & Matthaei, 2008). It is through the growing networks across Canada (including the Canadian Co-operative Association, the Canadian Community Economic Development Network, Chantier de l'économie sociale, and the Conseil de la coopération et de la mutualité), representing thousands of co-operatives and community-based enterprises, that partnerships are forming with the Canadian government in the search for a stronger economy that promotes sustainable communities and poverty alleviation.

CCEDNet¹⁸ defines Community Economic Development (CED) as “action by people locally to create economic opportunities and enhance social conditions on a sustainable and inclusive basis, particularly in and with those communities and people that are most disadvantaged.” Many actors view CED as a long-term empowerment process that builds the capacity of communities to help themselves using an integrated approach that recognizes social, economic, cultural and environmental goals

¹⁵ SSHRC: <http://www.sshrc-crsh.gc.ca>

¹⁶ Caledon Institute: <http://www.caledoninst.org>

¹⁷ Canadian Council on Social Development: <http://www.ccsd.ca/home.htm>

¹⁸ The Canadian Community Economic Development Network (CCEDNet): <http://www.ccednet-rdec.ca>

(Neamtan & Downing, 2005; Moral & Jurado, 2006). It is through these CED policies and frameworks that provincial and territorial governments across the country are advancing the Social Economy, particularly in Manitoba, Nova Scotia, and Ontario (CSC, 2008).

There is emerging literature that offers a comparative analysis of the Social Economy among Canadian provinces and other countries. Loewen (2009) for example, describes the different characteristics of social enterprise development in Manitoba, Québec, Nova Scotia and the United States, as well as the interventions and supports that have contributed to their growth. This research also investigates the ‘continuum’ of social enterprise development, the merits of different models and the appropriate interventions. Loxley and Simpson (2007) also provide an in-depth analysis comparing CED policies in Manitoba and Social Economy policies in Québec, describing many of the similarities, and the challenges facing both. They conclude that it is the ‘symbiosis between social movements, CED activities and relatively progressive provincial governments’ that have positioned the Social Economy as a creative solution to a variety of challenges. Comparatively, they argue that in Manitoba these elements are more fragile, where civil society has not been as cohesive in fighting neo-liberal policies. They present a case for a strong, active civil society coupled with cumulative achievements as necessary ingredients in promoting a Social Economy agenda. Cabaj’s (2004) review of the Social Economy in Canada also describes a growing momentum in this sector and a survey of CED organizations in 2003 by CCEDNet concluded that 56 percent of organizations responding had been created in the last ten years and nearly a quarter in the last three years (Downing, 2004). Other indicators for growth and interest in this sector can be measured in the increased funding by foundations; most notably in the west by the Muttart Foundation, in Ontario by the Trillium Foundation, and across Canada by the McConnell Family Foundation. The Vancouver Foundation and VanCity Foundation for example, have invested in over fifty organizations seeking to start new social enterprises under their “Enterprising Non Profit” program.

Some of the literature pertaining to the Social Economy specifically discusses the non-market role as contributing to socio-economic development (Neamtan & Downing, 2005), while other groups of work investigate how specific sectors are contributing to the economy, such as the significance of co-operatives (Macpherson, 2009), nonprofit and voluntary sector (Hall et al., 2007). Also emerging are important works on public policy supporting the Social Economy by province (Brock & Bulpitt, 2007). The following section investigates the various components of the Social Economy in Canada within the literature.

Co-operatives

According to the Co-operatives Secretariat the co-operative sector is strong all over Canada with considerable support from the provincial governments. They reveal that Canada's co-operatives hold more than \$160 billion in assets; and non-financial co-operatives have annual total revenues of \$29.5 billion, and according to their 2004 study, there are 9,271 co-ops employing over 160,000 Canadians. Producer co-operatives support the livelihood of another half million Canadians, mainly in rural communities. Vaillancourt & Tremblay (2001) also point to the significant role of SE initiatives in the health and welfare field in New Brunswick, Ontario, and Saskatchewan specifically in the years preceding and following the advent of the welfare state.

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A more recent study by Thériault et al. (2008) also revealed that co-operatives in Atlantic Canada have cumulated well over half a million members, particularly in the financial sector. Their research found that a "typical" co-operative in the region has revenues of about \$437,000 and expenditures of around \$343,000, and that the cumulative number of employees (part-time and full-time) employed by the co-operatives in the survey is totaling over 6,800. They also found that practices of organizations are now extending relatively frequently into the reporting of social impacts (39 percent) but still relatively rarely into the reporting of environmental impacts (18 percent).

Nonprofits

Hall et al. (2005) write about a vibrant nonprofit and voluntary sector in Canada, encompassing service delivery organizations in areas such as health, education, social services, community development and housing, as well as those that serve functions

¹⁹ Co-operatives Secretariat Canada: <http://www.coop.gc.ca/COOP/>

in arts and culture, religion, sports, recreation, civic advocacy, environmental protection, and through business, labour, and professional associations. This sector, according to their research, accounts for 6.8 percent of the nation's gross domestic product (GDP) and, when the value of volunteer work is incorporated, contributes 8.5 percent of the GDP. Organizations such as hospitals, universities, and colleges contribute to the remaining four percent of the nation's GDP. These organizations employ 12 percent of Canada's economically active population, and provide 13 percent of its non-agricultural employment.

Despite successes of a strengthening SE in Canada, there is consensus among actors that more can be done to enable this economy. McMurtry (2009) in particular, points to the need for a developed conceptualization of this sector in Canada supported with a policy framework for its development.

2.1.2 Québec

The amount of literature coming out of Québec is significant compared to the rest of Canada—where the SE as a defined sector is relatively new in the literature. Much of this literature discusses the Social Economy (*L'économie Sociale*) in Québec as a distinct, culturally historic, and significantly pertinent element of the socio-economic and public policy development of the province.

Lévesque (2007), Vaillancourt (2008) and Favreau et al. (2004), in particular, all provide a detailed history of the Social Economy movement in Québec over the last century. Lévesque (2007) refers to periods of 'cycles' or initiatives that are anchored in the local governments commitment to meet community needs during times of economic crises. He characterizes these various configurations in five great periods: a first, in the second half of the nineteenth century, which could be characterized by the passage of a predominantly urban 'économie solidaire' to a predominantly rural Social Economy; the second, in the first half of twentieth century, is in the form of a co-operative movement inspired mainly by corporatism and the social doctrines of the Church; a third, between 1960-1980, where the co-operatives, mutual insurance companies and associations adjust to the Quiet Revolution and take part in economic nationalism, which strengthens the notion of the "social co-operatives" and of associations; a fourth, in the turning of the twenty-first century, with the search for alternatives to new challenges, in particular the employment crisis and the limits of traditional intervention, in the context of globalisation inspired by neo-liberalism; and a fifth between 1990-2008 described as a formal recognition of the Social Economy by both civil society and political bodies. The passage from one configuration to another, he argues, was generally preceded by the incapacities of the first to take up the new

challenges. This transition gave place to marginal experiments, which became thereafter structured in a socio-economic form of regulation, and the emergence of a new development model.

Neamtan (2003) also discusses the historical development of this sector, highlighting the Women's March Against Poverty: for bread and roses, launched in 1995 organized by the Québec Federation of Women (Fédération des femmes du Québec), as a critical turning point for the Social Economy. She describes the significance of this movement in drawing the attention and interest of local government, which resulted in a commitment to inject 225 million dollars over five years into social infrastructure through the Fund against Poverty (Fonds de lutte contre la pauvreté). The Comité d'orientation et de concertation sur l'économie sociale, was also established at this time, as well as Regional Committees of the Social Economy (CRES). Through the Conference on the Economic and Social Future of Québec (Conférence sur le devenir social et économique du Québec) in 1996, emerged the Chantier de l'économie sociale, a taskforce comprised of women's groups, community organizations, the co-operative movement, the labour movement, the national movement, youth groups, and employer representatives.

Principles of the Social Economy have thrived in Québec, recognized by government policies and well accepted in all spheres of society and within the international movement. Over the last six years, thousands of Social Economy enterprises have been created (Neamtan, 2005), generating over 20,000 new and permanent jobs, many of which have been filled by people who were otherwise excluded from the job market, as well as the tens of thousands of jobs which have been integrated into the Social Economy through daycare centers, information technology, community media, social tourism, leisure activities, and proximity services, among others. This shift can be attributed to what Neamtan (2003) refers to as the 'rediscovery' of social capital in the late 1980s and 1990s on the policy lexicon, acknowledging the critical necessity of social cohesion for a well-functioning market economy. The consolidation of the public and mixed economy model during this time led to the emergence of what is called 'the new Social Economy,' marked by the creation of civil society initiatives including: citizen's committees, food banks, community centers, family economy co-operative associations, community health clinics, legal clinics, not for profit childcare centers and the creation of Québec's network of local community service centers (CLSCs), that offered both health and social services at the local level throughout Québec.

Another important strategy for advancing the Social Economy in Québec, and around the world, is through co-production. Vaillancourt (2008) provides a

comprehensive review of co-construction and production of public policy in the SE in Québec and Latin America and argues that

the democratization and enhancement of public policy requires participation by collective and individual stakeholders from the market and civil society in its creation (co-construction) and its application (co-production)” (p.12). He stresses that “the contribution of co-production to the democratization of public policy stems less from the number of stakeholders from the third sector present in this policy than from the quality of the relations created between the state and the third sector. (p. 20)

In a more recent article, Vaillancourt (2009) highlights cases of co-production involving participation by the third sector in the South (Bresser & Cunill, 1998; Bifarello, 2000; Ndiaye, 2005; Vitale, 2005; Batley, 2007) and the North (Vaillancourt & Laville, 1998; Lewis, 1999; Pestoff, 2006). Cunill (2004) refers to this process of cooperation as solidarity-based co-production.

Ninacs (2002) highlights the particular cultural, political, and especially economic contexts of Québec society as playing a significant role in the development of the Social Economy in Canada. Levesque & Ninacs (2000) also attribute the prominence of this economy compared to the rest of Canada due in part to the weak capitalist structures of French-speaking Québec and the social climate of consensus and commitment. They provide five elements typical of this configuration: (1) recognition by all stakeholders of the potential of the social economy for local development and job creation; (2) adoption of a relatively consistent development strategy, at least for some sectors, that combines government financial and technical assistance with continued autonomy of these businesses and organizations; (3) importance of sectoral consolidation and local governance; (4) recognition of the social economy as a full component of the economy; and (5) a diversity of institutional forms.

Marie J. Bouchard, a research director at the Centre de recherche sur les innovations sociales (CRISES)²⁰ and chair holder of the Canada Research Chair on the Social Economy at the Université du Québec à Montréal (UQAM), contributes significantly to the discourse on social innovation within the Social Economy, and on making its role more democratic. She has contributed to building the inventory of the French language literature on co-operatives in Canada (Bouchard et al., 2003). She has also designed an evaluation framework for the Social Economy (Bouchard et al., 2005). Bouchard, as well as other researchers at CRISES, conceptualizes social

²⁰ CRISES: <http://www.crisis.uqam.ca>

innovation at three levels; the first, through collective actors and social relations, analyzing how actors participate in new development paradigms; the second, through institutional innovations, where systems of rules and responsibilities are analysed; and third, organizational innovations through the analysis of the division and co-ordination of labour, modes of management, methods of co-ordination and social interactions.

Mendell (2003) also describes the prominence of the SE in Québec as,

“a history of political alliances” where the “architects of the social economy have radicalized oppositional strategies significantly by contesting the dominant paradigm through practice, by challenging existing institutions through the creation of new ones that work, by creating networks of citizens engaged in the social economy that speak with one voice despite the many sectors they represent.” (p. 2)

The government’s commitment to the SE has been well documented. Between 2003 and 2008 it contributed \$8.4 billion to the Social Economy through various ministries in social services (\$6.1 billion to family services, \$331.7 million to health and social services, \$589.2 million in social housing); economic development (\$241 million in innovation and development, \$346.7 million in employment, \$10 million to the Chantier de l’économie sociale, \$10.9 million investment in public-private partnerships, \$50,000 for the social enterprise development); the environment (\$6.7 million in waste management and recycling); transportation (\$334.3 million to extend services to persons with handicaps, and rural transport); and the arts (\$13.4 million in community media) (MAMR, 2008). Québec’s commitment to the Social Economy is further expressed in the creation of the Office of the Social Economy within the Ministry of Regional and Economic Development in 2003. Other supports include:

- Legislative framework and policy;
- Integration of SE into rural development policy;
- Sectoral policies for entrepreneurship: childcare, homecare, social housing, recycling etc.;
- Clientele-oriented policies and programs: handicapped, social integration through training.
- Developing a framework for new enterprise models (solidarity co-operatives);
- Support for networks and regional infrastructure organizations;
- Recognition of the SE through partnerships with organizations;
- Loans and loan guarantees for collective enterprises;

- Fiscal and direct measures to support financial intermediaries; and
- Support for co-operative enterprises.

The federal government also supports SE organizations in Québec through the Labour Market Development Agreement, delivering funds at the local level through local Employment Centres. The 2006 Summit on the Social and Solidarity Economy,²¹ held in Montreal concluded that the SE has become a strong movement and economic actor in Québec. Neamtan (2008) attributes this success to strong networks, as well as innovation in research, policy, training and investment tools.

2.1.3 United States

The literature emerging from the United States is significant in discussing some of the components of the Solidarity Economy (such as the nonprofit sector), and has only recently produced some analysis around the SE as a unique concept and approach to socio-economic development and environmental sustainability. Allard and Matthaei (2007) point to a trailing in the development of a Solidarity Economy in the US compared to the rest of the world, although highlight the first US Social World Forum in 2007 as an important impetus in mainstreaming this sector and leading to the US Solidarity Economy Network (USSEN).²² The USSEN identifies the Solidarity Economy as grounded in principles of: solidarity, mutualism, and cooperation; equity in all dimensions (race/ethnicity/nationality, class, gender, LGBTQ); social well-being over profit and the unfettered rule of the market; sustainability; social and economic democracy; and pluralism, allowing for different forms in different contexts, open to continual change and driven from the bottom-up.

Miller (2005) outlines that in the US the definition of the Solidarity Economy is widely contested. For some, he argues, it refers to a set of strategies aimed at the abolition of capitalism; while for others, it names strategies for ‘humanizing’ the capitalist economy—seeking to supplement capitalist globalization with community-based “social safety nets.” Although the Solidarity Economy is not a common term used in the US government model and despite the dispute over what the concept entails, there are numerous SE practices that stand out in the literature that are substantial in size and scope.

A key component and concept that is central to the SE that has a lot of presence in the literature is social enterprise and entrepreneurship. The Social Enterprise Alliance (SEA) describes social enterprise as any earned income business or strategy

²¹ Summit on Solidarity and Social Economy: <http://communityrenewal.ca/new-beginning-social-economy-qu%c3%A9bec>

²² US Solidarity Economy Network: <http://populareconomics.org/ussen/node/14>

undertaken by a nonprofit to generate revenue in support of its charitable mission.²³ The Nonprofit Enterprise and Self-sustainability Team (NESsT)²⁴ uses the term “civil society organizations” (CSO) to refer to the wide diversity of not-for-profit, non-state and community based organizations and groups that advance the collective good. These organizations are also referred to as ‘nonprofit’ ‘nongovernmental organizations’ (NGOs), ‘charities,’ ‘voluntary organizations,’ etc. Poirier (2008) provides a picture of the nonprofit sector, which includes \$1.4 million organizations accounting for 5.2 percent of the nation’s GDP and 8.3 percent of wages in the country. She points to other indicators such as significant increases in Fair Trade,²⁵ Community Supported Agriculture (CSA), and complimentary currency systems.

Salamon and O’Sullivan (2004) also reveal the results of a survey conducted by the Civil Society Studies on nonprofit organizations in the US. The survey documents the effects of recent economic struggle and government budget cuts on charitable organizations and assesses how the organizations have responded. The results show that American nonprofits have become, in many cases, highly entrepreneurial organizations, responding actively and creatively to new fiscal pressures. Nearly two-thirds of these organizations have managed to expand their activities of at least 10 percent or more in response of growing demand, despite these fiscal pressures. A recent publication by the Social Enterprise Initiative of Harvard Business School, states that there are currently \$1.5 million nonprofits and other social ventures with total revenues of \$700 billion in the U.S (Mendell, 2008).

McKnight and Kretzmann (1993) at the Institute for Policy Research (IPR) at Northwestern University point out that applying Asset-Based Community Development (ABCD), rather than the traditional needs-based approach, can facilitate successful community development in the US. They describe this alternative approach as one that recognizes that it is the capacities of local people and their associations that build powerful communities. They go on to say that by municipal agencies “stepping back”; communities shifted from being “consumers” of services to “designers” of community programs, and, finally “producers” of community. Mathie and Cunningham (2002) highlight the similarities of the ABCD approach to that of the Sustainable Livelihoods approach developed by the Department of International Development and the United Nations Development Program (UNDP). Both of these strategies grew out of a concern that simply promoting income-generating activities was not synonymous with enhancing livelihoods of the poor. Mendell (2008) also stresses that a systems thinking approach should be applied to understanding the

²³ Social Enterprise Alliance (SEA): <http://www.se-alliance.org>

²⁴ NESsT: <http://www.nesst.org>

²⁵ 2005 Executive summary fair trade in North America: <http://www.eldis.org/assets/Docs/22667.html>

social, political and economic impact of social enterprises.

2.2 Europe

Not only is there significant literature and research emerging on the modalities of the Social Economy in Europe, but there is also significant government representation in the literature on how the SE can be used to achieve policy objectives. The scope and size of policy instruments, fiscal commitment and public engagement in support of the SE reflects the EU's position in addressing current socio-economic conditions. This commitment is largely attributed to the many countries in the European Union with national boards explicitly responsible for matters relating to the Social Economy.

The most recent conceptualisation of the Social Economy in the EU is that of the Charter of Principles of the Social Economy promoted by the European Standing Conference on Co-operatives, Mutual Societies, Associations and Foundations (CEP-CMAF), created in November 2000 (Chavez & Monzón, 2007). In January 2008, the CEP-CMAF changed its name to Social Economy in Europe (SEE),²⁶ and includes members of co-operatives, mutual societies, associations and foundations as well as new forms of businesses that share the values defined in Social Economy Europe's Charter of Principles.

The term Social Economy is not unambiguous among all the countries in the Union, but usually co-exists with other terms and similar concepts. According to a recent study by CIRIEC²⁷ (2008), countries with the greatest acceptance of the concept are: France, Italy, Portugal, Spain, Belgium, Ireland, and Sweden. In France and Spain, the SE is recognized in law. Countries with a medium level of acceptance of the concept include: Cyprus, Denmark, Finland, Greece, Luxembourg, Latvia, Malta, Poland, and the United Kingdom. In these countries the term co-exists with other concepts such as the nonprofit, voluntary and social enterprises. Countries with limited or no recognition of the term SE include Austria, Czech Republic, Estonia, Germany, Hungary, Lithuania, the Netherlands, and Slovenia.

The CIRIEC study *The Social Economy in the European Union*, prepared for the European Economic and Social Committee (EESC)²⁸ in 2007 by Chavez and Monzón is a conceptual and comparative study of the situation of the Social Economy in the European Union and its 25 member states. This report provides an exhaustive view of the SE, highlighting the quantitative and qualitative importance of the Social Economy

²⁶ Social Economy Europe: <http://www.socialeconomy.eu.org>

²⁷ International Centre of Research and Information on the Public, Social and Co-operative Economy (CIRIEC) website: <http://www.ciriec.ulg.ac.be>

²⁸ The full report is available at: <http://www.socialeconomy.eu.org/spip.php?article420>

sector in the European Union in economic and social terms (with over 240,000 co-operatives economically active in 2005, providing employment to 3.7 million people and services to 143 million members). The various Social Economy Enterprises summarized in the report work to combine job creation, quality of employment, economic growth, social link, competitiveness, development of territories and the creation of social capital.

Ninacs (2002) attributes the success of the sector to the supporting innovative forms of economic and social activity through legal frameworks that facilitate social entrepreneurship: the Italian parliament was the first to introduce the “social solidarity co-operative” in 1991; Belgium followed in 1995 by creating a legal form for a company set up for “social purposes;” Portugal introduced the status of social co-operatives with limited liability in 1999. In a comparative study of co-operatives in Spain, Italy, and Québec (Canada), Adeler (2009) also demonstrates that the level of development that the sector achieves is directly correlated to the nature of the supportive environment, the strength of the sector infrastructure, and government commitment toward enabling the development of this environment and infrastructure through policy, programming, and funding.

Klevan and Walsham (2008) acknowledge the role of the UK government in the development of social enterprise as a model for maximizing public good through business solutions; in defining social enterprises as businesses that trade with a social and/or environmental purpose operating across an incredibly wide range of industries and sectors, from social care and recycling to fair trade and farmers markets and “whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners” (HRSDC, 2006, p. 5). Amin et al. (2002) also discuss the important role of social enterprises in contributing to overcome social exclusion in the UK. Mendell (2007) re-affirms the significance of the Social Economy particularly in the United Kingdom, and hails the government’s commitment to social enterprise development and community-based initiatives. She points to the Social Enterprise Unit, established in 2001, which is now integrated into the Office of the Third Sector within Cabinet, and the numerous innovative programmes including a fiscal framework promoting social investment, as promising examples for other countries.

There are also examples in the literature of Social Economy enterprises delivering public services in the EU. Bode and Evers (2004) highlight Germany, where although government manages policy analysis and funding, social services are often run by nonprofit organizations. Defourney (2001) also points to other EU countries that are exploring new ways of co-management, where responsibilities

are shared among governments, for profit providers and third-sector organizations. Evers and Laville (2004) argue that these movements are linked to a range of political and economic ideas to create mechanisms for the production of wealth and welfare other than market exchange or state protection. They represent a wide spectrum of collective actions coming from civil society, based on various forms of solidarity.

Despite the tangible and ‘central presence’ of the third sector in Israeli economy and society, the concept has been absent in public policy discourse and academic literature and is not recognized as a distinct framework (Gidron & Katz, 2002). Nevertheless, Gidron et al. (2003) fill a valuable gap by defining and measuring the Israeli third sector, as well as providing a historical background and implications for public policy. This work and others (Gidron et al., 2008) point to an urgent need for new policy in the area of philanthropy, from both the general public and business sector. Adapting new policies, such as tax reforms for example, or by investing in research and innovation of non-profit organizations would significantly advance the sector.

2.3 Latin America and the Caribbean

There is a significant amount of literature highlighting the Solidarity Economy in Latin America and the Caribbean, and more recently evidence of increasing government policy development to use the SE as a way of addressing development challenges (Gutberlet, 2009). Arruda (2008) describes the Solidarity Economy as one of the most vibrant oldest histories in Latin America, which has been building as a response to profound social crisis, unemployment and social exclusion—primarily caused by the opening of the internal market and recessions. Resistance to corporate globalisation and neo-liberal policies, he continues, have led to social movements searching for viable alternatives. In a recent publication, Gutberlet (2009) also highlights the strengthening of the Solidarity Economy in Latin America as a response to inequality and exclusion, and demonstrates how instruments such as micro-credit for example can significantly contribute to livelihood enhancement, particularly to the informal sector.

Laurell (2000) points out that governments supporting these alternatives have been voted into power in Venezuela, Brazil, Argentina, Chile, Peru and Bolivia. Some examples of national commitment to the Solidarity Economy can be seen in Venezuela’s Ministry of the Popular Economy,²⁹ Brazil’s National Secretariat for Economic Solidarity in 2003 and Argentina’s *Mano a la Obra* program initiated in response to their devastating economic crisis in 2001. Initially conceived as a solution

²⁹ Ministry of Popular Economy: <http://www.venezuelanalysis.com/news/698>

to the economic crisis, the Solidarity Economy in Latin America has proven to be a dynamic and sustainable economy supported by governments across the continent.

Paul Singer, National Secretary of the Solidarity Economy in Brazil, argues that under the form of cooperativism, Solidarity Economy has already existed for 200 years in practically all countries of the world (Gomes, 2005). A review of the extent of the Solidarity Economy in Brazil was conducted in 2005 by the government, and revealed that 15,000 democratic enterprises collectively employ 1,250,000 men and women. The development of the National organization called the Brazilian Forum on Solidarity Economy in 2003, representing a number of social enterprises, indicates the growing strength of the Solidarity Economy (Puntasen et al., 2008). The creation of this Forum coincided with the establishment of the National Secretariat on Solidarity Economy, a branch of the Ministry of Labour and Employment of the Federal Government. Through this joint collaboration, Brazil established an innovative legal framework governing the relationship between the Third Sector and the state, where creative innovations were introduced, such as the *parceria* (partnership) and public-interest civil society organizations.³⁰ The *Organização da Sociedade Civil de Interesse Público* (Civil Society Organization on Public Interest) is recognized in Law as a new type of nonprofit legal entity. This nonprofit cannot distribute any income surplus, dividends, bonus and/or assets gained among any of its members or participants, advisors, directors, employers or donors. Rather, these assets are used to fund organization's activities and purpose.

Marcos Arruda (2008), socio-economist at the Institute of Alternative Policies for the Southern Cone of Latin America (PACS) in Rio de Janeiro, and member of the Facilitation and Coordination Committee of the Alliance for a Responsible, Plural and Solidarity-based Economy (ALOE) defines the Solidarity Economy as

a system of socio-economic relations centered on the human being, its need to evolve, develop and fulfill its potentials, its work, knowledge and creativity; planned and managed democratically; and aimed at generating satisfaction of its material and non-material needs, rights and aspirations, including the right to a dignified life, a healthy environment and enabling conditions for the fulfillment of one's potentials and qualities; well being and happiness. (p. 16)

Arruda (2008) continues by distinguishing between the Social and Solidarity Economy as

³⁰ Latin-American perspectives on the Third Sector:
http://www.istr.org/resource/resmgr/lac_regional_network/perspective.pdf

regarded more as a strategy than a system, promoting values and practices of higher ethical and human quality in three systems: public (directed to services and the orchestrated planning for development), private (directed to profit), and social (directed to the social and human goals of self-help, reciprocity and solidarity)” (p.20). He also combines the notion of intentionality with that of Solidarity Economy, “which foster decision-making motivated by value judgments about the use of factors of production of goods, services and knowledge, and about sharing the benefits of such production fairly, in terms of individual and household needs, as well as broader social needs... as citizens and members of a world political community in construction, the consciousness that we are responsible for the whole and not just for the part we belong to is what should guide our intentionality. (p. 23)

In Venezuela, grassroots and community initiatives, as well as aggressive government legislation, have established a variety of innovative practices and approaches that aim for a more democratic and participatory economy. The government has oriented its economic policies around the principles of “endogenous development,” as an alternative to the neo-liberal development model and has passed laws to strengthen the socialist transformation of the country.³¹ Through the Popular Economy Law, based on principles of a solidarity-based economy, local governments and public institutions are supporting the growth and development of this economy through procurement practices that favour co-operatives and small enterprises. As a result, the total number of co-operatives in 2004 was 945,517, up from 215,000 in 1998 (Harnecker, 2005). Bohmer (2009) points to substantial improvement in social indicators since 1998 as a result of the governments commitment to a ‘socialist’ economy: poverty and income inequality have declined sharply; indicators of health and access to education have substantially improved as have access to water and sanitation; the number of students in higher education more than doubled from the 1999-2000 school year to the 2007-2008 school year.

The Grupo Red de Economía Solidaria del Perú (GRESP)³² is an association composed of civil union associations, NGOs, religious organizations, international cooperation agencies based in Peru, and people that promote economic and associative relationships of solidarity in the economy. Nedda Angulo (2007), vice-president of GRESP, points to the development of GRESP through the organization and network of groups including: the National Council of Coffee in Peru, a group of

³¹ The Development of Venezuela’s Popular Economy by Jan Ullrich, May 21st 2009: <http://www.venezuelanalysis.com/analysis/4458>

³² GRESP: <http://www.gresp.org.pe>

35,000 coffee producers; and the Central Artisan Organization in Peru, with 1,600 artisans. These groups are diversifying their activities and creating their own financial entities, including their own exporting companies. Angulo (2007) summarizes the,

Solidarity Economy in Peru as a strategy that combines initiatives based on the individual or collective property of the means of production which facilitate access to welfare services and to the labor market, and which are fighting for the recognition of economic human rights and for the construction of the democracy in my country. (p. 25)

Statistics have shown that at least 70 percent of jobs have been created through grassroots or small businesses, contributing to around 30 percent of Peru's GDP (Fretel, 2008).

Argentina also recognizes the Solidarity Economy as an initiative that requires participation by the state that must adopt measures that reduce the accumulation of capital in the dominant sectors of society (Giraldez, 2005). The *Mano a la Obra* program initiated in 2001 finances the development of labour co-operatives in many sectors, and is a particularly significant policy initiative supporting socio-economic development. Viviana Alonso (2005), of the Inter Press News Agency in Argentina, highlights that there are many examples of organizations involved in economic activities whose chief aim is not maximising profits, which have horizontal structures, and are run in a democratic, participatory manner. Some of these experiences include regional co-operatives of small farmers, bankrupt factories that were abandoned or closed by their owners and reopened by their employees, self-managed companies, communities that have come together to find solutions to meet basic needs like health care, housing or food, and barter networks whose members trade goods and services. Since 2001, the government of Argentina has been supportive of worker co-operatives, and has recognized the sustainability of their employment and production. In Argentina, the worker co-operative model allows businesses to be exempt from income taxes, free of previous debt and have lower management costs.³³

In Chile, support for the Social Economy is gaining slowly and there have been some significant examples for developing co-operative organizations. Special assistance and subsidies, for example, are provided for housing co-operatives and co-operatives of street-traders. Additionally, co-operatives that distribute drinking water and electricity to rural areas receive technical, administrative, and financial assistance from the government.³⁴

³³ Government of Canada, Co-operative Section, Agriculture Canada: http://www.agr.gc.ca/policy/coop/analysis_e.phtml

³⁴ UN Report 2001: <http://www.un.org/documents/ga/docs/56/a5673a1.pdf>

Mexican support for the Social Economy has been advanced with the launching of the Federal Law for the Promotion of the Activities Conducted by Civil Society Organizations, enacted in 2004.³⁵ This law recognizes the social interest of the activities of civil society organizations, and serves as a means for enhancing philanthropy, thereby promoting civil society participation in activities that seek to develop the country. Under this new law, an Inter-Ministry Commission has been created in order to design, implement and follow-up on the promotional activities of the government. Government support for Social Economy initiatives has been implemented in four major areas of activity: the Production Development Fund; the Regional Development Fund; the Priority Groups Assistance fund; and the Social Investment and Community Development Fund.

In Cuba, there are many examples of how the Solidarity Economy framework is benefiting socio-economic development and supporting advances in food security, agriculture, and job creation to name a few. Fretel (2008) outlines one example, which is seen in the recent entrepreneurial system, that has solidarity purposes, and is set up to restore the historical centre of Old Havana. The impact of this initiative was measured and revealed significant results to improving socio-economic development in the region. Between 1994 and 2004 for example, economic organizations in the centre generated profits of more than US \$80 million and created 10,000 jobs that benefited 60 percent of the local residents, 34 percent of whom are women.

2.4 Africa

The literature describing the Social Economy in Africa is mainly influenced from the development of the NGO sector. Müller (2004) discusses how nonprofit, civil society organizations, philanthropy, and voluntarism increasingly attract attention in Africa for their contributions to the challenges of poverty alleviation, development, environmental protection, and social exclusion. Despite the vital contribution these organizations make to social development in Africa, there has lacked comprehensive research, making it difficult to assess their role and development, as well as consequent regulatory public policy.

Nonetheless, there are a number of African countries that are committing to models of sustainable socio-economic development with priorities of peace and security, democracy and participation, governance, regional cooperation and capacity building. While in a lesser state of development in the Social Economy, some structures have been in place to support it. In terms of organization, Africa hosted

³⁵ International Centre for Non-Profit Law in Mexico: <http://www.icnl.org/research/journal/vol7iss2/index.htm>

the Third International Meeting on the Globalization of Solidarity in 2005, and the headquarters for the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS).

Some countries have also set up government bodies specifically assigned to developing the Social Economy such as Mali's Department of Economic Solidarity (HRSDC, 2006). RENAPESS (Réseau National d'Appui à la Promotion de l'Économie Sociale et Solidaire) is also a national network of the social and solidarity economy in Mali and plays an important role in advancing these development strategies. Incorporated in 2003, RENAPESS continues to promote, educate, and explore best practices in the Malian movement through discussion, exchanges, accompaniment, and advocacy.³⁶ Senegal has also committed to a vision that includes the following three main components: sustainable development, management of emergencies and disadvantaged groups and the creation of revenue-generating activities. This vision is facilitated through the National Poverty Strategy (PRS) promoting services, improved living conditions for vulnerable populations and the generation of wealth. Also in 2003, the Nigerian government implemented the National Economic Empowerment Development Strategy (NEEDS), a program designed to provide a foundation for sustainable poverty reduction, employment generation, wealth creation, and value reorientation.³⁷

The social enterprise model is an emerging concept in Africa and an attractive strategy by civil society actors to combat Africa's present socio-economic situation (Sesan, 2006). In many African countries this model is being pursued as a valued alternative to the grant-seeking model, while providing increased financial sustainability and retaining the values of the organization.

2.5 Asia and Pacific

In Asia and the Pacific, the literature reflects the use of the terms "People's Economy," "Compassionate Economy" or "Solidarity-based economy"—as a new but growing concept through the creation of forums and networks. The first Asian Forum for Solidarity Economy was held in Quezon City of the Philippines in 2007 where over 700 delegates from 26 different countries met to articulate a uniquely Asian solidarity economy as a people and eco-centered way of governance. Japan's first Solidarity Economy Forum³⁸ was also held in 2007, was comprised of mainly academics and activists, identified primarily within the co-operative sector. During these forums it was agreed to set up a network of Solidarity Economy stakeholders

³⁶ CCEDNet: <http://www.ccednet-rcdec.ca/?q=en/node/927>

³⁷ NEEDS: [http://siteresources.worldbank.org/INTPRS1/Resources/Nigeria_PRSP\(Dec2005\).pdf](http://siteresources.worldbank.org/INTPRS1/Resources/Nigeria_PRSP(Dec2005).pdf)

³⁸ Japan Solidarity Economy Forum: http://aloe.socioeco.org/article195_en.html

in continental Asia that could coordinate and provide direction to the mapping, documentation, and information exchange activities among the stakeholders called the Asian Alliance for Solidarity Economy (AASE). Quiñones (2009) describes the focal system of the AASE as consisting of four sub-systems: the creation of an International Institute of Solidarity Economy (IISE); an Asia-Pacific Solidarity Investment program (APSIP); an Asian Forum for Solidarity Economy (AFSE) serving as the Practitioners Forum of the alliance; and a AASE Web Portal.³⁹

Through this networking important strides were made such as the Bayanihan Banking Window (BBW), a facility that links socially responsible investors to socially responsible enterprises. The result is programs that generate micro-businesses and income, as well as housing and environmental improvements at the community level. By 2005, the Pasay zone of Manila had 145 financial centres with 4,604 savers, 80 percent of them women (Arruda, 2008).

There are many ways that co-operative and solidarity forms of economic development are reducing or eliminating poverty and disparities in Asia. The Grameen Bank (GB)⁴⁰ in Bangladesh for example, has one of the most established and recognized micro-credit programs in the world; it is a 'banking system based on trust, accountability, participation and creativity, providing poor people with credit without any collateral.' This credit contributes significantly to reduce poverty and serves as a catalyst in the development of socio-economic conditions of the poor who have been previously excluded from banking systems. As of January 2009, the Grameen Bank has 7.71 million borrowers, 97 percent of whom are women. GB provides service in 83,744 villages, covering more than 100 percent of the total villages in Bangladesh. Other examples in Bangladesh include the development of rural electricity co-operatives, called Palli Bidyut Samities (PBSs), now serving 38,000 villages and recognized as one of the most successful electrification projects in the developing world (DFID, 2005).

At a recent symposium, "Social Enterprises Explore the New Encounter of Japan and Korea" which took place in March 2009 in Tokyo, Hirota (2009) summarized numerous socio-economic initiatives being developed in Korea that are serving the public good: including the creation of job opportunities for the handicapped, integrating marginalised young people, and business training for women. He argues that Korean social enterprises are similar to the ones in Europe.

In Thailand, the Sufficiency Economy, proposed by His Majesty King Bhumipol Adulyadej, is based on principles towards greater participatory democracy, greater

³⁹ AASE: <http://www.aa4se.com>

⁴⁰ Grameen Bank: <http://www.grameen-info.org>

equity and more secure environmental sustainability. The International Symposium on 'Sufficiency Economy, Participatory Development, and Universities' (SEPDU), held in Bangkok hosted a number of academic participants, and Thai grassroots organizations concerned with participatory resource management, empowering women, and co-operative production demonstrated how universities can learn from and contribute to such organizations.

Other examples in the Pacific include the Regional Partnerships program in Australia supporting the Area Consultative Committees (ACCs), which are nonprofit, community-based organizations. There are 56 ACCs serving rural, regional, remote and metropolitan communities and are key regional stakeholders to building networks and partnerships to find local solutions (HRSDC, 2006).

3.0 Gaps in the Literature

The literature is still emergent on the Social Economy as a framework and distinct sector and how the components (i.e., nonprofits, co-operatives) work together to create socio-economic and environmental outcomes. This is limiting as it only discusses certain components, such as the nonprofit or co-operatives, (such as, Salamon who values the nonprofit as part of the SE but excludes the co-operative sector) making it difficult to quantify the breadth and scope of the sector. There is also value in highlighting the fact that many nonprofits share similar concerns as other Social Economy organizations. Size can be a crucial difference, but a supportive environment reflects the same needs of larger nonprofits as they do the smaller ones. Some examples where the SE is recognized as a distinct entity are shown in Québec and Europe.

There is a general lack of literature about the Social Economy in African and Asian countries. Despite this, there are emerging regional and national networks (such as, in Japan and Francophone Africa) and project websites that highlight the significance of this sector in socio-economic development. With continued interest in developing the SE in these countries, there will likely be a growth of literature. Also missing are the experiences of grass-roots self help associations with often no status, such as squatters, or sometimes illegal status for example, that march and advocate for homelessness and equity.

There is some critical analysis of the role that the SE can play in contributing to further social exclusion and marginalization, but not a lot. Loxley and Simpson (2007) provide some critical concerns that where social services are devolved to Social Economy organizations, it could actually reinforce neo-liberalism. They argue that this could be a way of reducing public sector employment and wages, and help

create cheap labour pools in the market that don't really influence the overall quality of conditions. There is also limited literature that present trade union perspectives, and their argument and concerns for how the Social Economy can undermine direct employment benefits and wage rights for example.

Methodological variations in the metric systems used to measure impacts and scales of the Social Economy create difficulty in discussing this sector as distinct (McMurtry, 2009). Some research coming out of the Canadian Social Economy Research Partnerships (CSERP) has attempted to combine comparable and aggregate data using similar methodologies looking at the nonprofit, and voluntary sector first and then applying this to the co-operative sector. Québec is the only place that has done this since they have a SE framework that integrates these components in terms of size and significance (Bouchard et al., 2005). In order to convince the public, policy makers and practitioners that the Social Economy is well suited to alleviate poverty and social exclusion for example, concrete data and measurement indicators are needed to show how many jobs, and how much social capital is created. Despite Mook and Sumner's (2009) literary advancement to the measurement of the SE through social accounting, there has been limited attention paid to this area of work. Social accounting, they argue, can be an "important tool for connecting sustainability and the Social Economy, for valorizing the civil commons, for encouraging sustainability, and for contributing to increased human and environmental well-being" (p. 20).

Despite some research on ecological conservation (Quiñones, 2009), research focusing on environmental sustainability and the links to the Social Economy are extremely undervalued in the literature. Although often mentioned as an outcome of the Social Economy framework, rarely is there a systematic synthesis of how this is measured and the importance of including ecological perspectives in these policy discussions.

4.0 Conclusion

From the literature it is clear that there is a growing conceptualization of the Social Economy as a distinct framework for socio-economic development. There is an increase in analysis within academic circles, amongst civil society and at the governmental level of the significance of joining up the individual components of the SE (i.e., co-ops, non profit) as part of a distinct sector of the economy that contributes to critical social and economic outcomes. Internationally, there is more evidence of this trend in certain jurisdictions in Europe and Latin America.

The literature has highlighted Social Economy instruments that have enabled communities to respond to local challenges and develop innovative actions, while

integrating values of solidarity and social justice. The development outcomes gained through the organizations and structures of this alternative economy appear to be significant.

Although not exhaustive, this literature review provides a picture of current international discourse on the public policy significance of the Social Economy. Key findings from the literature suggest that the SE is a major economic force, accounting for a significant share of global production of goods and services and employment and contributing to sustainable social and economic development. There is widespread recognition in the literature that the SE is a major vehicle for addressing intertwined and interdependent issues of social, economic, environmental and cultural well-being. Alongside this recognition is the growing discourse on the role that the SE plays in democratic participation and empowerment of women, indigenous people and other excluded groups in society, both in meeting their needs for sustainable livelihoods, and in increasing their power in democratic decision-making. The importance of SE actors engaging, with government support, in the process of co-constructing public policy is seen as a critical need for the SE to fulfill its full potential.

Countries where the Social Economy has flourished are those where “direct political responsibility has been assigned, and specific structures designated, to guide and implement the policy initiatives” (Neamtan & Downing 2005, p. 53). The literature suggests that the Social Economy can provide an innovative vehicle for: solving social and environmental problems, stable and sustainable economic growth, matching services to needs, promoting fairer income and wealth distribution, and strengthening economic democracy and citizenship.

Despite the contribution of the Social Economy to socio-economic development and environmental sustainability, there are still major constraints on the establishment, growth and sustainability of enterprises and organizations operating in this sector. There now needs to be analysis of the kinds of policy instruments and trends that are needed to support that role. The following paper in this three-part series will address this gap in compiling public policy instruments that civil society and government from around the world are revealing as significant to socio-economic development and environmental sustainability.

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CHAPTER TWO

Public Policy Trends and Instruments Supporting the Social Economy: International Experiences

Crystal Tremblay

Abstract: This paper highlights public policy trends and instruments from around the world that use the Social Economy as a framework to enhance socio-economic development and environmental sustainability. It aims to capture information on ways governments are creating new policies and programs that strengthen the Social Economy in response to challenges such as: poverty, social exclusion, income inequality, urban decline, unemployment, environmental and ecological degradation, and community sustainability. The paper is structured into categories of policy typologies including: territorial development, sectoral, disadvantaged populations, and tools for development. The policy scan also includes how public policies are advancing the socio-economic development of Indigenous communities. The second of a three part series for the public policy program, this paper is prepared for the Canadian Social Economy Hub (CSEHub), a five-year community-university research alliance on the Social Economy funded by the Social Science and Humanities Research Council (SSHRC). The findings of this paper point to examples of policy and program instruments used by governments in various jurisdictions internationally that may be relevant to achieving similar socio-economic development outcomes in the Canadian environment.

Keywords: social/solidarity economy, community-economic development, civil society, nonprofit sector, voluntary sector, cooperative development, mutual associations, public policy, international, literature review.

1.0 Introduction: Building an Alternative Economy

The purpose of this paper is to highlight public policy trends and instruments from around the world that are meeting the socio-economic and environmental outcomes fostered in the Social Economy (SE). This paper is intended to compliment the literature review titled “Advancing the Social Economy for Socio-economic Development: International Perspectives,” by presenting specific policy instruments that governments are applying in support of the Social Economy. These instruments are producing public policy outcomes that respond to the social, economic and environmental challenges they and their citizens face. The literature review suggests that explicit and far-reaching public policy frameworks and instruments that take action on a broad range of issues have had the greatest public policy outcomes. When governments have fragmented, or are using non-explicit approaches to the Social Economy, actors have had greater difficulty maximizing their outcomes for public good, and organizing their activities across a range of sub sectors with shared goals. In highlighting successful innovative policy instruments, this paper provides a foundation for discussion and analysis of policy and practice that can advance the Social Economy in Canada.

The Social Economy as a public policy focus has historically been driven by social movement action to create solutions and influence government policy (Poirier, 2008). In this context, trends in public policy are conceptualized as part of efforts to reconstitute the social construction of economic activities. The concept of policy instruments comes from recent literature on public policy, and can be defined as “strategies and resources employed by governments to facilitate designated ends and goals vis-à-vis target populations” (Harman, 2004, p. 1). The central theory on policy instruments is that governments can act through different instruments to achieve particular goals, and that the instruments chosen are important because they usually involve significantly different policy-making processes and produce different effects (Peters & Van Nispen, 2001). Public policy seeks to achieve goals that are considered to be in the best interest of the whole society, often by targeting specific groups within society (Torjman, 2005).

Because Social Economy organizations are by most definitions actors in the Social Economy, their efforts at the co-production and co-construction of policy is important to any analysis of trends and development in public policy. Vaillancourt (2008) defines co-production as the “participation by stakeholders from civil society and the market in the implementation of public policy,” while co-construction refers to “participation by those very stakeholders in the design of public policy” (p. 12). Guy and Henneberry (2009) also embrace the public-private partnership

or ‘collaboration’ between government and civil society “in building an inclusive and effective Social Economy network because it utilizes assets from a number of different economic sectors and therefore has the potential to be more efficient for each partner” (p. 4). On addressing this evolving partnership, Kwan (2002) points to a “new and dynamic balance in which government and the third sector can work more closely together to find innovative, cost-efficient ways of delivering public services that are essential to Canadian communities” (p. 164).

The literature reveals numerous examples of Social Economy organizations successfully delivering public services. In Germany, for example, although the government manages policy analysis and funding, social services are often run by non-profit organizations (Bode & Evers, 2004). Other EU countries are exploring new ways of co-management, where responsibilities are shared among governments, for-profit providers, and third-sector organizations (Defourny, 2001). Neamtan (2004) suggests that public administration places insufficient attention on the integration of social, economic, cultural and environmental goals and that the needs of people might be improved through services based on partnerships.

Vaillancourt (2008) also points to excellent examples of co-construction and co-production of public policy for social housing in Québec. One example begins in the 1960’s “when the federal state altered its social housing cost-sharing programs so as to permit the provinces taking advantage of them to develop new social housing units that could come under not only the public sector (i.e., the low-income housing formula) but also housing co-operatives and non-profit organizations” (p. 31). During this time low-income housing expanded, and the development of housing co-operatives and non-profit organizations were favored. This trend in Québec was accentuated with the AccesLogis program in 1997, giving priority to projects from local areas and favoring participation by the Social Economy in the application of public policy on housing. Through this program, 20,000 new social housing units were developed from 1997 to 2007 with the vast majority as housing co-operatives and non-profit organizations.

While the literature points to the valuable role the Social Economy plays in the co-production of policy, Loxley & Simpson (2007) provide a valuable critique regarding the negative implications of off-loading public services to the community sector. They caution that where social service delivery is devolved to the Social Economy, it might be quite consistent with neo-liberalism. “It could, indeed, be a way of reducing public sector employment and public sector wages, with particularly adverse effects on women, who are strongly represented in the public sector” (p. 39). Despite the lack of literature and consensus on this debate, the co-construction and

production of public policy is an important context for understanding and analysing trends in public policy development for the Social Economy.

This paper outlines several public policy instruments being used by governments around the world to better meet the needs of actors involved in the Social Economy. These instruments range from defining legislation and regulatory measures, to cross-departmental governmental policy frameworks, to specific enabling policies and programs designed to achieve public policy outcomes. In order to obtain improved insight into the characteristics and trends of policy instruments a typology of five thematic categories are used. This typology is adapted from Neamtan & Downing's (2005) "Social Economy and Community Economic Development in Canada: Next Steps for Public Policy," applied as a guide to classify and understand the various policies and their intended outcomes for socio-economic development and environmental sustainability. This paper, commissioned by the Government of Canada, attempted to provide a framework for classifying public policy instruments of direct relevance to the Social Economy in the contemporary governmental environment of the Canadian federal system (2006) and so is used as a basis for analysis. Each typology within this framework is then categorized into policy 'domains,' or sub components to further highlight the diversity and innovation of policies in this sector. From this typology, conclusions can be drawn concerning future direction for public policy development for governments at all levels and actors in the Social Economy across Canada. The final paper in this series titled "The Social Economy in Canada: Strengthening the Public Policy Environment" highlights policy recommendations based on these trends from around the world.

The framework includes the following policy areas:

- Cross-governmental
- Territorial
- Tools for development
- Sectoral
- Supporting disadvantaged communities and populations

Cross-governmental policies are defined as explicit government-defined policy frameworks to use the Social Economy and enable its actors to achieve socio-economic development goals that cross-governmental departments and mandates. They may include, but go beyond any of the following specific policy typologies. Territorial policies can be defined as those public policies that enable "communities to initiate and implement their own solutions to economic problems to build long-term community capacity and foster the integration of economic, social and environmental

objectives” (Neamtan & Downing, 2005, p.16). Territorial policies support local communities to create networks, strategic planning processes and collective projects, such as the tripartite support for Community Economic Development corporations in most urban centres in Québec and in some other major Canadian cities (Neamtan & Downing, 2005). These types of policies play an important role in social entrepreneurship by providing a geographic community with funds and support for networking, strategic planning, and collective projects. Social Economy ventures need to have access to suitable tools for development including: financing (access to capital), market access, research and development supports, and training and management systems. Sectoral policies often respond to needs that neither the market nor government can satisfy. Policies that support the emergence of Social Economy actors in economic sectors (such as, the environment, housing, new technologies, communications, food services etc.) are important tools for strengthening the Social Economy. Policies in favour of supporting disadvantaged communities and populations contribute to addressing access, services and employment to marginalized groups. These policies use the Social Economy as a vehicle to integrate citizens with barriers to socio-economic participation.

2.0 Public Policy Supporting the Social Economy

There have been significant contributions around the world to advance public policies that support the Social Economy as a means to organizing and creating socio-economic change. Governments have responded to lesser and greater degrees with public policies designed to create a supportive environment for the Social Economy. Government measures range from tangentially relevant to some goals of Social Economy actors—to being explicit, inclusive, and intentionally designed to enable transformative socio-economic change through the Social Economy as a governmentally defined sector. Because of the broad scope of public policy material—this paper has focused on the government policy measures that are most identifiable as being explicit to the Social Economy as a defined governmental policy arena.

2.1 Cross-government Policies

Several governments, specifically in Canada, Latin America and in the European Union have made significant commitments to advancing the Social Economy through public policies at the national level as well as across government departments. Where these commitments and supporting instruments have been made, actors in the Social Economy have been able to respond to pressing socio-economic and environmental challenges in their communities.

North America

Significant supports in Canada have included the Social Economy Initiative in 2003, and the creation of a federal Parliamentary Secretary to the Minister of Social Development with a special focus on the Social Economy. The Martin government's 2004-2005 budget speech announced \$132 million in new funding over five years to support the Social Economy in Canada, \$15 million of which was to pass through the Social Sciences and Humanities Research Council of Canada (SSHRC) to support partnership-oriented research on the Social Economy. This support enabled the creation of a Social Economy Hub and six regional research centres across Canada. A major goal of this research program is to promote awareness and understanding of the Canadian Social Economy and to address public policy issues through research papers and teaching programs. Although the Social Economy Initiative was dismantled in 2006 by the new conservative government, the research component funded through SSHRC continued, as did the capital and capacity building components in Québec. This initiative marked the initial development of a federal policy framework for the Social Economy in Canada.

Québec has a strongly developed public policy agenda supporting the Social Economy. The provincial government recognizes the Social Economy as a significant economic actor and is considered an important part of government strategy for regional and local enterprise development, for poverty alleviation, job creation, and the formation of new services to respond to collective needs (Neamtan, 2009). A critical turning point for the advancement of the Social Economy in Québec was in 1995, following the "Women's March Against Poverty: for Bread and Roses," organized by the Québec Federation of Women (Fédération des femmes du Québec) (Vaillancourt & Theriault, 2008). This drew the attention of the Québec government and resulted in the commitment of \$225 million over five years into social infrastructure. This also resulted in the establishment of le comité d'orientation et de concertation sur l'économie sociale, Regional Committees of the Social Economy, and eventually the Chantier de l'économie sociale. Through collaboration with the Chantier de l'économie sociale and other civil society organizations, the Québec government has responded with new initiatives and policies targeting local and regional development, employment and solidarity. The Office of the Social Economy within the Ministry of Finance was created in 2002, which was transferred in 2003 to the Ministry of Regional and Economic Development. "Its mandate is to coordinate government action for the development of the Social Economy, identify objectives, issues and challenges, ensure the follow-up and analysis of policies and programs and encourage research in the area. These steps by the government of Québec represent a clear commitment to the development of the Social Economy"

(Mendell, 2003; p. 9). Since that time, a government action plan on collective entrepreneurship has been introduced.¹(2009), which is now the responsibility of the Ministry of Municipal Affairs and Regions. In addition, matching financial investments have been made in an investment fund for the Social Economy by the Québec and Federal governments (la Fiducie du Chantier de l'économie sociale) of \$10.6 million.² The provincial framework supports provincial, local and regional development of the Social Economy.

In the province of Manitoba, a cross-governmental policy framework has been developed on Community Economic Development (CED) that asserts similar objectives to that of the Social Economy framework in Québec—without using that terminology. The Community and Economic Development Policy Framework of the Manitoba government contains CED principles that are meant to be applied by all government departments (Reimer et al., 2009). The Community and Economic Development Committee of Cabinet (CEDC) supports the CED policy framework at the political level and has approved a number of far reaching program initiatives to invest in action of CED objectives. The Neighborhoods Alive! Project,³ for example, provides funding for activities that benefit urban neighborhoods. This initiative is a long-term, community-based, social and economic development strategy that recognizes the existing strengths and experiences of communities, and encourages community-driven revitalization efforts in designated neighborhoods in a number of key areas.

Some other provincial and territorial jurisdictions in Canada have also been developing cross-governmental policies focussed on elements of CED and the Social Economy. Nunavut, Nova Scotia and Newfoundland in particular have policies that are beginning to address an explicit framework and principles to support Social Economy organizations as vehicles to achieve public policy outcomes in areas like sustainable development, poverty reduction and community revitalization.⁴

With the new Obama administration, support for the Social Economy in the United States has enabled the creation of cross-governmental supports for this sector. This includes the recent creation of the Office of Social Innovation,⁵ and the doubling of public investment in community financial development institutions as part of the

¹ <http://www.chantier.qc.ca/userImgs/documents/CLevesque/sitechantierdocuments/chantierplanaction3nov2008.pdf>

² <http://fiducieduchantier.qc.ca>

³ Neighborhoods Alive Project: <http://www.gov.mb.ca/housing/neighbourhoods/>

⁴ See the Inventory of Provincial and Territorial Government Support to CED in Canada, Infanti J., Canadian CED Network, May 2003.

⁵ US Social Innovation Fund: <http://www.whitehouse.gov/blog/What-is-the-Social-Innovation-Fund>

federal governments economic stimulus package. The federal governments Green Jobs initiative for example aims to create over 5 million new jobs over the next five-years in solar, wind and renewable energy infrastructure. Some of the boards that specifically deal with Community Economic Development include the Office of Community Planning and Development (CPD), and the Economic Development Administration within the US Department of Commerce.⁶ Financial supports are focused on locally-developed, regionally-based economic development initiatives often in partnerships with the non-profit sector to deliver these programs. The US Solidarity Economy Network⁷ has also recently been formed and is strongly advocating for the SE in the US public policy environment.

Latin America

Arruda (2004) highlights the multiplying innovative public agencies and policies aimed at fostering a Solidarity Economy in Latin America, particularly in Brazil, Colombia, Ecuador, Mexico, Argentina, and Bolivia. Brazil provides an excellent example of cross-government policies that support the Solidarity Economy with the creation of the National Secretariat on Solidarity Economy, a branch of the Ministry of Labour and Employment of the Federal Government and by supporting the Forum Brasileiro de Economia Solidaria.⁸ Since this collaboration, the Forum and the Secretariat have joined forces in advancing the Solidarity Economy, forming a civil society government partnership for the co-construction of public policy. The establishment of a new legal framework governing the relationship between the Third-Sector and the State has introduced new novelties such as the *parceria* (partnership) and “public-interest civil society organizations” (Sugiyama, 2008). This new type of non-profit cannot distribute any income surplus revenues, or assets. These funds have to be fully used to fund the organizations activities and purpose.

In Bolivia, Ecuador, Argentina, Mexico and Venezuela, civil society networks are taking root, and the emergence of new public policy initiatives supporting the Solidarity Economy are being created (Neamtan, 2009). Ecuador has recently made significant commitments to this sector with a new constitution adopted in 2008. The new constitution establishes the importance of the Solidarity Economy development model, and recognizes the plurality of the economy based on public, social, and private enterprise. In Mexico, state promotion of the SE takes different forms: a review of economic policy and international agreements; a legal framework to foster the Solidarity Economy, for which a bill, the General Law on the Social Solidarity

⁶ Economic Development Administration: <http://www.eda.gov/>

⁷ US Solidarity Economy Network: <http://ussen.org/>

⁸ Forum Brasileiro de Economia Solidaria: <http://www.mte.gov.br/ecosolidaria/sies.asp>

Economy, is under consideration; and an agenda of other initiatives to enable local development (Fretel, 2008). Venezuela has created a Ministry of the Popular Economy and a Popular Economy Law (2008).

European Union

Institutional recognition of the Social Economy at the European Union level has been growing over the last few decades culminating in the creation of: the Social Economy Unit in European Commission Directorate-General XXIII, the 'Social Economy Category' within the European Economic and Social Committee (EESC), and the European Parliament Social Economy Intergroup (EESC, 2007).

Many countries in the EU have a high-level body within the national government with explicit matters relating to the Social Economy. These include:

- Belgium: Secretariat d'Etat au développement durable et à l'économie sociale (Secretary of State for Sustainable Development and the Social Economy).
- Spain: Dirección General de Economía Social (Social Economy Directorate-General).
- France: Délégation interministérielle à l'innovation, à l'expérimentation sociale et à l'économie sociale (Interministerial Delegation for the Innovation, Social Experimentation and the Social Economy).
- Ireland: Social Economy Unit.
- Italy: Ministero dello sviluppo economico (Directorate General for co-operative bodies, Ministry of Economic Development) and the Agenzia per le Onlus (Agency for Socially Responsible Non-Profit Organizations).
- Malta: NGO Liaison Unit in the Government's Ministry of family and Social Solidarity.
- Portugal: Instituto António Sérgio do Sector Co-operativo (INSCO-OPERATIVE).
- United Kingdom: Cabinet Office's Social Enterprise Unit responsible to the Minister and office of the third sector, and the Treasury's Charity and Third Sector Finance Unit.

According to a report for the European Economic and Social Committee by CIRIEC (2006), countries with the greatest acceptance of the Social Economy as a concept are: France, Italy, Portugal, Spain, Belgium, Ireland, and Sweden. In France and Spain, the SE is recognized in law. Countries with a medium level of acceptance of the concept include: Cyprus, Denmark, Finland, Greece, Luxembourg, Latvia, Malta,

Poland, and the United Kingdom. In these countries the term co-exists with other concepts such as the Non-profit sector, third sector, and Social Enterprises. Countries with limited or no recognition of the term SE include Austria, Czech Republic, Estonia, Germany, Hungary, Lithuania, the Netherlands, and Slovenia (CIRIEC, 2008).

Africa

In Africa, while in a lesser state of development in the Social Economy, some structures have been in place at the cross-governmental level. Mali, for example, has developed the Department of Economic Solidarity (HRSDC, 2006). While there have been significant strategies and programs fostered within the Social Economy adopted in Africa, there are few governments that have established national boards that deal specifically with matters relating to the Social Economy. Some significant programs include Senegal's National Poverty Strategy (NPS), promoting services and improved living conditions of vulnerable populations, and Nigeria's National Economic Empowerment Development Strategy (NEEDS), a program designed to provide a foundation for sustainable poverty reduction, employment generation, and value reorientation.⁹ There is also an increasingly dominant discourse around the Second Economy in South Africa, and is currently a centerpiece of government initiatives such as the Accelerated and Shared Growth Initiative (du Toit, 2008).

Asia and the Pacific

In Asia and the Pacific there are no countries (that are identified in the literature to date) that have explicit national boards specifically focused on the Social Economy, or as it is referred to in various Asian countries, "People's Economy", "Compassionate Economy" and "Solidarity-based Economy." There are, however, various programs and instrumental policy supports devoted to enhance the socio-economic development through co-operative and community-based models. The Community Investment and Inclusion Fund (CIIF) in Hong Kong, for example, established by the government in 2002, focuses on mobilizing and consolidating social capital and uses these resources to sustain initiatives and thus ease the demand for government funding. The CIIF is a major source of financial support for CED initiatives which have been primarily focused on creating job opportunities for marginalized labour groups, including: middle-aged people (especially women), new arrivals from mainland China, low-income groups, single parents, and social security claimants (Chan, 2006). Other Social Economy developments can be seen in Korea with the increase of social enterprise for job integration and capacity building (Hiroto, 2009). In Bangladesh, with micro-credit programs (DFID, 2005); and in Thailand, with a greater emphasis

⁹ NEEDS: [http://siteresources.worldbank.org/INTPRS1/Resources/Nigeria_PRSP\(Dec2005\).pdf](http://siteresources.worldbank.org/INTPRS1/Resources/Nigeria_PRSP(Dec2005).pdf)

on participatory democracy under the ‘Sufficiency Economy.’

The first Asian Forum for Solidarity Economy was held in 2007 with delegates from 26 different countries. During these forums, a network of Solidarity Economy stakeholders was created called the Asian Alliance for Solidarity Economy (AASE) (Quinones, 2009).

2.2 Territorial Policies

Territorial policies support local communities to create networks, strategic planning processes and collective projects as a primary component of social entrepreneurship. These types of commitments require the engagement of a variety of stakeholders and sectors as well as multi-year funding that recognizes the long-term stages of development. Community Economic Development (CED) is a long-term empowerment process that builds the capacity of communities to help themselves through an integrated approach that recognizes social, economic, cultural and environmental goals. The Canadian CED Network (CCEDNet) defines 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.”¹⁰ While the origins of CED have been conceptualised as territorial, its discourse has evolved beyond this orientation in theory and praxis as a developmental approach that works with communities of people and place.

Some territorially relevant best practices for how governments should support the Social Economy have been identified in the European Union. In Spain, the Community Strategic Guidelines (CSG) contain the principles and priorities of cohesion policy and suggest ways the European regions can take full advantage of the European funds that have been made available for national and regional aid programs. The objectives of the CSG are: to reinforce the strategic dimension of cohesion policy by ensuring that community priorities are better integrated in national and regional development programs, and to ensure greater ownership of cohesion policy on the ground (bottom-up approach) by reinforcing the dialogue between Commission, member states and the regions and by promoting a more decentralized sharing of responsibilities (Noferini & Consejero, 2007). The UK government also supports territorial processes, such as through the development of the “Community Interest Company” (CIC). The CIC, the UK model of social enterprise, was introduced in

¹⁰ CCEDNet Policy Brief: http://www.ccednet-redec.ca/files/Policy%20Brief%20Final-EN_2005.pdf

2005 with now over 2097 enterprises registered (Carter & Man, 2008). A CIC is a limited liability company with the specific aim of providing benefit to a community—which combines the pursuit of a social purpose with commercial activities. The primary “purpose of a CIC is to provide benefits to the community, rather than to the individuals who own, run or work in them” (Carter & Man, 2008, p. 6).

Similar to the CIC model in the UK, Davister et al. (2004) highlights the strengthening of social enterprise in other European countries through legal developments such as the Italian “social co-operative” (1991), the Belgian “social purpose company” (1995), the creation of the “collective interest co-operative society” in France, the “social solidarity co-operative” in Portugal and the “social initiative co-operative” in Spain. In the United States, the Low-profit Limited Liability Company (L3C) is a for-profit company that is organized to engage in socially beneficial activities. Like the CIC, the L3C provides a way to track social enterprise, is not tax exempt, is not a registered charity, and aids in gaining access to capital (foundations can invest; other funders can take an equity position). Unlike Canada, the U.S. “now allows a foundation to make investments in social enterprises out of both its endowment funds and its grant making activities and earn income without affecting the foundation’s charitable status” (Martin, 2007, p. 10). These Program Related Investments—or PRIs—are permitted as long as the primary goal is a social return. The L3C has recently been introduced in Vermont, and it is expected that other states will follow such as Montana, North Carolina, Georgia, and Michigan. The next steps are: a move to federal acceptance, to begin to attach tax incentives, advocate for L3C’s to be recipients of investments under the Community Reinvestment Act, and to develop a roster of L3C’s (Corriveau, 2008; Carter & Man, 2008). The US has also created the New Market Tax Credit, which provides up to 15 billion dollars worth of credits for community investments over a five-year period (Martin, 2007).

Carter and Man (2008) highlight the CIC’s and L3C’s for examples of the types of features that a new Canadian vehicle may have, such as: providing opportunities to draw the best attributes from both legal structures, and to create new federal legislation to enable social enterprises to flourish. Carter & Man (2008) also propose an approach “to allow entities to be incorporated under existing general corporate statutes, such as the Canada Corporations Act, and provide other attractive features through alternative means, such as providing full or partial tax-exemption status to these entities” (p. 50). In addition to these changes, Carter and Man (2008) suggest amendments to the Income Tax Act (ITA) “in order to provide attractive tax incentives to investors of social enterprise, and possibly also to allow registered charities to “invest” in social enterprise entities with their investments being counted towards meeting their disbursement quota requirements” (p. 50).

In Canada, there are four regional development agencies mandated by the federal government, including: Canadian Economic Development Québec, Western Economic Diversification, Federal Economic Development Initiative for Northern and Rural Ontario (FEDNor), and the Atlantic Canada Opportunities Agency (ACOA). “Each regional development agency provides support to community projects, sectoral and population-based initiatives (with Aboriginal, Francophone, women and youth populations) that contribute to the economic and social well-being of their regions. They are responsible for delivery of the Government of Canada’s Social Economy initiative” (Neamtan & Downing, 2005, p. 66). An example where this government support is offered to Social Economy actors is through Community Futures Development Corporations (CFDC). Funded through FedNor and Industry Canada, these community-based not-for-profit organizations operate locally based businesses that contribute to the creation of self-supporting communities, and provide business services and access to capital (Toye & Infanti, 2004).

In New Zealand, Australia, Mexico, and the United States Community Economic Development is a frequently used term to describe the direction of these territorial policies and programs. In Australia, for example, the Regional Partnerships Program has established and funded Area Consultative Committees (ACCs) which are non-profit, community-based organizations. These ACCs serve rural, regional, remote and metropolitan communities, and position themselves as key regional stakeholders in building networks and partnerships to find local solutions to local problems. These networks provide examples of how the government is working in partnership with business and community to achieve regional economic growth.¹¹ In 2003, New Zealand initiated the Community Economic Development Action Research Project (CEDAR). One of their key objectives was to identify factors that contribute to successful community economic development (HRSDC, 2006). The process identified various factors that “impede communities from reaching their economic development goals: relationship between economic, social and cultural goals; access to skills and training; funding and resourcing for community groups; recognizing the value of strategic planning; changing government relationship with aboriginal tribes; co-ordination across government agencies; and issues facing rural communities” (Ibid., 2006, p. 9).

2.2.1 Policy Domains

The following policy domains, or thematic categories, provide some examples of various supports for rural and urban development from jurisdictions around the

¹¹ http://www.accord.org.au/publications/ACCORD_CDFI_Report4.pdf

world. These domains are not inclusive of all policy instruments, but rather provide a sample of what is being used for territorially development.

Rural Development

Andrews (2004) argues that sustainable rural development can be an effective means to combat poverty in Brazil and points to a recent study in Santa Catarina, a small state in the south, that within ten years was able to reduce the total number of people living in poverty to 46 percent, and the total number of individuals living at indigence levels to 64 percent. These results stem from the establishment of the federal government council's National Plan for Sustainable Rural Development (PNDRS). In this regard "the socioeconomic growth of family agriculture is to be strengthened, with support for the commercialization and industrial transformation [of agricultural products], expanding and improving the access to stable credit policies, technical assistance, seeking a new model of sustainable rural development" (Coligação 'Lula Presidente,' 2001 as cited in Andrews, 2004, p. 482).

In Mexico, the Production Development Fund covers activities such as temporary employment programs, social enterprises, and economic development opportunities for women and Indigenous regional funds. The social enterprises program includes initiatives to create, and extend such enterprises for producers living in poor rural areas.

There are similar supports in Canada, such as the Rural Networking Initiative, supported through the Rural Secretariat of Agriculture and Agri-foods Canada who fund three types of rural community projects aimed at building community capacity: learning events, partnerships and networks (Neamtan & Downing, 2005). The Community Futures¹² infrastructure is a national and comprehensive program set up to do rural development, supporting over 250 Community Economic Development offices across Canada. CCEDNet's 'Financing Community-based Rural Development,' profiles 20 programs and instruments used to finance community-based rural initiatives. These programs and instruments represent good examples of collaboration between different levels of government, including interesting formulas for cost sharing, and innovative approaches to solving problems associated with financing rural development at the community level (Ninacs, 2003).

The Manitoba Agriculture Food and Rural Initiatives (MAFRI) has GO Centres¹³ around the province where the provincial staff support and mobilize activities around the Social Economy, CED, co-operatives, and enterprise development. Manitoba's

¹² Community Futures: <http://www.communityfutures.ca/index.html>

¹³ MAFRI Go Centres: <http://www.gov.mb.ca/agriculture/contact/agoffices.html>

Rural Development Bonds Program (Grow Bonds) initiated in 1991 is an approach to CED and economic diversification, developed as a vehicle to assist rural entrepreneurs in attracting patient, local investments to their business while protecting the local investor with provincial guarantee for their dollar (Davis, 2003). As well, the Rural Economic Development Initiative program supports mainly rural but also northern business development through technical assistance and loan guarantees. Technically, these opportunities are available for Social Economy/CED entities, but most of the assistance goes to mainstream private business (Reimer et al., 2009).

Urban Development

Recent initiatives have also addressed urban poverty, where in cities such as São Paulo, is reaching alarming rates. One example comes from the city of São Paulo that has implemented the ‘Oportunidade Solidária,’ a program seeking to support work co-operatives, small businesses and other small-scale income-generation activities (Pochmann, 2003 as cited in Andrews, 2004).

In an effort to respond with new initiatives and policies targeting local and regional development, the Québec government established Local Development Centers (LDC) in 1997. LDCs exist throughout the province and have special funds dedicated to the SE. This initiative was an important contribution in raising the visibility of the SE, and consolidating its place within Québec’s political agenda (Mendel, 2003). In Manitoba, the Winnipeg Partnership Agreement¹⁴ has committed a total of \$75 million over five-years into the SE, and included decision making processes led by community leaders. The Neighbourhoods Alive!¹⁵ programme in Manitoba (also mentioned in the cross-governmental section) provides another example of urban development and revitalization.

In the United States Community Development Corporations (CDC), a type of non-profit entity, are formed by residents, small business owners, congregations and other stakeholders, to revitalize a low and/or moderate-income community. Typically, CDCs produce affordable housing and create jobs, but they also fulfil other community development goals. According to a national census of CDCs conducted by the National Congress for Community Development in 1998, there were an estimated 3,600 CDCs across America. Since the emergence of the first CDCs in the 1960s they have produced 247,000 private sector jobs and 550,000 units of affordable housing.¹⁶

¹⁴ Winnipeg Partnership Agreement: http://www.wd.gc.ca/eng/77_9648.asp

¹⁵ Neighbourhoods Alive!: <http://www.gov.mb.ca/housing/neighbourhoods/>

¹⁶ National Congress for Community Economic Development: <http://www.nccd.org/>

2.2.2 Conclusion

Territorial policies provide a geographic community with support for networking, strategic planning, and collective projects. Some examples of these types of policies and frameworks that are supporting the SE include: Spain's Community Strategic Guidelines (CSG), UK's Community Interest Company, USA's Low-profit Limited Liability Company, Australia's Regional Partnerships Program, and Québec's Local Development Centers (LDC).

2.3 Tools for Development

Ensuring access to suitable tools for development is an important strategy to strengthen the Social Economy. These tools include direct government involvement (grants, subsidies), or indirect involvement by enabling public policy to attract investment (tax incentives, public procurement), philanthropy, financial institutions including conventional banks, credit unions, financial co-operatives and mutual societies as well as individual investors.

An example of an enabling public policy is the Canadian federal initiative to support the creation of patient capital instruments and to open up programs to Social Economy enterprises. These tools also include provisions to support applied research, research partnerships and practitioner-driven research. Fontan (2006) argues that "collective entrepreneurs want to be heard politically, and given the same attention as private-sector entrepreneurs. They seek the same type of recognition, assistance, mobilization of resources, and interest that the state has accorded and still accords to private enterprises" (p.16). Streamlining treatment to different kinds of organizations that provide similar goods and services has also been a major objective for many jurisdictions in several European countries. In the United Kingdom for example, the same support that was given to small-businesses is now being extended to Social Economy enterprises (Taylor, 2004).

2.3.1 Policy Domains

The following provides examples of tools for Social Economy development including financial co-operatives, taxation policies, investments funds, loan guarantees, and social procurement.

Financial Co-operatives

The 'Co-operative Governance: guidelines and mechanisms for strengthening governance in financial co-operatives in Brazil' are strategic guidelines prepared by

the Central Bank as a contribution to the sustained growth of financial co-operatives in Brazil.¹⁷ The project aims at contributing to build a strong and adequate governance environment that takes into account the specificities of financial co-operatives in the Brazilian financial system and socio-economic context.

Taxation Policies

In most countries of the western EU the four main legal forms taken by the SE enjoy some kind of specific tax treatment. The Community Investment Tax Relief (5 percent/year), for example, is a tax credit available to any individual or company with a tax liability, investing in an accredited Community Development Finance Institution where the investment is held for at least five years (HRSDC, 2006). Such legislation has been strengthened in recent years in a number of countries, such as Spain's Act 43/2002 passing its NPO taxation system, Italy's Act 460/1997 on the ONLUS, and Germany's Social Law Code governing non-profit organizations. Specific laws concerning social companies (Act of 2003 in Finland; Act of 2004 in Lithuania and Act 118/2005 in Italy), social co-operatives (Acts of 2006 in Poland and Portugal) and non-profit organizations of social utility (Decree 460/1997 in Italy) or modifications to existing laws, has provided a channel for the development of an emerging 'New Social Economy.' According to Chavez and Monzon (2007), community financial instruments have not been sufficiently available to the development of co-operatives and other Social Economy enterprises, especially in Central and Eastern Europe.

In the US, the Community Reinvestment Act (CRA), passed in 1977, and the New Markets Tax Credit Program, launched as part of the Community Renewal Tax Relief Act of 2000, have created significant pools of capital. In the former case by way of enforcement, obliging banks to invest in community initiatives; in the latter, by creating tax incentives for private investors (Mendell, 2008).

Québec has recognized CED in policy through actors' involvement in policy formation, through the creation of special funds, and the provision of tax credits for CED (Loxley & Simpson, 2007). The Co-operative Investment Plan (CIP) for example encourages investment in co-operatives by providing a tax credit to those who invest in shares in agricultural and employee owned co-operatives. This tool significantly assists co-operatives in raising capital for their businesses.¹⁸ The CIP, which exists in Québec, has raised over \$200 million from the co-operative sector for new investment since 2007. In Manitoba, the Community Enterprise Development

¹⁷ <http://www.bcb.gov.br/?PUBLICATIONSALPHA>

¹⁸ Co-operativesCanada: http://www.coopscanada.coop/public_html/assets/firefly/files/files/CIP_one_pager_formatted_FINAL.pdf

Tax Credit¹⁹ created in 2004 is another successful tool for supporting the Social Economy (Loxley & Simpson, 2007). The program provides a non-refundable 30 percent income tax credit for investors in eligible community enterprise development projects (Kostyra, 2006). Nova Scotia has two tax credit initiatives targeted at raising private investment in community initiatives: the Nova Scotia Equity Tax Credit (1994) and the Community Economic Investment Funds Tax Credit (1999). Together, these programs have been instrumental in supporting 454 Nova Scotia businesses in raising \$54,486,942 in equity capital from 5,011 investors who qualified for \$15,658,376 in non-refundable provincial tax credits (Davis, 2003).

Investment Funds

Neamtan and Downing (2005) identify some options in the literature for how governments can provide funding for the Social Economy, including: 1) Systematic financial support to address particular policy priorities in which resources are allocated to different types of organizations in light of their objectives and compatibilities such as how co-operatives manage medical care in Saskatchewan (community health care) and Québec (ambulance services) 2) Social Economy investment funds with criteria addresses the absence of comprehensive policy making with the general aims of creating investment funds that Social Economy enterprises can access. Examples of this are highlighted in Lebosee's (2000) review on the development and scope of venture capital in Québec directed towards the SE. In order to obtain access to capital for collective enterprise in Québec, the government made it possible for certain public institutions offering risk capital to co-operatives to make this capital available to not for profit enterprises. The Investissement Québec (formerly Société de développement industriel) was established out of this demand and offers financing and support to all Social Economy enterprises. The Québec government also established the Comité sectoriel de la main-d'oeuvre de l'économie sociale et de l'action communautaire to provide training and needs analysis for the Social Economy and to track the progress of job creation and enterprise development (Mendell, 2003).

Another initiative of the sector that has received government funding is the Enterprising Non-Profits Program (ENP)²⁰ which provides matching grants to non-profit organizations in British Columbia who are interested in starting or expanding a business. The program was established in 1997 in response to requests by organizations for support in the development of revenue-generating enterprises as a way to stabilize and diversify their funding base, create employment or training

¹⁹ CED: Tax Credit: <http://www.gov.mb.ca/finance/pcredits.html#ceitc>

²⁰ <http://www.enterprisingnonprofits.ca/>

opportunities, and enhance their programs or services. ENP program funding enables organizations to conduct planning activities related to the development of a business venture. It is funded by a partnership of funders who combine their resources together to create a common funding pool that leverages their separate contributions for greater impact and efficiency.

The Co-operative Employee Partnership Program (CEPP)²¹ is a development program that arose from a partnership between Nova Scotia's Department of Community Services, individual co-operatives, the Credit Union central of Nova Scotia, the Regional Co-operative Development Centre (RCDC), and other provincial departments. This model is a CED tool in which a successful co-operative sponsors a new business that is organized, managed, and owned primarily by former social assistance recipients.²² The major benefit of this financing and job creation process is the employment of people who have suffered from unemployment, particularly those on social assistance. Sources of funding available from the Manitoba government include the Communities Economic Development Fund (CEDF), a loan agency for northern businesses that has about \$20 million and loans out about \$5 million—most of it to small entrepreneurs but some to community development corporations and community owned enterprises (Reimer et al., 2009). In Edmonton, the Social Enterprise Fund (SEF),²³ funded by the Edmonton Community Foundation in partnership with the City of Edmonton and the United Way, supports non-profit organizations or co-operatives that develop their social enterprises, or social housing projects.

The European Union's Local Social Pilot Project concluded that investment funds using small grants administered at the local level coupled with the provision of technical support provided a better way of promoting employment and social integration for groups in need than standard approaches administered by centralized bureaucracies, such as nationally defined training programs (PRI, 2005). In the UK, Community Development Finance Institutions (CDFIs) are independent financial institutions, funded from a variety of sources including banks, individuals, charitable foundations and the government. Some of the methods used to achieve their social and financial goals include: community loan funds, micro-finance funds, community development venture capital, social banks, community development credit unions and mutual guarantee societies (HRSDC, 2006).

²¹ CEPP: <http://socialeconomyhub.ca/content/cooperative-employee-partnership-program-%25E2%2580%2593-nova-scotia>

²² Canadian Centre for Community Renewal (CCCR): <http://communityrenewal.ca/sites/all/files/resource/P203RCJ10.pdf>

²³ SEF: <http://www.ecfoundation.org/majorinitiatives/socialenterprisefund>

Loan Guarantees

The creation of loan guarantees programs or fiscal measures allow SE initiatives access to sources of capital that would otherwise be inaccessible to them. In the United States, loans and grants are available to community organizations and non-profits providing a range of enablers from capacity building to minority business development (Graffe, 2006). The Competitiveness and Innovation Framework Programme (CIP)²⁴ aims to encourage the competitiveness of European enterprises. With small and medium-sized enterprises as its main target, the programme will support innovation activities (including eco-innovation), provide better access to finance through loan guarantees and venture capital, and deliver business support services. It will also encourage a better take-up and use of information and communications technologies (ICT), and help to develop the information society. It will also promote the increased use of renewable energies and energy efficiency.

In Manitoba, the Co-operative Loans and Loans Guarantee Board²⁵ provides financial help to co-operative organizations and supports the growth and development of the sector. The Women's Enterprise Centres²⁶ in British Columbia (funded through Western Economic Diversification Canada) offers small loans to women entrepreneurs. Another initiative is the Aboriginal Business Development Loan,²⁷ available to Aboriginal entrepreneurs in New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, providing loans up \$250,000.

Social Procurement

The New Economics Foundation (NEF)²⁸ refers to procurement as the ways in which the public sector obtains goods and services, also known as purchasing, public service delivery, and frontline services. There is an emerging opportunity in purchasing and procurement where a triple bottom line vision can be put into practice using existing expenditures. Practitioners and academics are starting to identify the need to blend the financial return on investment and the social impact of purchasing and procurement decisions—values that have traditionally been held as separate and non-intersecting (Lepage, 2006). This shift can be somewhat attributed

²⁴ CIP: http://ec.europa.eu/cip/index_en.htm

²⁵ Co-operative Promotions Board: http://www.gov.mb.ca/housing/coop/doc/co-op_promo_board_form.doc

²⁶ Women's Enterprise Centres: <http://www.womensenterprise.ca/>

²⁷ ABDL: <http://www.canadabusiness.ca/eng/summary/1228>

²⁸ NEF: <http://www.neweconomics.org/gen>

to the growth of interest in Corporate Social Responsibility (CSR),²⁹ a concept described by Industry Canada as businesses creating innovative and proactive solutions to societal and environmental challenges, as well as collaborating with both internal and external stakeholders to improve CSR performance.

The EU has a number of social procurement examples including the National Procurement Strategy that calls on authorities to: use procurement to help deliver corporate objectives including economic, social and environmental objectives set out in the community plan; encourage existing suppliers to enter a new market or develop new suppliers (e.g., by working with the voluntary or community sector); and develop diverse and competitive sources of supply, including procurement from small firms, ethnic minority businesses, social enterprises and voluntary and community organizations (HRSDC, 2006). Jadoun (2008) describes Socially Responsible Public Procurement (SRPP) as the promotion of: employment opportunities, decent work, social inclusion and Social Economy, accessibility and design for all, and fair and ethical trade.

France's social consideration in public procurement is recognized as one of the most advanced and structured in the world (Caranata, 2008). Here, procuring entities (such as the cities of Lille, Nantes, and Angers) work with public institutions responsible for social inclusion, such as the *Maison de l'emploi*, which allow coordination and synergies in all the activities that come to compose the *Plan pour l'Insertion et l'Emploi—PLIE*. The public institutions responsible for social inclusion, in turn, are active in many crucial steps of the procuring process: They may promote social awareness in potential bidders through meetings open to the firms (Caranata, 2008). In Germany, policy makers and contracting entities are opposed to social public procurement as they are feared to compromise value for money and transparency, and are not considered to be the appropriate instrument to promote social considerations. However, they do promote Social Enterprise in public procurement by including: 1) the requirement of contracting authorities to split contracts into lots to allow Social Economy enterprises to bid, and 2) that contract conditions with main contractors include a clause providing for the participation of Social Economy enterprises as subcontractors (Trybus, 2008). Additionally, some German states have a general rule that gives social enterprises a fair share in public contracts (Bavarian SME Act), or requires social enterprise to be asked to bid for public contracts procedures (Hesse SME Act).

In Italy, specific legislation has been enacted to promote public procurement from entities employing disadvantaged people, NGOs and other civil society organizations

²⁹ CSR: <http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/home>

(Caranata, 2008). To be considered a social co-operative the requirements specify that disadvantaged people must make up at least 30 percent of their workforce. Procuring entities may award social co-operatives that are below the threshold service contracts (services in the social and health and education areas being reserved to specific social co-operatives), following procedures divergent from the usual public procurement policies. Article 5(4) in the legislation further empowers this process by outlining that contracts will have to be executed by employing disadvantaged people. In Italy, social co-operatives are entrusted with the management of janitorial and cleaning services, nursing services and waste management (Caranata, 2008).

According to the *Danish Act on Tender Procedures for Public Works*—social requirements like employment opportunities and social inclusion should always be integrated into call for tenders. This is because contractors recruit a certain percentage of their workforce (normally 5 percent, in the City of Aarhus in Jutland 10 percent) for a certain minimum period of time from the five categories of unemployed (category one of short term unemployed with good employment prospects to category five of long term unemployed with almost no employment perspective). In this system, employees are paid 50 to 75 percent of their salary by the tenderer, and the remainder by the state, creating an incentive for the tenderer.

Benefiting the Economy and Society Through Procurement (BEST) is a major initiative led by Social Enterprise East Midlands (SEEM) in the UK, and brings together a partnership of agencies from the public sector, social enterprise support organizations and experts, and social enterprises themselves. The incubation project, led by Genesis Social Enterprise Centre,³⁰ invested £160,000 in setting up five social enterprises that have already secured £1.6 million contracts from public sector operating in a range of fields and creating quality inclusive employment.

Lepage (2006) highlights the growing momentum of socially responsible procurement policy in Canada, documented by the increased interest of the public sector in fostering Social Economy initiatives that reflect a merging of financial, environmental, and social returns. He describes the Social Purchasing Portal (SPP)³¹ as a tool that integrates social and economic values using existing purchasing and procurement. “Blending financial and social values in purchasing and procurement throughout and across the public, private, and social sectors is an essential element in the creation of healthy local communities within an ever globalizing economy... where the Social Economy and marketplace interests intersect” (p. 39). The SPP is a web-based information resource to promote and expand sales opportunities for social

³⁰ For more information on this project see the website: <http://www.equal-works.com/DPDetail.aspx?ety=e4abb448-28a4-4a11-8a08-5d81f5ef5803>

³¹ SPP: <http://www.spp-pcsottawa.ca/en/>

enterprises and social purchasing. It is currently on-line in Vancouver, Toronto, Winnipeg, Fraser Valley, Calgary, Waterloo Region and Ottawa.

A similar concept introduced in 2006 by the former Minister of Public Works and Government Services, Stephen Owen, is Citizens' Dividend, which examines the potential measurement of public and social value created by federal government purchasing and procurement decisions. Despite barriers in public policy and trade agreements, it brings forward and strengthens the issue of a blended return on investment for government procurement decisions. Some examples include the City of Vancouver's policies on sustainable purchasing³² (adopted in 2004) and the Manitoba provincial procurement principles, indicating a changing direction in government procurement.

In Manitoba, the Aboriginal Procurement Initiative, for example, builds on a sustainable procurement initiative introduced in 2000 as mandated by the *Sustainable Development Act* to encourage the production and use of environmentally friendly products (Reimer et al., 2009). The policy directs all government departments to increase the participation of Aboriginal businesses in providing goods and services to the Manitoba Government and to develop annual objectives and action plans. There are four mechanisms to help facilitate the implementation of this policy including: Aboriginal Business Sourcing (which is a process by which Aboriginal businesses register with the government and are contacted when bidding opportunities arise); Aboriginal Business Content (where a specific percentage of a contract open for bidding must be fulfilled by or subcontracted to Aboriginal Businesses); Set Aside (where a procurement contract is initially only open to bidding from Aboriginal businesses); and Scoping (whereby contracts are broken down to make them more attainable by Aboriginal businesses).

The *Indian and Northern Affairs Procurement Strategy* for Aboriginal Business (PSAB)³³ works to help Aboriginal firms do more contracting with all federal government departments and agencies and assists Aboriginal businesses gain access to the overall procurement process. The PSAB, while led by Indian and Northern Affairs Canada (INAC), is a Government of Canada initiative. All federal government departments and agencies are encouraged to participate in this initiative.

In Australia, the department of Finance and Administration's Commonwealth Procurement Guidelines ensure that Small and Medium Enterprise's (SME) are able to engage in fair competition for government business. Through the concept of social coalition, business and community can join in partnership with government

³² City of Vancouver: <http://vancouver.ca/ctyclerk/cclerk/20041216/pe9.htm>

³³ INAC: <http://www.ainc-inac.gc.ca/ecd/ab/psa/index-eng.asp>

to enhance opportunities for social and economic participation, and ensure disadvantaged people have fair access to the community.³⁴

The Small Business Administration's Small Disadvantaged Business (SDB)³⁵ program is a procurement tool in the United States designed to assist the government in finding firms capable of providing needed services, and at the same time, helping to address the traditional exclusion of firms owned by disadvantaged individuals from contracting opportunities. Eligible applicants must be at least 51 percent owned and controlled by one or more US citizens who are socially and economically disadvantaged. Another example is the State of Connecticut Minority & Small Contractors' Set Aside Program, established for the purpose of assuring that small and small minority owned businesses have an opportunity to bid on a portion of the states purchases. Additionally, 25 percent of that amount is reserved for small businesses, which are minority/women owned.

2.3.2 Conclusion

Tools for development directed at small and medium sized businesses can support SE enterprises, since community-based organizations need similar access to investment tools, adequate markets, research and development, and efficient management expertise (Reimer et al., 2009). Tools that specifically recognize and support the social, environmental and cultural objectives of SE organizations enable a level playing field on which they can compete with conventional for-profit businesses. Some of these tools include the creation of financial co-operatives, community-based savings programs, taxation policies, investment funds, loan guarantees, subsidized financing, micro-credit and social procurement.

2.4 Sectoral policies

Social Economy enterprises offer many advantages in responding to particular sectoral challenges. They have been successful in their capacity to identify "emerging needs, propose innovative solutions and structure or occupy sectors that are not considered sufficiently profitable for private for-profit initiatives" (Neamtan & Downing, 2005, p. 57). The EU-25 for example had over 240,000 co-operatives that were economically active in 2005 in every economic sector, particularly in agriculture; financial intermediation; retailing and housing; and as workers' co-operatives in the industrial, building and service sectors (Chavez & Monzón, 2007). In the United States, 195,000 organizations filed as public charities (non-profit

³⁴ The Non-profit sector in a Changing Economy, OECD, 2003.

³⁵ SDB: <http://www.sba.gov/index.html>

organizations involved in the arts, education, health care, human services, and community service, etc.) with the Internal Revenue Service in 2002 (Salamon & Sokolowski, 2005). The Social Enterprise Alliance in the United States provides a directory that identifies approximately 30 sectors of activity in the Social Economy. The vast majority are in services ranging from advocacy to disaster assistance, health, homelessness and housing, poverty and immigration, civil and human rights, substance abuse, sports and recreation, among others (Mendell, 2007).

In Canada, government funding for this sector is particularly prominent in the fields of health, education, and social services. These reflect the form that the welfare state has taken in Canada and echoes what is found in a number of European countries. The Co-operative Development Initiative (CDI) is a joint federal government/co-operative sector partnership program to help people develop co-ops and to research and test innovative ways of using the co-operative model. In partnership with 17 regional and sectoral organizations across Canada, it includes support for new co-operative development in priority areas including: adding value to agriculture; access to health care and home care; economic development in rural, remote or northern communities; development of Aboriginal communities; integration of immigrants into Canadian communities; and community solutions to environmental challenges.³⁶ In May 2009, the Minister of National Revenue and Minister of State announced a new and enhanced CDI program investing \$19.1 million in co-operative development between 2009-2013. The CDI and the Agricultural CDI have helped fund co-operative advisory services, started over 200 new co-operatives, and assisted more than 1,500 emerging ones.³⁷

In Québec, sectoral policies are supporting the SE in day care, home care, social housing, and recycling. In Manitoba, sectoral policies promoting CED are predominantly in clean energy, housing, childcare, youth safety, and women's health. Bouchard et al. (2008) provide a comprehensive statistical portrait of the Social Economy by sector and activity in Montreal, highlighting the significant contribution towards economic growth and social development.

The SE is widely recognized by the institutions of the various EU countries in legislation and policies. In general they have created sector policies that make specific reference to the Social Economy. Some examples include: employment policies involving worker co-operatives and integration enterprises, social services policies, agriculture and rural development policies. The European Agenda for Entrepreneurship (2004) for example, introduced the EU Commission's action on

³⁶ CDI: <http://www.coop.gc.ca/COOP/display-afficher.do?id=1232543849777&lang=eng>

³⁷ CCEDNet Recommendations for the Federal Government on Community Economic Development and the Social Economy: http://www.ccednet-rcdec.ca/files/ccednet/CED__Social_Enterprise_Platform_EN.pdf

promoting entrepreneurship in social sectors. In order to do this, the Commission launched a project ‘Promoting Social Entrepreneurship in Europe’ in 2004. In the EU, social enterprises operate mainly in the following areas: work integration (training and integration of unemployed persons); personal services (e.g., childcare services, services for elderly people, ‘proximity’ services, aid for disadvantaged people); and local development of disadvantaged areas (e.g., social enterprises in remote rural areas, development/rehabilitation schemes in urban areas) (HRSDC, 2006). It is not surprising, given the regulation of the numerous imbalances in the labour market that ministries of work and social affairs tend to be responsible for fostering the SE. The European Union’s *Lisbon Strategy*, for example, recognizes the SE as the core of its employment policy.

Due to an absence of European budgetary policy for the SE, its participation has been achieved through employment and social cohesion policies, specifically the budgets to promote Social Economy enterprises and employment such as the ADAPT initiative, the EQUAL³⁸ initiative for social and work integration, the European Social Fund (SEF) and the Third System and Employment pilot action. The Progress Program (replaced Equal program) in the EU is a network of local observatories. The recent establishment of the Co-operative Research Centre in Trenton, Italy is an important evolution in this trend.

2.4.1 Policy Domains

Several governments in the EU are supporting sectoral socio-economic development, such as the creation of employment in recycling operations, social services in Germany (Bode & Evers, 2004), and elderly care in the Netherlands (Dekker, 2004). In Latin America, sectors such as agriculture and education are significantly represented in the Social Economy, and in North America, housing and healthcare are important contributors.

Healthcare

The Co-operatives Secretariat of the Government of Canada³⁹ offers a snapshot of co-operatives serving multiple sectors across Canada. This resource points to a number of co-operative health clinics operating in Canadian communities, with the majority in Saskatchewan and Québec. They form part of the network of ‘community health centers’ that provide a holistic approach to care based on the needs of the communities they serve. This model of health care has proved to be cost effective and

³⁸ EQUAL initiative: http://ec.europa.eu/employment_social/equal/news/200711-odent3_en.cfm

³⁹ Co-operative Secretariat: <http://www.coop.gc.ca/COOP/>

responsive to community needs, and in inner-city communities these clinics play an important role in integrating the socially excluded into the broader social system. In 2001, there were 101 health care co-operatives offering services across the country. Recent trends have shown that the model is growing in Canada, with 57 new health care co-operatives formed between 1997 and 2001 (Craddock & Vayid, 2004).

Community Service & Development Co-operatives

Health Care Aotearoa in New Zealand, established in 1994, is a format network comprised of a range of union health centres, tribally based Māori health providers, and community-based primary care providers (Crampton et al., 2001). These organizations prioritize social over financial objectives, and aim to involve their community in management and governance. In their comprehensive study, Cramptons et al. (2001) found the third sector to be largely successful in providing care to vulnerable populations, and in so doing helped to achieve key governmental health objectives. In the US, the third sector has been predominantly involved in health maintenance organizations, acute hospital care, home health agencies, dialysis centers, and homes for the mentally handicapped. Similarly, the UK third sector's key involvement includes self-help and community health groups, care and support of the elderly, care and support of people with physical and sensory disabilities, and care and support of children and families (Kendall & Knap, 1996 as cited in Crampton et al., 2001).

Education

Under Niger's *Poverty Reduction Strategy* (PRS), and its ten-year education development plan, programme decennal pour le développement de l'éducation (PDDE), four pillars have been established, including: a stable macroeconomic framework, the development of production sectors, guaranteed access to basic social services for the poor, and building human and institutional capacity. Successful projects in the education sector have been carried out, especially for girls and in non-formal education. The Non-Formal Education Development Support Project, for example, has enabled civil society to develop and take charge of several areas of non-formal education. Of the participants, 66 percent are girls and 22 percent are youth aged 9-15.⁴⁰

⁴⁰ <http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/JUD-217122532-NFH>

Housing

The Canada Mortgage and Housing Corporation (CMHC)⁴¹ financed co-operative housing development for almost thirty years, but cancelled this program in 1993. It continues to provide rental subsidies for low-income residents within these mixed income co-operatives, but provides no financing for new development. With the implementation of federal-provincial Affordable Housing Agreements in 2002, many provinces are now supporting new affordable housing by providing capital subsidies to developers to reduce the cost of building new rental housing. This approach does not allow room for the traditional model of co-operative housing—where members collectively own and control the co-operative while they live there, but do not build personal equity in the enterprise. However, these agreements may offer potential for equity model housing co-operatives, which best serve those of moderate income levels. Of all the Canadian provinces, it appears that Québec offers the most consistent support to co-operative housing development.⁴²

The Low-Income Housing Tax Credit (LIHTC),⁴³ created in the *Tax Reform Act* of 1986, has been the major federal program used to finance the development of affordable rental housing for low-income households (Cummings & DiPasquale, 1999). The basic premise of the LIHTC is to offer federal tax credits to private investors in return for their providing equity for the development of affordable rental housing. Many local housing and community development agencies are effectively using these tax credits to increase the supply of affordable housing in their communities.

In Senegal, the bureau d'assistance aux collectivités pour l'habitat social (BAHSO) was established in 1986 within the Ministry of Town Planning and Housing in Partnership with UNHABITAT, German Technical Co-operation (GTZ), and the government. BAHSO's mission is to assist the co-operative societies in the implementation of their building programs related to accessing serviced parcels of land, housing and infrastructure. Currently, BAHSO supervises over 350 housing co-operatives through Senegal's ten regions, with over 40,000 members.⁴⁴

Environmental Sustainability

The municipality of Angatuba, in São Paulo, Brazil provides an example where

⁴¹ CMHC: <http://www.cmhc-schl.gc.ca/en>

⁴² Government of Canada: http://www.agr.gc.ca/rsc-src/co-operative/index_e.php?s1=pub&page=soc#soc2

⁴³ LIHTC: <http://www.hud.gov/offices/fheo/lihtcmou.cfm>

⁴⁴ For more information on this program visit: <http://www.catunesco.upc.es>

the local government and community of about 20,000 are adopting programs in food and energy sovereignty and security, self management and democratic governance. Their program operates a waste treatment system that collects and recycles 100 percent of the city's waste (205 tonnes/month). Thirty-five tons are recycled, providing a livelihood for over 30 families, and 170 tons of organic material is used to produce compost (Arruda, 2008).

The integration of informal recycling into social and community-based enterprises has gained considerable attention in developing countries (Peredo & Chrisman, 2006; Gutberlet, 2005; Medina, 2000). Recyclers' movements that are emerging in many countries in Latin America are occupying an important niche within the Social Economy (Gutberlet, 2008). In São Paulo, Brazil, several co-operatives have organized informal recycling activities into community programs that provide new employment, improved working conditions, and increased environmental education (Gutberlet, 2003). The city of Diadema in Brazil, for example, is pioneering the redistribution of income through organized resource recovery. In December 2006, the city signed a legal agreement with the local association Associação Pacto Ambiental, a civil society organization of public interest (OSCIP) that congregates six recycling centers with 62 members. As part of the Vida Limpa program on integrated waste management the members of Pacto Ambiental are now rewarded for the quantity of recyclables they collect from the waste stream (Gutberlet, 2008). At the federal level, the government of Brazil has passed new legislation giving priority to recycling co-operatives and associations in municipalities contracting out selective waste collection services. This law seeks to encourage social inclusion, particularly of those that were unemployed or suffer from any other disadvantage. With the creation of the Secretary for Solidarity Economy in Brazil, and the mandate to promote SE initiatives, recycling co-operatives will likely continue to be supported.

The Community Recycling and Economic Development (CRED)⁴⁵ programme for example, also supports organizations throughout the UK that promote and encourage community-based sustainable waste management. One of these organizations is the Community Economic Regeneration Team (CERT), a social enterprise that specializes in managing and delivering job creation and community economic projects. Through their SecondByte electronic recovery and recycling initiative, valuable opportunities for training and personal development are available.

Canada's Sustainable Development Act, initiated in 2008, is based on an ecologically efficient use of natural, social and economic resources and acknowledges the need to integrate environmental, economic and social factors in the making of all

⁴⁵ CRED founded in 2003, operates in the UK. Website link: <http://cred.rswt.org>

decisions by government.⁴⁶ The Greening Government (www.greengovernment.gc.ca) site provides links to the 25 departments and agencies required to prepare sustainable development strategies. All Canadian communities also have access to a source of revenue for the development of Integrated Sustainable Community Plans (ISCPs) through the *Federal Gas Tax* funding program announced in the *2005 Federal Budget*. A major policy and program in Manitoba for example, is training inner city residents how to do energy retrofitting of public housing, saving energy costs and waste, creating jobs, and improving social housing.

Municipal policy commitments are also being fostered in food security and sustainable agriculture. In British Columbia, for example, the Capital Regional District (CRD) Roundtable on the Environment (RTE) and the Capital Region Food and Agriculture Initiatives Roundtable (CR-FAIR) have initiated the Food and Health Action Plan,⁴⁷ working collaboratively with a local non-profit (Lifecycles) to develop a Regional Food Charter and Food and Health Action Plan.

Through Ontario's Community Energy Partnerships Program⁴⁸ community groups, including co-operatives, non-profit groups and local partnerships would be eligible for one time financial assistance of up to \$200,000 for project planning costs, as well as environmental and engineering studies. This initiative, along with the Aboriginal Energy Partnership Program, are intended to provide communities across Ontario with the opportunity to participate in the growing green economy, a key objective of the *Green Energy Act*. In addition, as part of Nova Scotia's *2009 Climate Change Action Plan*⁴⁹ wind energy is being supported by CED Tax Credits.

2.4.2 Conclusion

Policies that support the emergence of specific sectors can greatly benefit social enterprises, which are more able to meet needs in society and sectors that are not otherwise adequately met in a market society. Around the world, third sector organizations are providing services in: healthcare, agriculture, education, housing, and environmental sustainability to name a few.

⁴⁶ Sustainable Development Act: <http://www.canada.com/oceansidestar/news/opinion/story.html?id=a3b9f60f-c0e8-4748-b362-450cf815acbd>

⁴⁷ CRD Action Plan: http://www.crd.bc.ca/rte/documents/Healthy_phase2_web.pdf

⁴⁸ Community Energy Partnerships Program: <http://www.ontario-sea.org/>

⁴⁹ Nova Scotia Action Plan: <http://www.gov.ns.ca/energy/energy-strategy/default.asp>

2.5 Supporting Disadvantaged Communities and Populations

The inclusion of marginalized and disadvantaged populations in the economy is a major priority of Social Economy policies. Davister et al. (2004) highlight main characteristics of the target groups as: people with a mental, physical or sensory handicap; people with social problems; “hard to place,” and/or long term unemployed, young low-qualified people; disadvantaged minorities (e.g., of foreign origin); and vulnerable female target groups.

In a review of social inclusion and CED in Canada, Toye and Infanti (2004) point to the many communities in Canada, particularly in rural and northern regions, and Aboriginal and disadvantaged urban neighborhoods that are “increasingly forced to confront social, economic and cultural challenges, including growing unemployment and poverty, alcoholism, homelessness, drug abuse, political disempowerment, diminished entrepreneurial spirit and decreased public services” (p. 7). They highlight the structural and institutional barriers that constrain communities to develop leadership capacity, enhance social capital, and find solutions to enhance their overall quality of life. The *Policy Research Initiative* (2003) suggests that Social Economy enterprises may be effective at building and helping make productive use of the kind of social capital that might benefit disadvantaged individuals. Lo and Halseth (2009) also point to the far reaching impacts of CED and SE, particularly as providing opportunities that enhance the connection for marginalized peoples to participate in local community organizations.

Support for social and economic integration of marginalized groups through employment and training programs under the *Employment Insurance Act* has been a major focus of federal and provincial governments in Canada (Neamtan & Downing, 2005). Despite the successes of these community-driven strategies, access to them is increasingly being restricted by government terms, contracting and eligibility criteria. Neamtan & Downing (2005) recommend that policies support flexible CED and SE programs to ensure all citizens can obtain training to participate in the economy. These policies would include federal investment of EI funds to improve access to employment and training opportunities for marginalized populations. Federal initiatives such as the Social Development Partnerships Program (SDPP)⁵⁰ provides grants and contributes funding to non-profit organizations concerned with advancing the social development and inclusion needs of persons with disabilities, children and their families, and other vulnerable or excluded populations.

⁵⁰ SDPP: http://www.hrsdc.gc.ca/eng/community_partnerships/voluntary_sector/index.shtml

2.5.1 Policy Domains Immigrant Communities

Immigrant groups face a wide range of challenges as they attempt to integrate into new societies. Challenges include transferring professional credentials to foreign workplaces, and preparing children, youth and seniors for the realities of a new society. These issues are often complicated by poverty, discrimination, language barriers, a lack of culturally sensitive support systems, and limited access to organizational structures that allow these communities to help themselves.⁵¹ The 2005 CCEDNet publication *Creating opportunities: Optimising possibilities* discusses the role that co-operatives can play in improving the socio-economic experience of immigrants and refugees to Canada. “It is specifically through their ability to generate social capital and provide real solutions for the alleviation of poverty that co-operatives can play an essential role in furthering the social and economic success of immigrants, refugees and other marginalized communities” (p.5). Although Canada has developed policies that have positive impacts on reducing the socio-economic barriers faced by immigrants and refugees, there are still many challenges to overcome.

Employment for Target Populations

The Vancouver Agreement Employment Strategy⁵² is designed to improve job and training possibilities for inner-city residents of Vancouver, especially those who are unemployed and under-employed. This specialized program serves people with multiple barriers to employment, such as: long-term unemployment, mental illness and addictions, and has been developed to serve Downtown Eastside residents. Additionally, 375 Downtown Eastside residents have found full and part-time employment through projects funded by the Vancouver Agreement such as the Stars for Success youth employment program, the Social Purchasing Portal, the Heart of the City Festival, the Carnegie Centre Arts Calendar, Justice for Girls, the Living in Community Project and the Mobile Access Project for survival sex workers.

Programs for Work Integration

The Italian government recognizes the Social Economy as a means for addressing a variety of public objectives including: services for persons with disabilities, the elderly, persons with drug dependencies, and supporting the integration of disadvantaged workers (Borzaga, 2004). *Social co-operatives* received legal recognition in Italy in 1991 under two categories: Type A relating to activities in health, educational or social services; and Type B pertaining to agencies for integrating

⁵¹ Government of Canada: http://www.agr.gc.ca/rcs-src/co-operative/index_e.php?s1=pub&page=soc#soc2

⁵² <http://www.vancouveragreement.ca/EmploymentStrategy.htm>

disadvantaged persons (e.g., the handicapped, the elderly, youth, people with intellectual handicaps, and such excluded groups as prisoners, ex prisoners, minors at risk, and drug addicts) into the labour market (HRSDC, 2006). This work integration is being supported through public purchasing as a strategy to encourage social co-operatives that in return have to hire at least 30 percent of their labour force from identified marginalized groups (Neamtan and Downing, 2005). These initiatives have helped many social enterprises develop in a market context, while directly supporting marginalized groups integrate in the market and create their own economic opportunities.

Different forms of integration enterprises, such as the *entreprises d'insertion* in France, Quebec, Belgium and Switzerland have also become particularly important for assisting a wide range of marginalised people (unemployed and disabled) who are at risk from permanent exclusion from the labour market.

Similarly, in Finland the law on social firms (2004) states that a “social firm must become self-sufficient in three-years, be an economically independent unit, be created for the employment of people with a disability or other disadvantage in the labour market, and use its own market-oriented production of goods and services to pursue its social mission” (HRSDC, 2006, p. 7).

Mexico’s Priority Groups Assistance Fund⁵³ supports disadvantaged or vulnerable groups by involving them in production and social welfare projects. Some of the main programs implemented by the Fund include the National Low-Income Agricultural Labourers Program and the National Agricultural Labourers Program. The first is designed to improve the living conditions of migrant labourers and to satisfy their health, food and housing needs, as well as social security, education, culture and recreation, employment and access to justice. The second program targets community organizations and inhabitants of rural areas living in poverty, providing production and employment projects as well as social assistance to low-income farmers.

Similar associations aiming at specific targets (e.g., youth unemployment) in Africa have been encouraged by the public. In Senegal, for example, these associations are defined in law as Economic Interest Groups (EIG). The majority of jobs have been created through the activities of agriculture co-operatives (production, marketing, processing, etc).⁵⁴ Senegal’s Poverty Reduction Strategy (PRS) has promoted the Creation of Revenue-Generating Activities in deprived areas for disadvantaged groups. This instrument consists of a solidarity bank and a micro-credit program. The

⁵³ United Nations Economic and Social Council: <http://www.unhcr.ch>

⁵⁴ The Contribution of Co-operativeatives to Employment Promotion, 2001: <http://www.co-operativeacgva.org/idc/co-operatives-employment.pdf>

National Solidarity Bank will finance local projects for populations in disadvantaged areas, without any collateral, at a maximum interest rate of 5 percent. The micro-credit program is established to finance small projects by development agencies, and NGO's. In South Africa, the concept of the Second Economy is used to describe the disadvantaged and underdeveloped sector of society and incorporates the poorest of the urban and rural communities. One of the aims of the Department of Trade and Industry is to support the second economy through capacity-building to become involved in productive activities, and boost their potential to generate and income. Some of the mechanisms to increase capacity include new opportunities through sectors such as tourism and home industries. Rural areas are being promoted as zones for economic activity to attract industries, supported by the Small Enterprise Development Agency. Through the South African Micro-Finance Apex Fund (SAMAF)⁵⁵ the Department of Trade and Investment provides support to the Second Economy by working with intermediary organizations to provide financial service and loans. South Africa's Broad Based Black Economic Empowerment⁵⁶ legislation of 2003 is another example of increasing economic participation of target populations. This includes the empowerment of all black people through diverse socio-economic strategies that include: increasing the number of black people that manage, own and control assets; facilitating ownership and management of enterprises; human resources and skills development; equitable representation in all occupational categories; preferential procurement; and investment in enterprises that are owned or managed by black people.

Poverty Reduction

Several jurisdictions internationally have adopted place-based approaches to poverty reduction and have had some success in reducing poverty and social exclusion. In the EU (Ireland and the United Kingdom), and the provinces of Québec and Newfoundland in Canada, for example, have implemented comprehensive anti-poverty strategies with explicit targets and timelines (Scott, 2008). The United Kingdom in particular has adopted a government-wide program to reduce health disparities as a part of an overall Poverty Reduction Strategy. Developed by the Social Exclusion Unit of the Deputy Prime Minister's Office, the National Strategy for Neighbourhood Renewal (NSNR) was introduced to address the issues of poverty and social exclusion by giving communities the capacities to capture market opportunities and mainstream public service (CCEDNet, 2007). The NSNR is comprised of different elements including a Neighbourhood Renewal Fund. It also

⁵⁵ SAMAF: <http://www.samaf.org.za>

⁵⁶ <http://www.southafrica.info/business/trends/empowerment/bee.htm>

developed a Local Strategic Partnerships to facilitate multi-sector and multi-level efforts to improve service provision and economic opportunities in the poorest places, a program to support community capacity building, programs to promote neighbourhood security, and in 2005, the Stronger Safer Communities Fund.

In the United States, there is no single revitalization program similar to the UK; however, there is an array of funding vehicles aimed at local community renewal where the voluntary sector plays a significant role in building, supporting and mobilizing local capacity. “In addition, the promotion of tax exempt financial vehicles has engaged the financial services sector with the result that there is a higher level of private equity investment and private financing that there is in the U.K. or Canada” (CCEDNet, 2007, p. 17).

In Canada, there is no federal poverty reduction legislation or framework. A report by the Canadian Council on Social Development (Scott, 2008) highlighted minimal change in the aggregate low income rate over the past 25 years, growing income in-equality, or rise of low-income rates of immigrants in particular. There are, however, some examples of national poverty reduction initiatives including a) Vibrant Communities,⁵⁷ a community-driven approach to reduce poverty by creating partnerships among people, organizations, businesses and governments, and while officially over in 2007 b) Action for Neighbourhood Change⁵⁸ (ANC), a learning initiative that explored approaches to locally-driven neighbourhood revitalization with the objective of enhancing the capacity of individuals and families to pursue change and sustain strong, healthy communities.

2.5.2 Conclusion

Policies in favour of target populations provide support for the social enterprises that offer valuable employment and services to marginalized groups. They aim to integrate people deemed unproductive, often reliant on government income assistance programs into the workforce. Many European countries have made this commitment by supporting the socio-economic integration and professional training of target populations through programs. Other initiatives include: Mexico’s Priority Groups Assistance Fund, Senegal’s Economic Interest Groups (EIG), and South Africa’s Second Economy.

⁵⁷ Vibrant Communities: <http://tamarackcommunity.ca/g2s1.html#update>.

⁵⁸ AFNC: http://www.anccommunity.ca/index_english.html

3.0 Indigenous Communities and the Social Economy

In the Canadian constitutional environment—the rights of Aboriginal, First Nations, Metis and Inuit people are enshrined in the *Constitution Act* of 1982 Section 35(1). Similar rights and statuses are in place in many nations where Indigenous peoples were impacted by colonial settlement. Therefore, it is imperative that any comparative public policy research recognizes this context. In the Social Economy literature, there is also particular attention paid to Indigenous approaches to development.

Wuttunee (2009) outlines the holistic nature of Indigenous approaches to development, as well as the important role these communities play in the Social Economy. She highlights important questions on understanding the Social Economy in this context, and how the Social Economy is relevant for conceptualizing and meeting the needs of the Indigenous community. “Aboriginal peoples have been practicing key elements of Social Economy (such as economic activity in the service of community, social goals rather than profit driving economic decisions, and democratic decision making) from time immemorial” (p. 207). Mitigating the impacts of capitalism on Indigenous communities as well as others is a necessary step in the development of the concept of the Social Economy.

Not all communities are equally connected to the wealth, employment and other possibilities emerging in the economy. As these inequalities become more pronounced, human and social capital are not easily made, or sustained. There are a number of social programs and partnerships developing internationally that specifically target the strengthening of Indigenous communities, promoting local well-being, and inclusion. Craig and Larner (2002) describe these partnerships as “the ‘joining up’ of different levels of government and local actors, and the formalizing of these relationships around shared values, population and place related goals is represented as a new mode of ‘modern,’ ‘third way’ governance ‘without enemies,’ a broad and liberal project in which everyone and every organization ought to be involved, and which will benefit all” (p. 2). In general, there are a number of policies and programs that are meant to benefit Indigenous communities, and have similar objectives of non-Indigenous SE organizations; however, there are very limited initiatives that link policy with SE development forms.

Atleo⁵⁹ (2008) discusses the potential areas for strategic partnership between the values and world views held by Indigenous peoples and those engaged in the Social Economy. He also explores the historical context of this relationship that helps set

⁵⁹ <http://www.socialeconomyhub.ca/hub/wp-content/uploads/2009/01/catleocsehubpaperoct2008v2.pdf>

the groundwork for the greater acceptance of neo-liberalism and the contemporary Aboriginal economic development agenda. He cautions the need to critically examine the ways in which actors in the SE support Indigenous views on community development and to recognize the potential of “repackaging” the same neo-liberal policies and practices that the SE aims to dismantle. Failure to acknowledge the interconnectedness between these challenges and the complexities of Indigenous world views and community revitalization will result in a lack of effective and sustainable policies.

3.1. Australia and New Zealand

Indigenous Australians are under-represented among Australia’s entrepreneurs. This is a result, for example, of limited commercial opportunities in rural and remote areas, and of the educational disadvantages of Indigenous people in the cities (Altman & Jordan, 2008). There are a number of government initiatives that are responding to these inequalities. In 2003-4, for example, the government evaluated the effectiveness of the existing Indigenous Employment Policy (IEP), focusing on Structured Training and Employment. Recommendations included moving Community Development Employment Project (CDEP) participants into more ‘open employment,’ and to stream CDEP into two directions; to focus on community development, and on enterprise and employment programs. In 2004, this program was restructured under the Department of Employment and Workplace Relations (DEWR). This move solidified the CDEP program status as a labour market program, with a gradual policy focus on moving CDEP participants into more ‘mainstream’ employment. The Federal Government released its *Indigenous Economic Development Strategy* in 2005, focusing on providing mainstream opportunities to Indigenous entrepreneurs in rural and regional areas. The Strategy focuses on two areas: work, asset and wealth management. Under the work component, the government promotes the Local Jobs for Local People initiative under which Indigenous communities, employers and service providers work together to identify local employment, business opportunities and training. The asset and wealth management initiatives include: increasing Indigenous home ownership, increasing personal and commercial financial skills, and exploring ways to increase economic development in Indigenous land.

In Aotearoa, New Zealand poverty is strongly racialised—disproportionately affecting Māori and Pacific Island communities (Larner, 1996). A report from the Community and Voluntary Sector Working Party (2001) “specifically identified the policy/operations split and the ‘silo mentality’ of government departments as problematic and called for more collaborative approaches based on the co-determination of needs and solutions in order to provide better quality services” (Craig & Larner, 2002, p. 22). The *Ministry of Māori Development Act 1991* established

Te Puni Kokiri, which works to provide policy advice to government and other agencies as well as providing services to assist Māori achieve their development aims. The Māori Business Facilitation Service is a free business development service for Māori who are interested in starting a business or needing improvements on an existing one.⁶⁰

The Pacific Development and Conservation Trust is an initiative of the New Zealand Department of Internal Affairs. The trust supports sustainable development, where communities are engaged and working in partnership with iwi, hapū, the local Indigenous people and communities of the South Pacific.⁶¹ The Trust provides funding for charitable purposes of groups in New Zealand and the South Pacific. The objectives of the Trust are to:

- encourage and promote the enhancement, protection and conservation. of the natural environment of the South Pacific and its natural resources.
- promote the peaceful economic, physical and social development and self-sustainability of the South Pacific and its peoples, ensuring that the use of any natural or historic resource is consistent with its conservation.
- encourage and promote peaceful conservation and development of the cultural heritage of the peoples of the South Pacific.
- encourage and promote peace, understanding and goodwill between the peoples of the South Pacific.

3.2 Canada

Since the 1960s, co-operatives have been an important social and economic development tool for Aboriginal communities in northern Canada. They began as a way to market the arts and crafts of local producers, and by the 1970s they were also providing essential goods and services to their communities. Today, these co-operatives provide food supplies, fuel delivery, housing, hotel, cable television, Internet and other services in the most remote Canadian communities in Nunavut, the Northwest Territories and northern Québec. Their success has hinged largely on the formation of two co-operative federations-owned by the community co-operatives-which create economies of scale and management systems that make the entire system viable. The federations also market the work of northern artists and craftspeople throughout the world. In the western territories, they are helping build an Arctic tourism industry by promoting Inns North-the largest aboriginal-owned chain of hotels in North

⁶⁰ <http://www.tpk.govt.nz/en/services/business>

⁶¹ http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Trust-&-Fellowship-Grants-The-Pacific-Development-and-Conservation-Trust?OpenDocument

America. Despite several socio-economic policy initiatives aimed at the development of Aboriginal communities, a Social Economy policy framework does not exist that responds specifically to these communities.

A national initiative; however, is the Aboriginal Skills and Employment Partnership (ASEP)⁶² program, geared to providing Aboriginal people with the skills they need to participate in economic opportunities such as: northern mining, oil and gas, forestry, and hydro development projects across Canada. Another initiative, funded by Human Resources and Skills Development Canada (HRSDC) is the Aboriginal Human Resources Development Strategy (AHRDS),⁶³ and provides direct access to training, skills development and employment.

A notable commitment is the \$120 million conservation financing package funded through private philanthropic donations and from the B.C. and Canadian governments to help conservation management projects and ecologically sustainable business ventures for First Nations. This amount is divided into two funds: the Economic Development Fund, to support economically viable and environmentally sustainable businesses; and the Conservation Endowment Fund, a permanent endowment whose income will fund grants each year into perpetuity for conservation management in First Nations traditional territories in the Great Bear Rainforest.⁶⁴

Sousa and Hamdon (2008) describe a variety of initiatives in Alberta and British Columbia aimed at increasing First Nations participation in the economy. For example, the First Nations Economic Partnerships Initiative (FNEPI) developed in consultation with First Nations and industry stakeholders is guided by the following principles: supporting the development of effective partnerships between First Nations, industry, government and other stakeholders; “strengthening First Nations economic capacity; and assisting in the development of a viable First Nations private sector” (p. 24). Other programs include the Strategic Economic Initiatives (SEI) to support economic capacity building; the Economic Capacity Building (ECB) Program aimed to increase the ability of First Nations to implement economic development initiatives through the development of learning networks, sharing of best practices and the development and use of training tools; and the Regional Partnership Development (RPD) Program to fund the hiring of regional economic partnership coordinators to facilitate and support economic opportunities. Another important source of support for Aboriginal development is the Alberta Indian Investment Corporation (AIIC), formed in 1987. The AIIC is owned by all First Nation communities in the province of

⁶² http://www.hrsdc.gc.ca/eng/employment/aboriginal_training/index.shtml

⁶³ http://www.hrsdc.gc.ca/eng/employment/aboriginal_employment/index.shtml

⁶⁴ <http://www.coastfunds.ca>

Alberta and has become a source of loan and equity financing for First Nation owned businesses.

In British Columbia, the Economic Measures Fund (EMF) established in 2003 by the B.C. Ministry of Aboriginal Relations and Reconciliation has the following objectives: to build First Nations economic/business development capacity, to increase First Nations participation in mainstream economic initiatives, and to improve the investment climate in B.C. The Business and Entrepreneurship Skills Training (BEST) is also an important program, providing youth with job creation and skills training (Sousa & Hamdon, 2008). Natcher (2008) argues that for an effective SE framework to be developed, the policy must account for the “complexity and heterogeneity of northern Aboriginal communities and remain open to the plurality of forms Aboriginal social economies may take” (p. 1).

In Manitoba, the Aboriginal Justice Inquiry–Child Welfare Initiative (AJI-CWI)⁶⁵ is a joint initiative among the province of Manitoba, the Manitoba Metis Federation, the Assembly of Manitoba Chiefs, and the Manitoba Keewatinook Ininew Okimowin. The initiative was developed to restructure the child welfare system in Manitoba, which included the expansion of off-reserve authority for First Nations and the establishment of a province-wide Metis mandate.

3.3 Mexico

The Indigenous Regional Funds in Mexico provides resources for expanding, improving and consolidating the production infrastructure of Indigenous communities using criteria determined by the communities themselves. The funds also facilitate Indigenous peoples’ requirements in regional development strategies (Deruyttere, 1994).

3.4 United States

The Administration for Native Americans (ANA)⁶⁶ was established in 1974 through the *Native American Programs Act* (NAPA), and promotes the goal of social and economic self-sufficiency of American Indians, Alaska Natives, Native Hawaiians, and other Native American Pacific Islanders, including Native Samoans. The ANA is the only Federal agency serving all Native Americans, including over 562 federally recognized Tribes, 60 Tribes that are state recognized or seeking federal recognition, Indian organizations, all Indian and Alaska Native organizations, Native Hawaiian

⁶⁵ <http://www.aji-cwi.mb.ca>

⁶⁶ <http://www.acf.hhs.gov/programs/ana>

communities, and Native populations throughout the Pacific basin. This agency provides grants, training, and technical assistance to eligible Tribes and Native American organizations. The ANA supports a number of programs including: Social and Economic Development Strategies (SEDS) for Native Americans, Economic Development Projects, Social Development Projects, Governance Projects, and the Native Language Preservation and Maintenance program.

The US Department of Housing and Urban Development (HUD) also offers a range of programs, assistance, and loan programs specifically for Native American tribes, organizations, and sometimes individuals. The NeighborWorks America⁶⁷ was established as a congressionally chartered non-profit organization dedicated to improving distressed communities. NeighborWorks America and the NeighborWorks network have an interest in federal policies that affect the housing and community development field. Through the Native American Community Development Training Program, specifically tailored courses are offered for the professional needs of the Native American community, development practitioners, and others working to serve these communities.

4.0 Conclusion

This paper highlights several policy trends and instruments that governments around the world are adopting to support territorial and sector development, marginalized and Indigenous communities, and points to numerous enabling tools that are generating important public policy outcomes. The literature review “Advancing the Social Economy for Socio-Economic Development: International Perspectives,” the first paper in this three part series, pointed to an analysis that suggests that the level of development the sector achieves is directly correlated to the supportive environment, the strength of the sector infrastructure, and government commitment through policy, programming, and funding (Adeler, 2009). This paper points to clear efforts made by governments, strongly advocated by Civil Society Organizations, to use the Social Economy as a unique sector to achieve certain policy outcomes. These policy instruments are achieving territorial development and within specific sectors, are enabling tools for development and responding to the socio-economic challenges of marginalized and Indigenous communities.

Using the typology that CIRIEC adopts to define the level of acceptance and engagement of European countries in the Social Economy, the following policy trends follow a continuum from high to low-level engagement. High-level engagements include but are not limited to:

⁶⁷ <http://www.nw.org/network/home.asp>

- Constitutional measures that guarantee rights in a plural economy (Ecuador, Bolivia).
- Political responsibility and structure across government (Brazil).
- Legislation of state requirements and structures to support the SE (Brazil).
- Policy framework explicitly supporting SE by government (Québec, EU, Belgium).

Mid-level engagements include:

- Program funding to SE organizations (EU, Manitoba).
- Supports for social enterprise development, and sector-wide governance.
- Legislation of legal forms for SE organizations (Mexico, Brazil, UK, Italy).
- Access to capital, financial and tax benefits.
- Procurement policies advantaging SE organizations (e.g. Italy, France).

It should be noted, however, that in some jurisdictions mid-level policy engagements are combined with other policy instruments that have a high level of engagement. Minimal acceptance and engagement provides some support for actors in the Social Economy and can include:

- Policy and program initiatives/statements supportive of SE organizations role in particular sectors (e.g., co-operatives & energy Ontario).
- Policy and program initiatives supportive of components of the SE but not the whole sector/system (e.g., CDI Canada).
- Program funding for the delivery of services for which SE organizations are eligible (e.g., regional development Canada).

From a comparative perspective Canada lags behind many other jurisdictions (such as the EU) by investing less in the Social Economy. Although, in two provinces there are significant public policy development to support this sector, namely Québec and Manitoba. The final paper in this series titled *The Social Economy in Canada: Strengthening the Public Policy Environment* presents an analysis based on dialogue with stakeholders. This points to policy measures that might be appropriate to strengthen the Social Economy in Canada.

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CHAPTER THREE

Public Policy for the Social Economy: Building a People-Centred Economy in Canada

Sarah Amyot, Rupert Downing, and Crystal Tremblay

Abstract: This paper proposes future directions to strengthen the public policy environment for the Social Economy as a key agenda to building a more people-centred economy in Canada. It highlights the public policy findings of research by the Canadian Social Economy Hub and Research Partnerships and suggests the significant recent trends in public policy by governments at all levels to invest in the Social Economy as a means to address social, economic and environmental issues. Specific analysis is provided on key issues in the public policy environment for the SE in Canada, and in its potential contribution to social, economic and environmental outcomes. Examples of public policy are provided that contribute to an enabling environment for the SE by all levels of government, and cross cutting themes in the policy development process are identified based on key informant interviews. Finally the paper suggests some key lessons for actors in the Social Economy (co-operatives, social movements, community non profit organizations, credit unions and others) on how they can work to co-construct a common policy agenda based on their shared values and objectives. Based on this analysis, proposals are provided to strengthen the public policy environment for the SE in Canada for it to contribute to a more people-centred economy in Canada.

Keywords: social/solidarity economy, community-economic development, civil society, non-profit sector, co-operative development, mutual associations, public policy, socio-economic development, policy instruments.

1.0 Introduction: The Case for a More People-Centred Economy

Canada's economy is pluralistic, made up of three overlapping sectors: the private market, the state including all levels of government, and civil society. This latter sector has become known as the Social Economy—a unique realm made up of co-operatives, non-profit societies, civil society associations, credit unions and social enterprises that are working to combine social objectives with economic ones. The Social Economy is not only able to create unique outcomes that make a difference in the social, economic and environmental conditions of people and communities, but it is also part of a shifting relationship between citizens, the state and the market—both effected by these shifts and affecting them.

The Canadian Social Economy Research Partnerships has supported efforts by actors in the Social Economy to dialogue on how to build a more people-centred economy in Canada; learning from our own experiences, those of other places around the world, and the research and evidence that has been produced by the Social Economy Research Partnership program funded by the Social Science and Humanities Research Council. Central to this process is the importance of constructing public policy that enables the Social Economy to maximise its potential to create unique socio-economic and environmental outcomes, and connect to state and private sector activities in ways that contribute to those outcomes. A new policy framework is being posited that places people, their communities and ecosystems at the centre of the public policy paradigm for Canada's future. This vision is a work in progress and calls on values of participation, co-operation, co-construction and co-production in the policy making process. This paper seeks to contribute to that process by reflecting on some of the existing policy initiatives in Canada and abroad, and proposing directions to strengthen the policy environment in the future.

In this paper we provide a brief introduction to the Social Economy concept including some of the different approaches to its definition. We argue for a normative vision of the Social Economy as part of a movement to create a people-centred economy. Next, we argue for the importance of the Social Economy as a tool to create positive social, economic and environmental outcomes. We scan some international and Canadian examples of the policy initiatives that are supportive of the Social Economy. In doing so, we also reflect on the Canadian experience with the cancelled federal Social Economy Initiative to begin thinking about the conditions for success of policies supportive of the Social Economy. In the end, we conclude that effective policy supporting the Social Economy includes attention to both specific policy instruments and domains, and to the policy process itself.

In developing this paper we have undertaken some original research on both the process and nature of a small sample of policy initiatives in different Canadian jurisdictions. Researchers identified a number of important policy initiatives supporting the Social Economy in Canada. Key informants were identified based on the researchers' experience working in the Social Economy field, and in some cases by using a snowball sampling technique. Policy initiatives at the municipal, provincial and federal level are considered; as are policies from a range of areas important to the Social Economy—financing, the environment, sustainable development, social enterprise, co-operative development, and cross-government policy frameworks are all considered. In total nineteen interviews were conducted with Social Economy practitioners and government officials. The goal of the interviews was twofold: to produce a series of Public Policy Profiles (see www.canadiansocialeconomyhub.ca) that provide an introduction to policy initiatives supporting the Social Economy and to better understand the evolution, successes, and challenges of public policy for the Social Economy. The interviews lasted approximately 30 minutes to just over an hour, and were audio-recorded.

We have also examined research by the Canadian Social Economy Research Partnerships to determine whether the role and importance of the Social Economy is growing in Canada and around the world, and why. We have concluded that there is increased recognition of the interdependence of social, economic and environmental conditions, and the need for public policies that take this interdependence into account. Economic frameworks that posit the private market sector of the economy as the only important factor in determining socio-economic conditions have failed to produce significant results in terms of improved socio-economic conditions or environmental sustainability for large sections of the world's population. Market failures in meeting human needs for the basic conditions of life have been cited around the world as a major challenge to achieving human goals for development (e.g., the United Nations Millennium Development Goals). The recent global economic crisis has exacerbated these failures.

In Canada, one in eight Canadians, including over 600,000 children live in poverty (Statistics Canada, 2005a). Further, one in six Canadian workers earn less than \$10 an hour, a figure that places the annual income well below the poverty line for many Canadian workers (Statistics Canada, 2005b). The reality is even starker for some groups of Canadians. For Aboriginal people, new immigrants, single mothers, people with disabilities, and single adults over 45 years old the poverty rate is estimated to be between 20 percent and 40 percent. Further, the situation for most Canadians is worsening, even in times of prosperity. In 2004, the average earnings of the richest 10 percent of Canada's families raising children was 82 times that earned

by the poorest 10 percent of Canada's families—almost triple what it was in 1976 (Yalnizyan, 2007, p. 1). This trend holds true even when we consider more average incomes. The after-tax income share for the bottom half of Canadian income earners has declined over the last 30 years, even though all but the richest 10 percent of Canadian families are working on average 200 more hours a year. These trends have only been aggravated by the current economic crisis. As the world was plunged into a deep recession last year, it became all the more obvious that an economy left largely unregulated and in the hands of a few could not be trusted to protect the interests of people. According to the CCPA, at the height of Canada's recession 486,000 full-time jobs "evaporated into thin air" (2010). Clearly, our current approach is not working.

And this has consequences for everyone. According to Laurie (2008) "the cost of poverty is reflected in remedial, intergenerational and opportunity costs" to society. These costs are seen in a range of areas, including "extra costs to our health care system, the costs of crime, the cost of social assistance, the loss of tax revenue that accompanies low earnings, and the intergenerational costs that flow from the likelihood that a significant number of children from poor families will also be poor when they grow up" (ibid., p. 1). Two examples highlight the magnitude of the cost to Canadians. The link between poor health and poverty is well established; poverty leads to poor health (Phipps, 2004). Poor children, for example, have higher incidences of almost every health problem than their non-poor counterparts. Laurie (2008) estimates that the additional costs to the health care system from poverty related issues is around \$7.6 billion annually. A second example is drawn from the Report of the Royal Commission on Aboriginal Peoples that estimated that the costs associated with the economic marginalization of Aboriginal people were \$7.5 billion. Of this \$5.8 billion was estimated as the cost of foregone production because Aboriginal people are not able to fully participate to their potential in the economy and \$1.7 billion for extra expenditures on remedial programs to cope with social problems (RCAP, 1996). Clearly, the costs of not addressing social and economic issues are immense.

1.1 The Changing Nature of the Canadian Welfare State

These realities are the effect of government policies and decisions that have encouraged the concentration of wealth in the hands of a few at the expense of the rest of us, our society, and environment. These decisions have been driven by neoliberal policy directions, programs, and actions undertaken by governments and private actors.

Much has been written about the changing nature of the welfare state throughout

much of the industrialized world. Gone is the ‘golden age’ of the Canadian welfare state, replaced with the new logic of neoliberalism¹. The influence of neoliberalism is evident in the privatization of public services (Evans & Shields, 2002; Goode & Maskovsky, 2001), the removal of the universality standard from social policy initiatives, the efforts to shrink the role of the state in providing for citizens (Rice & Prince, 2000), the increased deregulation of the private sector (Evans & Shields, 2002), and the downloading of responsibility for social care onto community organizations without adequate support.

Alongside these shifts has been a re-thinking of the role of the state and its relationship to other sectors. This has been characterised in much policy writing as a shift from government to governance to reflect a broadened understanding of government beyond the state. The role of the state has changed from an interventionist state to a facilitative one (Brock & Bulpitt, 2007; Ilcan & Basok, 2004). As Brock and Bulpitt (2007) argue, the state now needs the participation of a wide range of actors, notably Social Economy organisations, as “partners in policy” to pursue its objectives (p. 7). As Vaillancourt and Theriault (2008) note “this ‘new architecture’ for social policy specifically involves being open to a new model in which government intervention continues to be valued, as it was at the height of the Welfare State, but brings with it innovative mechanisms whereby the *État* *stratège* agrees to construct social policy with civil society players, notably those in the social or solidarity-based economy, in order to push back marketization and advance the general interest or common good” (p. 13). Community-based organisations (CBOs) that make up the Social Economy are increasingly looked to to provide social services and supports. However, the impacts of these shifts are still being determined and we find ourselves at a crossroads, faced with a choice between a ‘hollowed out’ state and one that builds on the democratic and innovative capacity of community to provide for people and the environment. We believe that support to the Social Economy, with its emphasis on values of participation, justice and democracy is the way forward. In order for the Social Economy to fulfil its potential; however, a policy environment reflective of these values is required.

¹ However, the transition to a neoliberal economy and state has not been as smooth, nor is it as complete as is often suggested. Harvey (2005) notes that “all is not well with the neoliberal state” and goes on to argue that it is an inherently unstable political formation; its ideology and practices riddled with contradictions. Further, J.K. Gibson-Graham (and many other feminist and heterodox economists) argue that myriad non-capitalist economic forms exist alongside conventionally capitalist and neoliberal activities (Gibson-Graham, 2008). Unpaid labour, barter systems, co-operative forms, and subsistence labour all form important, if often invisible, sectors of the economy. Recognising these forms is important to destabilize the dominance of capitalism and neoliberalism, exposing them as “more like [their] less well-known siblings, as a set of practices scattered over a landscape—in families, neighborhoods, households, organizations, states, and private, public and social enterprises. [Their] dominance in any time or place an open question rather than an initial presumption” (Ibid, p. 615).

1.2 The Social Economy Response

1.2.1 What is the Social Economy?

In this paper we discuss the Social Economy as one part of the movement for ‘people-centred economy.’ A people-centred economy is one in which the importance of human life, well-being and social development are put above the interests of capital accumulation and greed. This draws attention to the need for reform that extends into other areas of policy (e.g., social assistance, health care) and regulatory (banking and capital markets, for example) reform. Given the events of the last year in which the financial markets and their leaders demonstrated a shocking lack of regard for human wellbeing, we feel it important to emphasize these ideas.

It has been widely noted that while the practices of the Social Economy have a long and diverse history, the term itself has been less widely used in Canada outside of Québec. While there is continuing debate about how to understand the Social Economy, according to Levesque & Mendell “on the ground organisations and actors have established criteria for identifying who is part of the Social Economy based on the legal status of organisations, their values (e.g., solidarity) and their principles and rules (e.g., one person, one vote)” (2005, p. 10). The Chantier de l’économie sociale, for example, articulates its vision of the Social Economy based on a set of principles regarding organisational practice, the social value of economic activity, and the conditions under which goods and services are produced (Ibid.). Social Economy organisations operating within these principles have developed in two areas: to respond to urgent social needs, and in areas of new opportunity (e.g., organic farming, etc.). Further, Social Economy organisations can have predominantly market or non-market characteristics (Ibid., 2005). We believe that it is important to consider these diverse practices under the banner of the Social Economy as doing so strengthens all components, while at the same time we must stay attentive to the differences between Social Economy organisations and practices. Our interviews support the perspective that different types of practice require different policy supports.

Underpinning this discourse is the need for public policy that supports the Social Economy as a means for delivering on social, economic and environmental objectives and arriving at solutions to pressing issues of homelessness and landlessness, poverty, social exclusion, sustainable livelihoods, community decline, and environmental degradation. In addition, ample research points to the importance of the Social Economy in producing other important public goods: in the form of social capital and sustainable livelihoods, the democratization of the economy and governance, social innovation, and by working in partnership with other movements for justice.

Despite this broad ‘on the ground’ understanding of the Social Economy in practice in Canada, government policy has tended to favour the more market-oriented functions of the Social Economy, at times reducing the Social Economy to ‘Social Economy enterprises’ (Industry Canada, 2004). This is problematic because it heightens the risk of simply monetizing areas of life that were formerly seen as outside the market economy rather than expanding our understanding of the economy to include broader considerations. It is when the Social Economy is reduced to little more than Social Economy enterprises that the Social Economy begins to resemble the ‘hollowed out’ state discussed previously. It is because of this that attention to the principles and processes of policy construction are so important. Policy supporting the Social Economy must mirror the fundamental principles of the Social Economy and support it in maintaining these principles.

1.2.2 Size and Scope

Many claim that the “third sector” (i.e., the Social Economy) is too small a component of overall economic production to make a significant difference to global and national economic conditions. However, there is an increasing recognition amongst international and national agencies concerned with sustainable human development that the Social Economy does in fact play a major role, not only in creating the means of sustainable livelihoods for people and communities, but also as an aggregate force for creating alternatives to neoliberal free market strategies that have failed to provide the means for people to share in wealth and prosperity and balance environmental and social concerns with economic growth. Salamon (2007) estimates that the non-profit sector contributes over \$1.9 trillion annually to the global economy, creating over 48.4 million full-time jobs. In Canada alone, this sector represents \$79.1 billion or 7.8 percent of the GDP (larger than the automotive or manufacturing industries), employing over 2 million people (or over 11.1 percent of the economically active population (Imagine Canada, XXX). In fact, Canada’s non-profit and voluntary sector is the second largest in the world. Further, Salamon et al. (2003) find that civil society organizations employ ten times more people than the utilities and textile industries, five times more people than the food manufacturing industry, and about twenty percent more people than the transportation industry in the thirty-five countries they reviewed. The co-operative sector provides another 100 million jobs worldwide—twenty percent more than multinational corporations (International Co-operative Alliance, 2009). In Canada, the co-operative sector employs over 160, 000 Canadians. The Social Economy as a whole is thought to contribute more than ten percent of the GDP in many EU countries (CIRIEC, 2007).

However, the impact of the Social Economy cannot be measured by size alone.

One of its unique strengths is the ability to contribute to public policy objectives and other important public goods in the form of social capital and sustainable livelihoods, the democratization of the economy and governance, social innovation, and by working in partnership with other movements for justice. The report, entitled *The Social Economy and CED in Canada: Next Steps for Public Policy*, commissioned by the federal government in 2005 came to the conclusion that “Social Economy enterprises ...share the objective of contributing to the economic and social development of the communities in which they are located... In addition, they play a role in terms of capacity building and empowerment, contributing to new forms of citizenship and participatory democracy” (Downing & Neamtan, 2005, p. 18). Vaillancourt (2009) also stresses this point, arguing that the contribution of the Social Economy “stems less from the number of stakeholders from the third sector present in this policy than from the quality of the relations created between the state and the third sector” (p. 286).

1.2.3 Supporting Public Policy Objectives

The Social Economy has been recognised as an effective tool to address key concerns for public policy in Canada, such as: environmental sustainability, poverty-reduction, social inclusion, employment-creation, and as a mechanism to address the needs of marginalised populations. Many of our interview respondents also point to the ways that the Social Economy successfully marries social, environmental and economic benefits and suggest there is a growing appetite for this type of policy by Canadians. In the section that follows we provide an overview of some of the key literature on how the Social Economy works to address these areas.

Environmental Sustainability

There is overwhelming evidence that global challenges such as climate change, peak oil, and environmental degradation require significant economic transformation, “from a globalised growth economy... to a federation of decentralized, social, and ecological economies” (Lewis & Conaty, 2009). Communities must radically shift economies to become more locally and regionally self-reliant and resilient. Local and national governments around the world and in Canada are embracing the dynamic and interconnected social and ecological nature of the Social Economy producing new models for development and sustainability. The Social Economy is contributing in areas such as the reconstruction of local food systems, forging energy solutions, and promoting sustainable water and waste management.

Some would argue we are approaching a global food crises, marked by concerns about poverty and hunger, food safety and food-borne illness, and the effect of

increasing energy prices on food costs (Brown et al., 2009). The Social Economy plays an important role in rebuilding community food security. Brown et al. (2009) argue that secure food systems need to be created by people to meet their own needs, and that this requires heightened public awareness of the Social Economy, food security and effective policies. “This commitment to people’s exercise of some degree of control over decisions that impact their food supply is critical to the concept of community food security” (Ibid., p. 12). Many organizations that support local food systems are already part of the Social Economy including: farmers’ markets, Community Supported Agriculture arrangements, local food marketing co-operatives, community gardens, Fair Trade organizations, food security networks, and municipal food policy councils. A research scan of Canadian Social Economy Research Partnerships’ (CSERP) projects reveals food security to be a significant theme. This research has revealed how Social Economy organizations and communities are addressing community food security in the short and long-term. Some of these projects include a ‘Community Supported Agriculture (CSA) manual’ developed as an educational tool by members of the Northern Ontario Node, the ‘Harvest Moon Society Local Food Initiative’ in Manitoba. The manual integrates co-operative local marketing and the exploration of ‘Fair Trade procurement policies’ in Canada by the Southern Ontario node.

The role of the Social Economy in producing sustainable energy is also significant. Community-based Social Economy organizations stabilize long-term energy price, contribute to the creation of jobs and encourage a culture of energy conservation. One example is the Ontario Sustainability Energy Association (OSEA), representing 75 community non-profit organizations involved in developing green power. Community-based power is locally owned, generates renewable energy that optimizes local benefits (economic, social, environmental), is accessible, democratically controlled, and economically viable. The Green Energy and Economy Act in that province supports the development of community-owned, renewable energy projects through a Feed-In Tariff program that provides resources, creates an ‘obligation to connect’ and provides small scale producers with a guaranteed rate of return on the energy produced. According to Kristopher Stephens of the OSEA, the Act has amounted to a complete “re-vamp” of the energy sector. Because it unites the dual focuses of environmental protection and economic development the Act has significant widespread appeal. In Stephens’ words, it is effective because “everyone can play” and because of its potential to create new jobs. There are successful social and economic development models for sustainable energy production around the world (particularly in Brazil, US, Germany and China) employing over 2.3 million people (OSEA, n.d.).

Community-based water management, wherein the people who live and work in coastal areas and depend on the resources it provides are enabled to take an active role in the management of water resources and increasingly share planning and decision-making responsibilities with government are also building around the world. Placed-based approaches, such as Integrated Water Resource Management, are widely recognized as a preferred way to deal with water challenges and local economic development (Morin & Cantin, 2009). As of 2009, there were at least 115 decentralized governance arrangements at the provincial or territorial level in Canada that play important roles in making water management governance structures more integrated and place-based (Morin & Cantin, 2009). One successful model is the Atlantic Coastal Action Program (ACAP), a unique, community-based program initiated by Environment Canada in 1991 to help Atlantic Canadians restore and sustain watersheds and adjacent coastal areas (McNeil et al., 2006). The main objective of the program was to get communities involved with governments in developing restoration and maintenance plans and actions for harbors and estuaries in Atlantic Canada. The ACAP is made up of 14 non-profit ecosystem-based organizations in the four Atlantic provinces. Although initially focused on water quality issues the program has subsequently evolved to focus on wider sustainability issues, including economic and social issues. This program demonstrates the value of a community-based approach and produces results on an ecosystem basis.

The Social Economy has played an important role in waste management in Canada and around the world. Co-operatives and social enterprises are extremely valuable in providing opportunities for economic development, social inclusion and conservation (Tremblay et al., 2010). In many cities throughout the world, informal recycling has become the main activity of the impoverished and excluded population (Gutherlet, 2009). Organised resource-recovery and recycling through co-operatives and social enterprise offers a unique opportunity to generate income and to empower those involved. In addition, this activity produces environmental and resource-conservation benefits. In countries such as Brazil, the federal government is supportive of recycling co-operatives and has invested in capacity building. One significant commitment, announced in 2007, was the release of 14.6 million Reais (approximately US \$7.5 million) as a new credit line with the National Economic and Social Development Bank, targeted at recycling co-operatives. At the municipal level, the government of Sao Paulo has signed a decree that guarantees recycling co-operatives priority in the city's tender for the collection of recyclables. A successful example in Canada is the United We Can bottle depot, a social enterprise in Vancouver's Downtown Eastside, playing a vital role in generating employment to the homeless and unemployed, while contributing to resource recovery and recycling (Tremblay et al., 2010).

Ecosystem based planning and the role of the Social Economy in sustainability is a key issue, producing local sustainable economies in response to environmental challenges including climate change and environmental degradation. The Great Bear rainforest initiative in British Columbia is an example of the role of the Social Economy in conservation- based economic development. The Great Bear Rainforest Sustainable Development Initiative is a \$116 million fund overseen by Coast Opportunity Funds. Initial funding was made available by the Province of British Columbia, the Government of Canada, and six private foundations. Sixty million dollars of this remains in a perpetual endowment that contributes \$2-2.5 million/yr toward to conservation efforts, the other \$60 million is made available through the Economic Development Fund that supports projects compatible with this ecosystem-based management regime. According to Scott Rhemus of the Coast Opportunities Fund, this initiative represents a significant rethinking of how economic development is undertaken in resource dependent communities; the initiative is trying to undermine the “the split in many communities of conservation versus development. We think there is a way forward here that is building an economy based on a healthy environment.”

Next Steps: Environmental Sustainability

Provide tax incentives, program support and procurement advantages to social enterprises that contribute to reducing carbon emissions, enhancing waste management and water safety. Expand legislation (as in the *Ontario Green Energy and Economy Act*) that advantages social and community enterprises in the production of renewable energy to other jurisdictions. Adapt the US Green Jobs Initiative to the Canadian environment to invest in social enterprises that work in niche opportunities to create jobs in new environmentally sustainable technologies, products and services. Support “Transition Towns” initiatives that mobilize community ingenuity in reducing carbon impacts and climate change. Expand models like the Coast Opportunity Funds and Eco-Trust Canada’s program in BC that marry private and government investment in integrated models of conservation, eco-system based resource management and planning, and sustainable community economic development.

Poverty Reduction, Employment Creation and Social Inclusion

Despite its wealth and a sizeable resource base, poverty and social exclusion remain significant issues in Canada. According to the OECD, these issues are often found ‘clustered together’ “effectively interacting in such ways as to exacerbate and compound each other” (Noya & OECD, 2008, p. 5). As these issues become more entrenched governments throughout the world are increasingly interested in finding

solutions to the dual problems of poverty and social exclusion. However, there are no simple solutions. As a recent CCEDNet report notes “the evidence base shows that poverty alleviation requires comprehensive, holistic strategies, flexible enough to be tailored to address unique challenges faced by individuals and their communities at the local level” (Chamberlain, 2008, p. 23). Similarly MacKinnon (2008) notes that effective poverty reduction and social inclusion strategies address a range of issues, including “income...health, education, access to services, housing, debt, quality of life, dignity and autonomy” (p. 1). These calls for a holistic approach are supported by the OECD, who has singled out Canada and Australia as two countries “with relatively low levels of unemployment but significant levels of poverty persistence (at the 60 percent median) demonstrat[ing] the need for active social policies...accompanied by schemes to ensure adequate income” (2008, p. 6). Toye and Infanti (2004) reviewed the literature on social exclusion and poverty and note that policies to combat social exclusion range from “*weak models*, which focus on excluded individuals and their reintegration into dominant society, to *strong models*, which emphasize the role of exclusionary forces and advocates for structural reforms to diminish their impacts” (Barata as cited in Toye & Infanti, 2004, p. 12). They further suggest that strategies at both the individual and community level are necessary to combat poverty and social exclusion (Ibid.)

The Social Economy has been recognized as a tool to overcome poverty, economic marginalization and social exclusion. In 2004, the Government of Canada recognized the Social Economy as part of the government’s “social policy tool kit,” at the same time noting there is much more to learn about “the power and potential” of the Social Economy (HRSDC, 2004). In the UK the government has argued that social enterprises “help reduce social exclusion not only by meeting social needs, but also by improving the design and delivery of public services and by ‘pioneering new approaches’” (UK Office of the Third Sector as cited in Noya & OECD, 2008, p. 10) and has developed new legal forms to support the development of the sector. Further, the OECD argues that Social Economy organisations make an “important contribution” to social inclusion and goes on to state that

the potential comparative advantage of the Social Economy in combating social exclusion...lies in two distinct areas. Firstly, many Social Economy organisations have local roots which enable them both to recognise and address local needs, and, crucially, to engage with ‘hard-to-reach’ people who may be otherwise unwilling to involve themselves with government agencies. Secondly, the Social Economy organisations have the potential to be conduits for greater participation, acting as advocacy and empowerment organisations

for users. By simultaneously addressing the tangible needs of people, as well as less tangible issues, Social Economy organisations are able to enhance the development of social inclusion. (Noya & OECD, 2008, p. 8)

Employment creation: There is an increasing recognition that the Social Economy plays a major role in creating the means of sustainable livelihoods for people and communities. In terms of job creation alone the Social Economy is an important force. Salamon (2007) estimates that the non-profit sector contributes over \$1.9 trillion annually to the global economy, creating over 48.4 million full-time jobs. In Canada alone, this sector represents \$79.1 billion or 7.8 percent of the GDP (larger than the automotive or manufacturing industries) and employing over two million people (or over 11.1 percent of the economically active population (Imagine Canada)). In fact, Canada's non-profit and voluntary sector is the second largest in the world.

Furthermore, the Social Economy is creating stable employment, generating money that stays in a local economies, providing socially valuable goods and services, all while fostering social inclusion and reducing poverty. For example, Prentice and McCracken (2004, 2007a-c) estimate that in Manitoba, where over 99 percent of group childcare spaces are provided on a not-for-profit, community-run basis, every dollar invested in childcare generates between \$1.38-\$1.54 in local economic activity. Another recent report points out that co-operative businesses are more resilient than traditional ones. Co-operative businesses typically have a longer lifespan and lower insolvency rate than their non-co-operative counterparts (Birchall & Ketilson, 2009). Further, membership and employment in co-operatives has actually increased during the current economic crisis, further pointing the potential of this sector.

Job Training: In a recent study of employment development initiatives Loewen et al. (2005) argue that job-readiness training alone is largely unsuccessful in moving people into good jobs and sustained employment. They cite research by Prairie Research Associates that concluded "the likelihood of coming off welfare [is] not...reduced" by employment development initiatives focused only on immediate employment (cited in Loewen et al., p. 16). The report's authors conclude that a more comprehensive approach to employment creation is needed and recommend the development of workforce intermediary to facilitate this. They also note the potentially important role that social enterprise may play in employment development, noting that social enterprises often already encompass many of the best practices they identify.

Training businesses or *entreprises d'insertion* are another important job creation and poverty reduction tool within the Social Economy. These businesses combine social

and economic activities through job training in a socially supported environment. In a forthcoming study of training businesses in Québec, Dolbel notes that the impact of this model is “greater than simply providing work; it address[es] issues of self-esteem, training and capacity building, social integration and indeed, job creation in specific sectors” (forthcoming, p. 9). In short, she concludes training businesses are an “effective tool to facilitate the social and economic integration of people who would otherwise be receiving public assistance” (p. 9).

There are currently forty-nine training business across Québec, organised in the Collectif des entreprises d’insertion du Québec (CEIG or Collective for Québec Training Businesses). CEIG has developed a definition and set of principles for training business that was adopted by the provincial government in 1998. Training businesses accredited under this framework are eligible to receive funding from the provincial government. Training businesses operate in six key sectors in Québec: light manufacturing, restaurant and catering service, industrial sewing and recycling of clothing, recovery, recycling and retail businesses, small-scale agriculture and, services (document management, printing, car washes, cleaning, etc.). In doing so they: provide training and support to over 2,700 people per year, produce approximately 300 products and services across diverse sectors, and generate more than \$25 million in revenue annually through the sale of their goods and services.

However, poverty and exclusion also occur along lines of geography and other markers of difference. In these areas too, the Social Economy has proven to be a remarkably effective means of addresses these issues.

Place-based strategies: According to the OECD the “spatial poverty trap’... continue[s] to pose additional challenges to job creation and entrepreneurship development (Noya & OECD, p. 5). In *Placed-Based Poverty Reduction*, Chamberlain (2008) tracked the impact of CED organisations working to reduce poverty to see how CED is reducing poverty in Canada and how it could be doing more. The report finds that CED organisations provide a significant social return on investment, reduce the need for government expenditures in other areas, improve participants’ attachment to the labour force, succeed in moving a number of participants above the LICO, and improved financial, personal, social, human, and physical outcomes for participants. According to CCEDNet, place-based CED strategies “are effective due to their connections within the local community, and their ability to tailor services and supports to the needs of the individuals and the local labour market, while often solving issues of access and fragmented support systems” (2008, p. 39).

However, the report also finds that despite these positive outcomes, CED organisations face a number of barriers to reducing poverty, including: personal

barriers faced by individuals (e.g., self-esteem, ageism), policy related barriers faced by individuals (e.g., access to programs, lack of childcare), policy related barriers faced by the organization in service delivery (program silos, core funding, cookie cutter programming) and community wide barriers (high unemployment, poor housing) (p. 38). Lastly, the report notes that, despite evidence to support community or place-based solutions to poverty, most government policies are targeted only at the level of the individual and provide only 'single-issue supports.' The result, they argue, is to

transform people in need of services into a commodity used to measure outcomes against narrowly defined program targets, rather than partners with firsthand knowledge and valuable input into the challenges they face within their neighbourhoods. This 'commodity effect' of single-issue policies also acts as a disincentive for interagency cooperation, and the development of innovative strategies tailored to take advantage of local assets and address local challenges... [and]... discourages horizontal integration of policies, which makes it difficult for organizations to effectively engage a diverse range of local stakeholders and combine the various program options needed to offer and sustain the comprehensive strategies and range of services. (CCEDNet, p. 40)

Working with people with disabilities: Research conducted by CCEDNet on the role of social enterprise in integrating persons with disabilities into the workforce further demonstrates the potential of this model to support social inclusion and poverty reduction (Broad & Saunders, 2008). Like the training businesses discussed above, social enterprises are an important tool for the integration of people with disabilities because they focus on providing social as well as economic returns to participants. Broad and Saunders note that "social enterprises have, by their nature, made a commitment to their social missions, and have placed an emphasis on meeting the needs and capacities of the employees. Such enterprises therefore create workplaces which accommodate employees' needs in their governance, management, type of work and ongoing employee support" (p. 10). The report profiles a number of social enterprises working with people with disabilities and concludes that "social enterprises... combine their extensive knowledge of the disability, its impact and its required accommodation, with business knowledge to effectively provide supportive employment opportunities employment opportunities" (Ibid, p. 10).

In spite of the utility of this approach, the authors found a number of barriers to social enterprises working with people with disabilities who are receiving

Ontario Disability Support Program (ODSP) payments (Broad & Saunders, 2008). Notably there is a 'culture of fear' among ODSP recipients about losing access to support payments should they pursue paid employment. The report recommends favouring social enterprises as preferred workplaces in the integration of peoples with disabilities and recommends removing existing policy barriers that prevent employment support service providers to act as employers. Further, the report calls attention to the need for provincial leadership in creating and supporting the further development of social enterprises and co-operatives.

Working with women: Women are another group that can benefit from a Social Economy approach. Women in Canada continue to earn less than their male counterparts and are more likely than men to live in poverty. This stark reality is compounded by factors of race, immigrant and family status, sexuality, and ability—making Aboriginal women, immigrant women, women of colour and women with disabilities among the poorest people in Canada (WECb, n.d.). Beyond the systemic discrimination women continue to face in the labour force, women's poverty is aggravated by lack of access in a number of areas including: "quality child and elder care, information and resources, transportation alternative, networking and support, funding or credit, training and education, safe and secure housing" (WEC, n.d.). Women's CED initiatives are an effective tool for poverty reduction because they "challenge deeper and more systemic elements of economic and social equality" than traditional approaches (Ibid.). In a paper prepared on Financing and Investment for the Social Economy, Jessica Notwell (2010) of the Women's Economic Council argues that women-centred CED programs help "thousands of Canadian women to break the cycle of poverty each year" (p. 23). Women's CED initiatives include a range of activities such as: peer lending, social enterprise, skills training and co-operative development, as well as foundational activities to help address women's basic needs, such as access to food, shelter and clothing.

Working with immigrants and refugees: Immigrants and refugees make up 18 percent of Canada's population. Many of these people are highly educated with significant skill sets. In spite of this, immigrants and refugees in Canada are more likely to be unemployed or in low-paying, part-time or temporary jobs. This can be attributed to a number of factors including low levels of proficiency in one of the official languages, lack of recognition of educational or professional accreditations, systemic discrimination and bias, and a discounting of skills in the marketplace (CCEDNet, n.d.). The labour market and public social services play major roles in the successful integration of immigrants into society; however, restructuring has weakened the ability of these key institutions to integrate newcomers (Richmond & Shields, 2003). Funding cuts beginning in the 1980s have weakened the ability of

non-profit organizations to provide adequate settlement programs for immigrants and refugees integrating into the workforce. In spite of these cutbacks however, co-operatives are emerging as a unique model for reducing poverty and fostering social inclusion among immigrant communities.

Research by CCEDNet found that the co-operative enterprise model is an effective tool to combat poverty and exclusion among immigrants because of its ability to create social capital and triple-bottom line returns. Further, because co-operatives are governed by their members, they are better positioned to be responsive cultural needs (CCEDNet, n.d.). Their research profiles a number of co-operatives working with immigrants and refugees and notes the following successes and challenges. Co-operatives promote intercultural awareness and bridge-building to other communities through working together; they support the development of strong connections within cultural communities, which can help to reduce isolation and to help newcomers build up networks; they provide opportunities for learning and sharing skills in a supportive environment, exposure to other people that have had similar experiences that can support integration (e.g., negotiating settlement); and teach small business skills (list adapted from CCEDNet, n.d.).

However, co-operatives working with immigrant and refugees populations face the same issues of limited funding and lack of access to capital that other co-operatives in Canada experience limiting their ability to do this work. Further, Conn and Habib (2007) note that the “co-operative development process needs to be adapted to ensure the it is culturally appropriate for immigrant and refugee co-ops, and [to ensure] that women with low-literacy and English skills can fully participate and benefit from the process.” In “Francophone Immigrants in Ontario: Challenges of Inclusion and the Co-operative Movement” (2009) Lafrieniére et al. make a similar observation, noting that the leadership of the Francophone co-operative movement needs to reach out and actively create spaces for new immigrants within the movement. Consultations conducted by CCEDNet with immigrant and ethno-cultural communities in Winnipeg revealed a number of additional barriers to CED business development with these groups. These include: a lack of exposure and educational opportunities to learn about CED; limited networking opportunities for information exchange and partnership development; lack of policy and program support for a successful integration of newcomers; lack of resources in the areas of technical assistance, training, development of marketing skills and opportunities for new and existing small businesses to develop strong local CED models in ethno-cultural, immigrant and refugee communities; and few solid local examples of CED within ethno-cultural, immigrant and refugee communities (CCEDNet, 2006, pp. 22-23).

Next Steps: Poverty Reduction, Employment Creation and Social Inclusion

Develop a Canadian Anti-Poverty Plan with targets, timetables and resources to reduce poverty that includes the use of Social Economy organizations in applying innovative models to create sustainable livelihoods. Reform welfare systems to remove barriers to income retention from social enterprises and welfare to work transitions. Scale up successful practices in employment development such as *Enterprises d'insertion* and other human capital development programs of Social Economy organizations through targeted program supports at the provincial and federal level. Reform immigrant settlement programming to be more inclusive of supports to social enterprise initiatives of immigrant and refugee communities. Support the development of sustainable economic, environmental, cultural, and social development initiatives of indigenous peoples that are defined by them to further their self-determination. Re-establish gender analysis in government policies and programs and strengthen supports through the Social Economy to women-led socio-economic development initiatives.

Lastly, the Social Economy has been acknowledged as an effective tool to address a range of other entrenched and emerging social needs including: health, elder, and home care (Vaillancourt & Tremblay, 2002); housing (Isett, 2008; McCracken, 2004), child care. In these and in other areas the Social Economy is emerging as an important partner in the provision of social supports in Canada and as an effective tool for social innovation to meet emerging trends.

1.2.4. Social Capital and Democratization

The Social Economy has been recognised for its ability to generate social capital by fostering links between people and communities. Social capital provides a social safety net in times of insecurity and gives people a sense of community, family, and social networks (Gutberlet et al., 2009). It refers to the “connections that [people] can draw upon to achieve their goals” and helps build an important foundation that makes the development of other assets easier (Murray & Ferguson, 2001, p. 18). Social capital is further distinguished between ‘bonding’ social capital, as something that develops within a group and binds individuals, groups and organizations together; ‘bridging’ social capital, which allows a group to reach out, involve and network with others, and; ‘linking’ social capital or connections between different levels of power and status (see for example, Gittel & Vidal, 1998). Kay (2005) draws on research findings from the CONCISE project that examined the relationship between the Social Economy and social capital across eight European sites and argues that

Social Economy organisations both use social capital to achieve their goals and, in the process, generate social capital.

Further, Vaillancourt (2009) argues that as long as the Social Economy is involved in both, the co-production and the co-construction of public policy, it can contribute to the democratization of the state, noting “we suggest that the democratization of such policy would gain from this...if the state worked to co-construct it by partnering with stakeholders from the market and civil society, not to mention the from the Social Economy” (p. 289; see also Levesque & Mendell, 2005). Arruda (2008) also argues that the social and solidarity economy’s focus on relocalizing economies and governance contributes to democratization of society. Coupled with participatory mechanisms and the principle of ‘active subsidiarity’, the Social Economy is a tool to help communities re-take control of governance (Ibid.).

These themes are supported by a number of our interview respondents, who point to knowledge creation and education as an important component of the policy development and implementation process. In Nova Scotia, for example, the CEDIF program has provided an opportunity for organizations to use the financing and tax credit opportunity involved to build public engagement in and a ‘vision’ of sustainable futures for their communities. This is an example of the ways that targeted policy instruments supporting the Social Economy can also contribute to community-level social capital. Policy initiatives are also seen as a unique opportunity to “make concrete” public understanding of the Social Economy and its potential.

2.0 Policy Instruments to Support the Social Economy

Across the six regional research centres and the national hub of the Canadian Social Economy Research Partnerships, researchers have undertaken a number of projects on public policy and the Social Economy. Practitioner organizations working in the Social Economy have also produced a series of issue papers in preparation for the 2010 Summit on a People-Centred Economy. Other research and policy proposals have been developed by organizations in the Social Economy. Further, we have looked in more detail at a number of ‘good practice’ examples of policies supporting the Social Economy in Canada. Drawing on this considerable body of work, and a number of Canadian and international examples, we now consider some key elements to creating supportive policy for the Social Economy. We conclude that supportive public policy in this area must target several key issues (policy instruments) while at the same time paying close attention to the policy process. On this latter point we also reflect on several key conditions for success of public policy initiatives.

Examples of public policies that address some of these issues within Canada have

been considered. These include:

- The federal government's Co-operative Development Initiative that funds, with partners in the co-operative sector, advisory services, innovative co-operative projects, research and knowledge development.
- The Québec Action Plan for Collective Entrepreneurship that is a cross-government framework for strengthening the Social Economy and its regional actors.
- The Manitoba CED Policy Framework that provides a cross-government policy and lens, overseen by a Cabinet Committee, to support CED principles and goals.
- The Nova Scotia Community Economic Development Investment Funds that leverage private investment for community and social enterprises at the local level regulated by government with a tax credit incentive.
- The *Manitoba Sustainable Development Act* that mandates the integration of sustainable development into the operations of provincial public sector agencies.
- The *Ontario Green Energy and Green Economy Act* that supports the development of renewable energy projects by community and co-operative organizations.
- The Ontario Social Venture Fund (not yet implemented) to provide \$20 million in capital investment to social enterprises and social purpose businesses.
- The BC Coast Opportunity Funds that supports ecosystem-based management and community economic development amongst First Nations in the Great Bear Rainforest of BC's central and northern coast.
- The Montreal Social Economy Plan that created a partnership between the City of Montreal and Social Economy organizations in contributing to quality of life and sustainable development.
- The Edmonton Social Enterprise Fund that created a partnership between the City of Edmonton, the United Way and the Edmonton Community Foundation in providing patient capital to non-profit organizations for social enterprises and social or affordable housing projects.
- The proposed development in Manitoba of legislation enabling the creation of solidarity co-operatives.

These policy examples demonstrate enabling measures by governments at all levels (federal, provincial, municipal, and First Nations) to strengthen aspects of the Social Economy in order to address contemporary social, economic and environmental conditions within Canada. Some are targeted directly to Social Economy organizations while others include Social Economy organizations alongside other community economic development actors (e.g., social purpose businesses and

locally owned small and medium sized enterprises).

2.1 Key Issues and Targeted Instruments

Several studies at the international level have pointed to the importance of the Social Economy to overall socio-economic development. Research commissioned by the Government of Canada in the lead in to the Social Economy Initiative (HRSDC, 2005) pointed to the growing recognition by national governments of the Social Economy as an engine for social and economic development. It also pointed to a growing number of initiatives by ‘supranational’ organizations, such as the World Bank, the IMF, the United Nations and the Organization for Economic Development and Cooperation, to promote policy and program frameworks in support of community-driven development and social entrepreneurship. A further research report commissioned in 2005 by the federal government at the time recommended policy development, including: the development of a cross government structure to define and carry out an integrated approach to co-constructing public policy and build government-Social Economy relations; education and engagement on a new paradigm of integrated social and economic development; opening up market opportunities for Social Economy organizations, including preferential procurement policies; investment in research and development for social innovation; fiscal measures to encourage public and private investment in the Social Economy, and; resources for components of the sector to grow the Social Economy (Downing & Neamtan, 2005). More recently, Tremblay’s work (2009, 2010) examined the discourse and public policy instruments in play around the world. She also finds the increasing development of policy that supports the contribution of the Social Economy to social and economic development and that these trends are particularly pronounced in Europe and Latin America.

The importance of access to financing, technical support for enterprise development, and enhanced access to markets in government procurement are themes across several research reports addressing barriers to the growth of the Social Economy and its socio-economic outcomes.

2.1.1 Market Access and Procurement

In *Organizing the SE Marketplace*, Lepage (2010) analyses the trend towards ‘intentional demand.’ He argues that individual consumers and corporate, institutional and governmental purchasers seek a blending of financial, environmental and social value. The paper cites the growing research and literature on ‘sustainability purchasing’ where exchanges of goods and services are driven by “economic value, product value, and social, environmental and cultural values” (p. 2). It goes on to

suggest that Social Economy enterprises have an opportunity to maximize their share of buying by sustainable-conscious purchasers and influence traditional purchasing (or procurement) by private and public organisations. Lepage suggests that “using the market place...is a key factor in the creation of a people-centred economy” as using “procurement policies and purchasing decisions directed to Social Economy business products and services will produce a blended ripple effect that creates both a sound economy and sustainable communities” (p. 5). He cites a number of examples from B.C. and Ontario where local and provincial governments have moved away from ‘single return on investment’ (i.e., using the lowest price as the purchasing criterion) models in purchasing to new purchasing practices that favour multiple returns by purchasing from social enterprises contributing to employment for people with disabilities, poverty reduction, local food sustainability, and carbon emission reductions. Reimer, Simpson, Hajer and Loxley (2009) provide an example from the Aboriginal Procurement Initiative in Manitoba that directs government departments to increase purchasing from Aboriginal businesses and to support community economic development. The Initiative involves four main mechanisms: sourcing, by which Aboriginal businesses register to receive opportunities for bidding on contracts; content requirements that set specific percentages for Aboriginal participation as subcontractors in bids on contracts; ‘set-asides’, where procurement is only open to Aboriginal bidding, and; ‘scoping’ whereby contracts are broken down to make them more attainable by Aboriginal businesses.

Next Steps: Access to Markets

Governments at all levels (and other sectors) should build on procurement models that advantage social enterprises by using social value weighting in bid criteria and evaluation, targeted purchasing, set asides for enterprises that provide opportunities to disadvantaged groups, and unbundling contracts to make them more accessible to local social enterprises.

2.1.2. Access to Finance

Access to finance capital is a major issue underlying the ability of the Social Economy to leverage investment for its growth. In the issue paper on Finance and Investment, Notwell (2010) identifies ‘social finance’ as an internationally successful way to leverage private capital to generate public benefits from social enterprises and invest in their capacity to innovate and expand their impact. The paper outlines the barriers for social enterprises to access capital in Canada, and the need for policy, regulatory and institutional changes to enable growth in an “effective capital marketplace that is attractive to institutional and private investors and connects them

efficiently to social enterprise investment opportunities.” The paper discusses national legislation in the US and UK that has enabled new hybrid structures to allow not-for-profit and for-profit entities to invest in ventures together. These jurisdictions have also seen the introduction of regulations for Community Interest Companies (in the UK) and Low Profit Limited Liability Companies or L3Cs (in the US) that conduct business for community benefit, combining social and charitable objectives with wealth creation. The paper goes on to identify two forms of social finance: venture philanthropy and social venture capital. Venture philanthropy refers to foundations making program-related mission-based investments in social enterprises. These are made from their endowments and at varying rates of risk and return. Social venture capital refers to debt and equity investments in social enterprises based on their ability to generate profits. Citing research from ARUC-ES (the Québec Community University Research Alliance on the Social Economy), Notwell examines the Québec experience (Ibid.). In Québec, the Chantier de l’économie sociale created a \$53.8 million patient capital fund for social enterprises with contributions from federal (\$22.8 million), provincial (\$10 million), and private (\$20 million) sources. The Québec government has also introduced policies to facilitate investment in the Social Economy through tax credits, incentives for co-operative members to invest in their organizations, and extension of loan guarantee to co-operative and non-profit enterprises. Our research considered three social financing vehicles: the Edmonton Social Enterprise Fund, a \$5 million social enterprise/social housing patient capital fund jointly created by the City of Edmonton and the Edmonton Community Foundation; the proposed \$20 million Social Venture Fund in Ontario, and; the CEDIF program in Nova Scotia. Research by Karaphillis, Asimakos, and Moore (2010) on financing for the Social Economy in Atlantic Canada also underlines the “finance gap” facing organizations in that region. The loan officers with whom they spoke cited “low profitability, lack of security, reliance on grants, low financial expertise and incomplete business plans made it difficult for them to approve financing for Social Economy organizations” (p. 12). The authors note, however, that relatively little has been written on the demand for social financing and its proposed uses. This is an important knowledge gap to address because as our respondents noted there can be a gap between proposed and actual demand, as was the case with the Edmonton Social Enterprise Fund. This demand gap can be attributed to the need for capacity building among non-profits hoping to develop a social enterprise.

Next Steps: Access to Capital

A patient capital fund should be capitalized by the federal government for co-operatives and social enterprises with mechanisms for leveraging private capital including tax credits. An RRSP tax credit should be made available for investors

in financing mechanisms approved by provinces and territories for community and social enterprise such as the CEDIF program in Nova Scotia. Provinces and territories should adapt the CEDIF program to their own jurisdictions and work with municipalities and philanthropic interests to provide matching funds and tax advantages for similar funds at the local level, as in the case of Edmonton. Tax credits should be provided to co-operatives and their members, and social enterprises that invest in the development of their sector (as are currently in place in Québec and being implemented in Manitoba). Regulatory reform should be examined by the Federal Departments of Finance and the Canada Revenue Agency to ease barriers facing social enterprises and adapt the best of new regulatory measures in the US and UK to Canadian circumstances.

2.1.3. Enterprise Development

Policy support for social enterprise development is seen as a key factor in growing the Social Economy, both for non-profit organizations and co-operatives. In an Issues Paper on “Enterprise Development,” Neamtan and Anderson (2010) underline the importance of the non-profit and co-operative sectors as contributors to the economy. The authors argue for greater use of social enterprises to: achieve social and economic development, grow sectors that have been neglected by the market and state, assist with poverty reduction and foster social inclusion, and revitalize local economies through community-driven and owned enterprises that build local assets. They argue that too often social enterprises are denied access to programs and policies, such as the Federal Development Bank’s loan guarantee program, that support small and medium sized private enterprises. They also point out the potential but underutilized role of social enterprises in government economic revitalization strategies stemming from the recent economic downturn.

Several respondents from our interviews support the need for policy supports for enterprise development, commenting in particular on the importance of skills development and capacity building associated with new forms of enterprise that blend social and environmental goals with business development. A number of the initiatives we profiled have incorporated these services. The Advisory Services component of the Co-operative Development Initiative, for example, provides technical advice to those interested in developing a co-operative; its goal is both to strengthen the capacity of provincial and sectoral co-op organisations, and to directly provide advice to those developing co-ops. Operating at a different organisational level, the Coast Opportunities Fund in B.C. supports social and economic development activities among coastal First Nations communities. According to Scott Rhemus of Coast Opportunities, capacity building is the biggest issue facing the project and an

important focus for their work. He states, “we work with nations to help them achieve their conservation and economic development goals. . .the Nations are taking the time they need to actually develop that internal capacity and infrastructure to be able to effectively use the funds.”

Technical assistance to accompany capital investment initiatives is an ongoing need that occurs pre and post financing. This is particularly important in the risk-averse culture and regulation of non-profit organizations. Support for this type of investment is important for both social enterprises and social enterprise capital funds themselves that, because of their generally smaller size, experience relatively high overhead costs. Several respondents spoke of the importance of developing partnerships between social enterprise capital funds to maintain and scale up the Funds. In Québec and Edmonton too, social enterprise funds have pursued local partnerships with community-based organisations to their (and the community’s) benefit.

Next Steps: Enterprise Development

Include social enterprises to a greater degree in economic revitalization strategies and ensure that they have equitable access to programs designed to support small and medium sized enterprises. Support the development of networks and collaborations amongst SE organizations to provide sector-owned technical assistance and business development supports.

2.1.4. Local Development

In many English-speaking regions of Canada, the terms Social Economy and Community Economic Development (CED) are used interchangeably. CCEDNet defines CED as “action by people locally to enhance social, economic and environmental conditions on a sustainable and inclusive basis” (n.d.). In the paper on Local Revitalization (Toye, 2010) prepared for the Summit, CED is characterized as “a holistic approach to economic development. . .committed to both business development and employability; job creation and the social integration of excluded people; economic activity as well as housing and local services” (p. 1). CED is characterised by “holistic interventions that build on local assets and address multiple root causes” to respond to “complex and interconnected problems. . .beyond the reach of any single actor to solve” (p. 3). CED has also played an important role in the development of the Canadian Social Economy. Toye suggests that many social enterprises have emerged from local CED initiatives to tackle interrelated social and economic issues. In Québec for example, community economic development

corporations were one of the foundations of the Social Economy movement. Similar entities have been established in other communities and regions, fostering a blend of social and economic development activity and enterprise.

The paper points to a growing body of research evidence on the importance of communities and place-based policy frameworks to social and economic development (see for example, *Canadian Social Policy in the 2000s: Bringing Place In*, CPRN, 2008). Uneven development and lagging communities are recognised as having a major impact on overall prosperity and economic performance. The EU and OECD have acknowledged this in their policy objectives for local economic and employment development, for example. Similarly, Toye (2010) argues that local revitalization efforts are critical in responding to market failures and inadequate government response to local socio-economic challenges. Local efforts such as CED, he argues, have a major influence on overall socio-economic conditions of the nation.

Public policy to support these activities has been significant at all levels of government: at the federal level through support to the regional Community Futures Development Corporations and Human Resource Development Agreements; provincially, governments in Québec, Nova Scotia, PEI, and Manitoba have instituted CED policies and programs; at the municipal level Edmonton and Montreal have developed partnership initiatives with CED organizations; and through tripartite Urban Development Agreements in Vancouver and Winnipeg. However, Toye (2010) identifies the need for better place-based, community-driven policy frameworks that seek to overcome government siloes through horizontal and vertical collaboration and decision making focused on strategic outcomes. Urban Development Agreements (between all levels of government and in partnership with community organizations) in cities like Winnipeg demonstrate how these kinds of policy frameworks can both, harness government investment to address strategic priorities across mandates and departments and unleash the creativity and resourcefulness of community partners in addressing inter-related causes of socio-economic decline.

Next Steps: Local Development

Renew and expand federal provincial urban development agreements that have contributed to long term community socio-economic development (as in Winnipeg), and increase the share of gas tax revenues to municipalities that commit to implementing sustainable development plans with community partners to reduce poverty and enhance social and environmental conditions. Renew and expand programs, such as the Social Development Partnerships Program of the federal government and the Neighbourhoods Alive! program of the Manitoba government,

that invest in long term, multi-dimensional, place-based initiatives to contribute to community development and poverty reduction. Recognize the role of community economic development and community financing organizations (including micro-loan funds) in sustaining local economies with a program to invest in long-term community revitalization in both rural and urban areas, similar to those in the United States and the UK.

2.2. Scaling Up: The Need for Overarching Strategies

In addition to the identified need for policy development in key areas, we contend that for the Social Economy to achieve its full potential, comprehensive, cross-government structures that purposefully direct government efforts across departments and mandates are needed. The short-lived federal Roundtable on the Social Economy is an example of this type of structure. Cross-government structures are those that establish an inter-departmental committee or other mechanism with a Minister responsible and that have a clear policy and program mandate that allows the government to act in support of the Social Economy. The interdepartmental nature of these structures is an important recognition of the multi-sectoral and triple bottom line approach present in the Social Economy; they allow governments to harness the resources of many departments under the banner of the Social Economy. Brendan Reimer of CCEDNet-Mb, speaking about the Manitoba CED policy framework, notes its importance because “governments have become too departmentalized and too singularly focused on the economic bottom line to effectively support what is really needed in communities—that being holistic and multi-dimensional approaches to community renewal. What these types of policy initiatives do is remind us, as practitioners and decision-makers, that life is holistic and that we therefore need to deal with communities in a holistic way.” Further, Brock and Bulpitt (2007) note the importance of these structures as ‘one-stop shops’ for stakeholders and policy makers, while the absence of a formal overarching policy framework “may provide for flexibility in government relations with Social Economy organizations, those organizations must navigate through the bewildering array of government departments and services to locate relevant funding sources, programs and basic information” (p. 15).

To be effective, they should also support policy ‘co-construction’ by allowing for community/stakeholder input and networking, and should include a regular review mechanism. Vaillancourt (2009) also stresses the importance of structures that “establish open, inclusive forms of governance in which dialogue is favoured between elected official and the leaders of participatory democracy. This supposes the existence of interfaces, forums for mediation and deliberation, public spaces, encouraging

gateways” (p. 294). Ongoing stakeholder involvement is a key difference between the Manitoba and Québec policy frameworks; the absence of a mechanism supporting stakeholder input is often cited as a shortcoming of the Manitoba model.

A comparable example is found in the growing adoption of poverty reduction plans that unite many poverty reduction and social inclusion initiatives under a common banner. Many European countries began developing poverty reduction plans in the mid-1990s, and the European Union developed a Social Inclusion Process in 2000, with the aim of eradicating poverty in ten years. In Canada, Québec, Newfoundland and Labrador, Nova Scotia, Ontario and Manitoba have all adopted poverty reduction plans or legislation while PEI is in the process of developing a plan of their own. According to research undertaken by the Canadian Centre for Policy Alternatives, the most successful poverty reduction plans share the following characteristics, they: include clear timelines and targets, encourage ongoing citizen participation, foster cross-government (or inter-departmental) action, plan for the future rather than just reporting on what has already been done and create mechanisms to integrate poverty reduction and inclusion goals into all areas of policy and programme development (MacKinnon, 2008).

This approach is supported by international comparative research undertaken by the national Hub, which argues that drawing together many different elements under the Social Economy as the unifying concept and framework for policy elevates all the components (community and non-profit organizations, civil society associations, co-operatives, credit unions, social enterprises, indigenous self-governance organizations, mutuals, and other forms of co-operation for sustainable livelihoods) (Tremblay, 2009; Tremblay, 2010). Doing so can support organisations’ capacity to meet their own objectives while contributing to a more cohesive, transformative movement for changing socio-economic conditions. However, without prominence in government policy, without the structures to integrate policies that support the Social Economy across government and, without high-level commitment to that effort, the SE is comparatively marginalized and fragmented in the jurisdictions analysed (Ibid.). As Brock and Bulpitt (2007) note “one implication of the absence of a coordinated or overarching mandate to enable and engage the Social Economy is that the government will lack the internal pressure to help build a collective voice for Social Economy organizations in Ontario, a need identified by both scholars and sector leaders” (p. 12).

This is also supported by research conducted by Jorge Sousa on the policy and programme initiatives supporting the Social Economy in B.C. and Alberta. Sousa (forthcoming) concludes while there is “adequate” federal and provincial government support and investment for the Social Economy across a range of departments “there

is a lack of coherence associated with the development of policies and programs that explicitly support CED and the Social Economy... Greater coherence can come in the form of efforts to converge the different policies or new legislation aimed at clarifying government's role in supporting future investment" (Sousa, personal communication). Guy and Heneberry (2010) also argue for the importance of a policy framework to 'house' the various tools that support the Social Economy. Without such a framework, they argue, the initiatives are just 'gap-filling' measures, not sustainable practices. Consequently, the sector is left in the position of having to take these well-defined tools and instruments to each new minister or government and of trying to convince them that these policies meet the current priorities of that minister or government" (p. 37).

Cross-government policy frameworks with related program investments are most significant in the European Union and some of its member states, and in Latin American countries such as Brazil, Ecuador, Venezuela and Bolivia. These cross-government public policy frameworks to support the Social Economy have strengthened and multiplied since the Government of Canada's review. From our review, we find that these cross-government structures take several forms and occur at both the legislative level (i.e., as law) and the policy or program level. In Brazil, a National Secretariat on the Solidarity Economy has been created in the federal Ministry of Labour and Employment and is supported by a legal framework to encourage the development of partnerships and public-interest civil society organizations. In Mexico, a General Law on the Social Solidarity Economy is under development. In Ecuador and Bolivia, constitutional changes to recognize the plurality of the economy inclusive of social and community organizations has led to the development of solidarity economy initiatives. Involving increased partnership and cooperation between state and Social Economy organizations in improving socio-economic conditions. Venezuela has adopted a Popular Economy Law and Department that encourages co-operative, social and community enterprises. In the European Union, a Social Economy Intergroup of the European Parliament has been created at the political level, alongside a Social Economy Unit of the European Commission. Several governments of member states have also created policy frameworks and central coordinating agencies for the Social Economy, including Belgium, Spain, and Ireland. In the United States, as part the economic stimulus package, the Obama administration has created a federal Office of Social Innovation with an emphasis on supporting social entrepreneurship and has doubled public investment in community development financing institutions.

In Canada, initiatives that support components of the Social Economy exist at all levels of government. At the local government level, there is substantial

engagement by municipal and regional governments in support of Social Economy organizations. In many cases this involves the use of limited policy instruments at the disposal of local governments to provide support to non-profit organizations to achieve community benefits. In other cases (e.g., Edmonton) this has involved more substantial investment in financing of, and support to, social enterprises. In the case of Montréal, Québec, a substantial Social Economy Plan directs that city's multi-faceted program and community service interests to partnering with Social Economy organizations to revitalize neighbourhoods and invest in social and economic development.

In Nunavut, the role of Inuit governments are recognized in the Territory's Economic Development Plan, which promotes the contribution of community economic development and Inuit organizations to local development needs and opportunities. In many Aboriginal, First Nations and Metis communities across Canada similar importance is placed by their governance organizations on community economic development structures and strategies that contribute to enhancing cultural, social, economic and environmental conditions, and the self-determination of their peoples. Broad and Ketilson (2007) note the importance of co-operatives to Inuit communities, pointing to potential developments of the Social Economy to help meet the aspirations of Indigenous peoples in Canada for sustainable self determination.

In many provinces and territories in Canada there exist initiatives that support components of the Social Economy, through: support to the voluntary sector (Newfoundland, British Columbia, and New Brunswick), engagement of the Social Economy in poverty reduction strategies (Québec, Newfoundland, Ontario, Manitoba), financing programs for community economic development and social enterprise (Québec, Nova Scotia and Prince Edward Island), legislation and support for the role of the Social Economy in sustainable development (Nova Scotia, Manitoba) and renewable energy (Ontario). A number of jurisdictions also support the role of community economic development and co-operatives in rural and northern revitalization (Prince Edward Island, Québec, Manitoba, Ontario, Nunavut). However, only two provincial jurisdictions have adopted comprehensive, cross government structures supporting the Social Economy. In a comparative analysis of public policy for CED and the Social Economy in Manitoba and Québec, Loxley and Simpson (2007) point to the importance of cross-government policy frameworks in both provinces and the impact of the differing approaches to legislation, and institutional and financial support on the capacity of Social Economy organizations. They conclude that government support is stronger and more coherent in Québec, and with institutionalized long-term financing from government and non-government investors, has grown Social Economy enterprises. More recently, the Québec

Government introduced the Québec Action Plan for Collective Entrepreneurship in 2008 that strengthens cross-government support to the Social Economy. The Plan is overseen by the Minister of Regional Development and has established monitoring and reporting mechanisms, notably creating an inter-ministerial committee responsible for overseeing its implementation. The policy commitment and structure in Manitoba, while focussed on CED, supports similar public policy objectives.

Internationally and in several jurisdictions in Canada, comprehensive cross-government public policy, in some cases coupled with constitutional and legislative measures, has strengthened the capacity of the Social Economy to support socio-economic development. However, the success of this approach in Canada at the federal level has been significantly more mixed. The federal Liberal government under Paul Martin announced the first national policy framework for the Social Economy in 2004. This announcement came after representation was made by a coalition of organizations from the co-operative, community economic development, voluntary sectors, and le Chantier de l'économie sociale in Québec about the potential of the Social Economy to address increasing poverty, rural and urban decline, and the impacts of globalization, and government cuts to social programs. The announced federal Social Economy Initiative was based directly on the coalition's proposal and included several key components: the creation of a cross-government structure for the co-construction of public policy, capital funds to grow co-operatives and social enterprises, program dollars to support community economic development organizations and initiatives, improved access for social enterprises to programs for small and medium sized businesses, and research to strengthen learning and development of the Social Economy as a united movement. Further, the Initiative created a national Roundtable on the Social Economy made up of federal departments and stakeholders, chaired by the Minister of Social Development and supported by a Secretary of State for the Social Economy. In total, \$132 million was allocated for the initiative. However, most elements of the initiative were cancelled shortly thereafter (in 2006) after a federal election resulted in a change in government. Only the research program and some elements of capital financing and capacity building (in Québec) survived. Since that time, renewed funding and support for the co-operative sector has taken place through the Co-operative Development Initiative. The CDI addresses many of the same areas proposed in the Social Economy Initiative, only its resources are solely focused on the co-operative sector.

Next Steps: National, Provincial and Local Government Policy Frameworks

Governments at all levels should be engaged in learning from successful policy

frameworks already in place to create cross-government policy to utilize the Social Economy in achieving social, economic and environmental objectives.

3.0 Co-constructing Public Policy

In addition to the need for policy instruments supporting the Social Economy, attention to the policy process is important. In this section we draw on Vaillancourt's conception of co-construction as a lens through which we can reflect on policies supporting the Social Economy. We concur with Vaillancourt's more recent elaboration that co-construction is something more than lobbying, and that co-construction occurs both between the Social Economy, government and private sectors, and between actors in the Social Economy themselves. Further, we are grateful for conversations at the recent Summit on a People-Centred Economy and Association for Non-Profit and Social Economy Research that remind us that the Social Economy itself is not the goal, but rather is but one tool among others to achieve a more democratic society.

In a study of the relationship between the Ontario government and Social Economy Organizations, Brock and Bulpitt (2007) conclude that a more enabling and partnership approach to public policy is needed; one that includes the traditional role of government in regulation and enforcement but also includes a focus on relationship building for common policy objectives. In this enabling environment "Social Economy organizations would have an equal part in the design and implementation of policy and government would provide monetary or other support to the sector where the sector leaders identified it was needed to enable them to participate fully with government" (p. 7). Vaillancourt (2008) takes a similar approach, arguing importance of civil society engagement in the creation (co-construction) and application (co-production) of public policy. He notes that while most efforts by government to work alongside civil society and/or the market have focused on the co-production of public policy, co-construction is an equally important process. Further, Vaillancourt narrows in on a specific form of co-construction referred to as "democratic, solidarity-based co-construction" (ibid.). This form of co-construction has four elements that distinguish it from neoliberal and corporatist state formations: the state retains an important and unique role, it is "above and close to" stakeholders; democratic co-construction recognises the plurality of the economy through partnerships with civil society and the market economy; it incorporates elements of representative and deliberative democracy, and; fosters a "partnership-type relationship between the state and...stakeholders" (p. 294). In this model, the Social Economy is more than just an instrument to achieve policy objectives; instead it is an equal partner. More recently Vaillancourt (2010) has stressed that co-construction is "something else than

efficient lobbying and something more than corporatist co-construction” (p. 6). The co-construction that was achieved in Québec during the 1990s was the result of many years of partnership building between the various social movements in Québec in the years prior to the 1996 Summits. Co-construction as it took place in Québec during this period was a process of negotiation and debate during which a broad range of (often divergent) viewpoints were expressed. However, because this was a process that emerged organically and over time, it has proved more enduring than the process that led to the 2004 federal Social Economy Initiative. Elsewhere, Vaillancourt notes that it is important to remember that the “recognition of the Social Economy was first of all a demand expressed by social movements before it became a government initiative” (Vaillancourt & Theriault, 2008, p. 17).

Guy and Heneberry (2010) make a similar observation about the Ontario experience, noting that the failure to engage a broad range of social movements after the 2004 federal announcement presents an ongoing challenge to the development of a Social Economy movement in that province. They identify three lessons from their experience: the need to form an inclusive group that is representative of all segments of the Social Economy; the need for an overarching vision and strategy with adequate time allocated for this to develop; there are different cultures in the Social Economy and government that can create challenges, notably, government are often ‘not comfortable’ dealing with a multi-organisation consortium” but the imposition of one lead organisation on efforts can alienate many practitioners who feel excluded from the process.

Comparative international research by the national Hub also points to the importance of movement building for the Social Economy, speaking about the “positive relationship between policy development to enable the Social Economy and organizing by Social Economy stakeholders to unite within common national . . . structures to pursue mutual objectives based on their shared values of contributing to more equitable socio-economic development and environmental sustainability” (Downing & Charron, 2010, p. 4). In Latin America, Asia, and Europe where there have been significant advances in public policy to support the Social Economy, this has been co-constructed through unifying structures that build common agendas and strategies among stakeholders from diverse settings. In this regard Canada lags behind, both in terms of the level and depth of policy engagement by government and in terms of support for unifying structures, through which the Social Economy can bring together its component movements and organizations. Where policies have achieved a degree of prominence at the provincial level within Canada, they are often associated with strong Social Economy movements (as with the federated structure of *le Chantier* in Québec, and the coalition around CED in Manitoba).

This was reflected by several of our interview respondents who emphasised the importance of building a ‘big tent,’ in which stakeholders can come together to support significant policy advances. Kristopher Stephens of the Ontario Sustainable Energy Association reflects this in discussing efforts to secure the passage of the *Green Energy and Economy Act*, noting that it was a diverse group of farmers, First Nations communities, environmentalists, community and labour groups, united by a vision of a green economy that worked for the *Act*. Indeed because of its multi-perspective approach to development, the Social Economy is uniquely positioned to appeal to a broad group of stakeholders. However, it is because of this same breadth that dialogue and time to develop shared values and dialogue are fundamentally important. Often a diverse coalition needs to be united by effective movement building activities and strategies to influence and co-create policy.

The process of partnership building in developing policy can have long-lasting benefits for the Social Economy and is an important outcome in itself. Speaking about the Montreal Social Economy Plan, Mendell notes that the “clear objective was to establish a partnership between the City and Social Economy actors and that partnership would be the policy measure adopted...the partnership would allow for on-going dialogue with concrete objectives in concrete areas” (Mendell, personal communication) or, as Charles Guindon notes about the Action Plan for Collective Entrepreneurship “what we have achieved is [experience in] how to mobilize people and make a relationship with the government” (Guindon, personal communication, translation from French).

The understanding of the need for multiple “returns on investment” in public policy and investment is growing, as is demand for “triple bottom line” approaches that cut across stakeholder’s narrow interests providing opportunities for partnership across traditional divided sectors (e.g., environmental, social, economic, governmental, private). In many cases (e.g., CEDIF, Green Energy) private investment is leveraged by public investment, and in some cases (e.g., Coast Opportunity Funds) private investment has leveraged public financing. Policy initiatives using the Social Economy have a particular capacity to leverage these partnerships to address multiple objectives for public benefit.

Related to the point above, a number of respondents talked about the appeal of Social Economy policies across all political orientations. The integration of social, economic and environmental goals in initiatives like the CEDIF and Green Energy and Economy Act have drawn support from a variety of stakeholders (farmers, community non profits, small businesses, co-operatives, environmental groups, etc.) and in turn are seen as having a broad appeal across political interests. Many policy initiatives

(e.g., Edmonton, Québec, CEDIF) have also won support across political parties. Several respondents commented on the need for policy champions outside and within government, at both the political and officials levels.

However, the partnerships that form in the process of co-constructing policy require ongoing work. In the example of Manitoba, the CED structure and supporting policy framework and lens were created shortly after the 1999 election of the NDP government. The creation of the CEDC was a reflection of a desire on the part of the new government to 'broaden the focus' of provincial economic development efforts. Additionally with the election, many prominent local community activists were recruited to key positions in government, among these was Shauna MacKinnon, a social worker and anti-poverty activist involved with CHO!CES: A Coalition for Social Justice. It was MacKinnon who drafted the original CED policy and lobbied for its support in government. Many of the other former members of CHO!ICES also continue to be involved in the Social Economy as activists, supportive government staff, researchers and practitioners. However, a key shortcoming of the CED policy framework in Manitoba is that it lacks a built in mechanism to continue the process of co-constructing with stakeholders. As a result, among practitioners the original excitement and support of the policy has dimmed. As practitioners in the CED movement have left, newer practitioners are oftentimes not aware of the policy's existence. However, according to Reimer of CCEDNet when people are made aware of the policy they immediately see the significance of an overarching and holistic policy, such as this one, to their work. Thus, we argue for the importance of the continuous co-construction of policy—an ongoing process of partnership building between the sector, the state and the market and between actors in the sector itself.

In other settings the importance of communication and education within government and amongst community stakeholders was emphasized. Where policies are intended to influence decisions and policies across government departments, education of officials about intent and means is critical. Investing in stakeholder understanding of how to use new policy initiatives is also critical. Government respondents also emphasized the importance of working on cultural change and attitude shifts to secure effective implementation and the survival of policy initiatives. Several respondents commented that the communication and education needs and potential associated with new Social Economy policies are often neglected.

The experience with the federal Social Economy Initiative suggests some similar lessons. While a coalition formed to press the Paul Martin Liberal government to advance a federal initiative; outside of Québec there was not strong recognition or long-time support for the Social Economy concept. Nonetheless, a network of actors

coalesced around the concept in response to a window of opportunity, presented by the Prime Minister's office and the policy committee of the Liberal party caucus to frame priorities for the new administration. In part, this opportunity arose because of Martin's experience as a former federal Minister responsible for regional development in Québec and Montreal MP during a time when community economic development movement and the subsequent Social Economy movement was growing in that region. The efforts of the coalition were, however, hampered by the short timeline during which relationships were being formed. Guy and Heneberry (2010) make a similar observation, noting that where groups are in the position of responding to government announcements rather than participating in their development, their ability to identify a "unified policy position that they could discuss with government" is hampered, and instead [the group of Ontario Social Economy actors] "spent time and effort designing only the programs and tools they wished to have and that they felt would look best to government from a funding perspective" (p. 31). Further, as Vaillancourt suggests before the Social Economy initiative, the Liberal Jean Chrétien Government had launched the Voluntary Sector Initiative (VSI), running from 1999-2004 (Vaillancourt, personal communication). While there is at least a partial overlap between the concepts of the Social Economy sector and voluntary (or non-profit) sector, there was not bridging between the VSI efforts of the Chrétien and the Social Economy initiative of Paul Martin. In practice, the federal Social Economy initiative was more focussed on those participants in the Social Economy whose work was "economic" in a traditional sense (e.g., social enterprises), thus many organisations and activists were excluded from the initiative. This focus was reflected in the definition of the Social Economy adopted by Industry Canada. While there were deliberate efforts to translate these experiences into a national policy framework relevant to community economic development and non-profit organization's interests across the country, many stakeholders were not "in the tent" at the outset of the initiative and only partly engaged through the subsequent federal government roundtable process. As a consequence it can be argued that the resiliency of the federal initiative was limited by its lack of traction with stakeholders across the whole of the Social Economy and when a change of government to a mostly Western based Conservative administration under Stephen Harper occurred the initiative was quickly cancelled. These lessons suggest that while attention needs to be paid to specific policy instruments and needs in the Canadian context, attention also needs to be paid to the policy process, and structures and strategies for movement-building within the Social Economy itself.

Next Steps: Co-construction of Policy and Movement Building

Our engagement efforts in the lead up to the 2010 Summit on a People Centred Economy suggest some key actions including:

- Social Economy stakeholders should work to create structured spaces for democratic engagement in policy development across the Social Economy. Engagement with broader civil society movements (social, environmental, economic reform) should be a key focus together with shared communications strategies to advance understanding of, and support to, the role of the Social Economy in socio-economic development and environmental sustainability;
- Create unifying structures for Social Economy stakeholders at the national and provincial/territorial level;
- Engage a broader range of civil society movements with common values and objectives for democratic participation in socio-economic development and change;
- Develop communications strategies and tools that engage the public and stakeholders in understanding of the Social Economy and its outcomes, and promote its products, services and benefits;
- Engage government representatives at all levels in dialogue on removing barriers and developing a more enabling public policy environment for the Social Economy;
- Continue efforts to construct practitioner-led research, learning and knowledge mobilization programs at the national level that build on the legacy of the current Canadian Social Economy Research Partnerships programme;
- Continue to engage educational institutions and practitioner organizations on learning, curriculum, skills development a discourse to coherently explore the Social Economy and its relevance to key public policy challenges. Crystal Tremblay has successfully developed a report that contributes to the development of a concise framework for examining the Social Economy as a distinct “sector” purposefully working through its many actors and component groups to achieve identifiable public policy outcomes. The three guiding questions for the report (set out in the introduction) provide a lens for comparative analysis of developments and thinking about the Social Economy in the context of public policy, and the gaps that exist in the research and literature to-date. nd capacity building needs and opportunities.

4.0 Concluding Thoughts

The public policy environment for the Social Economy in Canada creates a number of barriers to the growth of Social Economy organizations and their efforts to contribute to social, economic and environmental conditions. Underlying specific issues such as access to capital for social enterprises is a more fundamental problem of the recognition of the Social Economy as a distinct and important socio-economic force in Canada. Despite advances at municipal, provincial/territorial and federal levels of government over time, Canada still lags behind many other jurisdictions,

with which it competes in global labour and economic markets in recognizing and supporting the Social Economy. This presents a potential disadvantage in Canada now, and in the future, as evidence continues to mount about the need for policies to lessen socio-economic inequality and invest in social, economic and environmental sustainability to improve overall prosperity and social condition. While the Social Economy provides a unique infrastructure to deliver on these public policy goals, it remains largely ignored in government policies and public discourse.

Of course, the Social Economy does not exist in isolation. There are other policies that impact social and economic equality. Social Economy organizations are active in addressing the need for policy reform in these areas as well. Organizations such as the Canadian Centre for Policy Alternatives and the Caledon Institute have provided substantive analysis of some these issues and the imperative for reform. Issues raised in their research include the importance of progressive (redistributive) taxation policy, the need for increased welfare rates and minimum wage and to reduce the ‘claw back’ on income assistance to support recipients in laddering into employment. Other important measures include: poverty reduction policies with targets and measurable policies and programs, national and provincial affordable housing strategies, and a national child care program. This speaks to the need for a unified peoples-movement; Social Economy organisations must work not only to build our own movement, but in tandem with other organisations and movements. In many settings it is precisely these organizations that are dealing with the consequences of the failure of existing policies to address with poverty, homelessness and social conditions. They are importantly located to suggest integrated solutions.

It is therefore important to address the goal of creating a ‘people-centred economy’ in ways that address the needs and objectives of both the Social Economy, and also broader socio-economic and environmental policy reform—the need for a “big tent” that key informants referred to is more pressing than ever.

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CHAPTER FOUR

Governance and Movement Building for the Social Economy in Canada

Rupert Downing and Alexandre Charron

Abstract: This paper outlines findings of the Canadian Social Economy Research Partnerships from 2006 to 2010 on emerging models of development and governance of the Social Economy (SE). It examines international, national and regional findings on the state and importance of building effective governance structures that unify the SE and enhance its capacity and outcomes. It reviews the comparative state of governance of the SE in Canada and the elements and functions of those structures that appear to have the most significant impacts. Finally, the paper proposes measures to strengthen the SE's governance to build on existing efforts and advance the SE as a movement for and contributor to Canada's socio-economic development and environmental sustainability.

Keywords: social/solidarity economy, community-economic development, civil society, non-profit sector, cooperative development, mutual associations, public policy, socio-economic development, management and governance, movement-building.

1.0 Introduction: The Importance of Governance for the Social Economy in Canada

Comparative international research by the Canadian Social Economy Hub in 2009/10 indicates a high level of emerging development across many jurisdictions around the world of unifying structures for the development and governance of the Social Economy (SE) by its own stakeholders. These models are cited as being important factors in strengthening the capacity of the SE to produce outcomes of relevance to socio-economic development objectives, and responding to challenges to the social, economic and environmental conditions of people, communities, nations and the world. Research by organizations in the Canadian Social Economy Research Partnerships also indicate the importance of coherent development and governance structures across actors in the SE to influencing and “co-constructing” public policies with governments to create an enabling environment for the SE to grow and strengthen its outcomes. Comparative analysis of the state of governance of the SE within Canada supports the contention that unifying and coherent models of cooperation and development are important to both the strength of component actors or sub sectors of the SE (e.g., co-operatives, non profit organizations, social enterprises) and to the SE as a unified movement with shared values of socio-economic change and development. This paper provides a brief overview of some of this discourse and research evidence, examines some of the most researched models within Canada, and suggests a continuum in the state of management and governance of the SE across regions and at the national level. It goes on to suggest key governance issues facing actors in the SE, and some suggested responses that would strengthen the SE as a more unified movement at all levels (local/regional, provincial/territorial and national).

2.0 Policy Findings of the Canadian Social Economy Research Partnerships

Across the six regional research nodes and the national hub of the Canadian Social Economy Research Partnerships several significant research projects have been completed on the state of the SE in Canada. While development and governance structures and models have not been an explicit focus of most of this research, discourse by actors in the SE in the course of events associated with the research, and aspects of research papers, have dealt with this subject, particularly in the context of organizing to strengthen the SE as a more unified movement with shared values. The following summarizes some key points identified out of these activities.

2.1 International Models

Comparative international research by the Canadian Social Economy Hub has documented trends in public policy discourse and development. This research pointed to the positive relationship between policy development to enable the SE and organizing by SE stakeholders to unite within common national (and supranational) structures to pursue mutual objectives based on their shared values of contributing to more equitable socio-economic development and environmental sustainability. As Tremblay (2009) notes, “this organizing has taken the form of local, regional, national and international networks that link together diverse economic justice initiatives” (p. 10).

Adeler (2009), in a comparative study of cooperative development in several countries done for the Prairies/Northern Ontario CSERP node concluded that “the level of development that the sector achieves is directly correlated to the nature of the supportive environment, the strength of the sector infrastructure, and government commitment toward enabling the development of this environment and infrastructure...” (p. 35). In Downing (2010), three major points are made arising from the research:

- The comparative strength of [SE] outcomes when they involve structures, activities and initiatives unite sub components of the Social Economy.
- The movement of alternative development models integrates social, economic, human and environmental objectives. This movement is helped through SE organizations and brought into the mainstream of public policy discourse and development, where united structures and mechanisms have been developed.
- The importance of intra-sectoral mechanisms for collaboration on growing the SE and providing democratically governed inputs such as financing and technical assistance to its actors.

Several countries and regions exemplify these developments. In Brazil, the Brazilian Solidarity Economy Forum brings together twelve national networks and associations, twenty-one regional Solidarity Forums, and thousand of co-operative enterprises to build mutual supports systems, exchange knowledge, create mutual strategies, and influence public policy (Tremblay, 2009, p. 10). Functions of the Forum, which is democratically governed by its members, include:

- Centres and incubators of public policy at the national, state and municipal government levels.

- Support for the community banking system to provide finances to social enterprises.
- Solidarity funds that leverage long term financing for SE organizations.
- Popular education with civil society movements on the needs for and advantages of an alternative economic development model.
- University-based incubators for education, research and training in partnership with SE organizations.
- A national system to support commercialization, regulation, market development and promotion of fair trade organizations and consumption.
- Technical assistance to SE organizations to strength commercial value chains and expand market access.
- Solidarity economy fairs for the sale of SE products.

(Chantier and Forum Brésilien d'économie solidaire, 2008)

Other Latin American countries have similar networks being developed. For example, in Bolivia the *Movimiento de Economía Solidaria* brings together several hundred organizations of fair trade producers, farmers, micro-enterprise, Indigenous and other community organizations and their associations to strengthen the SE in that country. In Peru the *Grupo Red de Economía Solidaria del Peru (GRESP)* is a democratic association of civil society associations, NGOs, faith-based social justice organizations, fair trade producers and micro-enterprises working to similar objectives.

In the European Union, the European Standing Conference on Co-operatives, Mutual Societies, Associations and Foundations renamed itself *Social Economy Europe* in 2008 and brings together a large array of organizations, enterprises and financial institutions committed to *Social Economy Europe's Charter of Principles* (Tremblay, 2009, p. 34). At the national level in Europe similar structures have been developed to unite co-operative, mutual, community finance, and non-profit organizations. For example, the *Spanish Business Confederation of the Social Economy (CEPES)* represents the interests of more than 51,000 enterprises including co-operatives, mutuals, labour companies, training and "insertion" enterprises (*Social Economy Europe*, 2010).

On other continents similar initiatives have emerged. The *Asian Alliance for the Solidarity Economy* has brought together interests across that continent in a common effort to increase investment (an *Asia-Pacific Solidarity Investment Program*), learning (an *International Institute of the Solidarity Economy*), policy development (*Asian*

Forum for the Solidarity Economy), mutual development (a Practitioners Forum), and communication tools (a Web Portal) (Tremblay, 2009, p. 41). In November 2009, a Social Enterprise Summit was held in Hong Kong to bring together social enterprise, academic, government and investor interests from across China (Social Enterprise Summit, 2009). In Africa, national networks have been formed in a number of countries to develop and promote the social and solidarity economy. For example, RENAPESS (Réseau national d'appui à la promotion de l'économie sociale et solidaire) was incorporated in 2003 to promote development strategies for Mali using the Social Economy. In the United States a US Solidarity Economy Network has been formed that held its first national conference in Massachusetts in 2009.

At the supranational level networks of SE organizations and practitioners have also been formed to promote a global vision and agenda that build on continental and national networks including the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS) and the Alliance for a Responsible, Plural and Solidarity Economy (ALOE).

Tremblay (2009) summed up these international developments as adding up to

a growing global movement to advance concepts and frameworks of the SE as a way to address increasing inequality of social, health, economic and ecological conditions, to provide alternative solutions to the perceived failure of neo-liberal dominated globalisation, and to address the weakening social capital of communities (p. 10).

Perhaps the most important common element in these developments has been the self conceptualization and organization of previously disparate and fragmented sectors around a common vision and organizing structure to promote common values. In all of the examples studied, there has been a common element of seeking to unify organizations founded on values of social and economic justice, and sharing ways of working that promote equity in the production of goods and services and contribute to social and economic development to place people and community over profit

2.2 Developments in Canada

Canada has also seen a similar development in advancing the SE as a common framework for united governance and action amongst a previously fragmented set of actors. The Canadian Community Economic Development Network and its partner network in Québec (le Chantier de l'économie sociale) convened discussions in 2004 amongst organizations of the co-operative and non-profit sectors to press the federal

government for a national SE initiative (including the Canadian Cooperative Association, le Conseil Canadien de la coopération et de la mutualité, and Imagine Canada). Concern about increasing poverty, rural and urban decline, the impacts of globalization and government cuts to social programs on socio-economic conditions spurred interest in a more united front amongst organizations with common social justice values. This was particularly rooted in the work done by the Canadian CED Network to improve public policy at local, provincial and national levels to enable alternatives to an economic agenda that ignored community, social, ecological and human interests.

Members of the coalition proposed five major action items that consultation suggested were critical: Capital funds to grow co-operatives and social enterprises; program dollars to support community economic development organizations and initiatives; improved access for social enterprises to programs for small and medium sized businesses; a national structure for the co-construction of public policy, and; research to strengthen the Social Economy as a united movement (CCEDNet, 2005). The then Liberal government of Prime Minister Paul Martin agreed to meet with members of the coalition, and announced CDN \$132 million for a federal “Social Economy Initiative” in its 2004 budget addressing all of the proposed action items (ACOA and Social Development Canada, n.d., p. 2). Martin himself was a Member of Parliament from Montréal and was impressed with the advances made in Québec through its community economic development movement, and the growing coalition around “l’économie sociale” as a solution to inequality and unemployment through social entrepreneurship. A “Social Economy Roundtable” was supported by the Federal Government, bringing together associations of actors in the SE with federal agencies, chaired by the Minister of Social Development, supported by a Secretary of State to co-construct public policy and dialogue on ways to strengthen the SE and its outcomes. However, the 2006 election saw the defeat of the Liberal government, and a minority Conservative government came to power that cut many components of the Social Economy Initiative.

Despite the change in political environment, members of the coalition continued to collaborate to support one another and advance a common agenda, including the holding of a national summit on building a more people-centred economy in May 2010. However, at the national level in Canada there is no single organizing structure for the SE as a purposeful means of promoting and building its unified role in social and economic development. Governance and development structures are well developed in the cooperative and credit union sectors (francophone and anglophone). The Canadian Community Economic Development Network brings together a range of co-operative, credit union, social enterprise and non profit actors sharing common

values and goals. Some charitable and philanthropic interests are represented in Imagine Canada. Some foundations are brought together in Community Foundations Canada. A Social Enterprise Council now brings together some people with interest in promoting social enterprises. Mutuals have some inter-relationships across their provincial mandates. Civil society associations and other movements (such as labour) have little engagement with others in the Social Economy or around broad objectives to integrate social, economic, environmental, and human considerations. The broad SE is therefore largely fragmented compared with other jurisdictions, particularly in uniting around common purposes and activities to strengthen their role, capacity, voice and participation in policy development for social and economic development outcomes in Canada. Related to this comparative status of the SE itself, is the comparative lack of public policy frameworks in Canada, compared to other jurisdictions with which it is competitive in global markets, to utilize the SE as a means to address social and economic development, and tackle inequalities that affect overall social and economic conditions.

With the retention of research funding, the Canadian Social Economic Research Partnerships became one focus for addressing this issue, using research as a way of generating understanding of the SE as a unifying framework and its value in socio-economic development. Some of this research is now important to understanding emerging models of governance at the regional and provincial/territorial level within Canada.

2.3 Québec

In Québec, a formal democratic structure has been developed to advance the SE as a framework for socio-economic development.

The Chantier de l'économie sociale (Chantier) came out of the 1996 Summit on the Economy and Employment, in which a wide variety of stakeholders including the private sector and civil society groups were brought together in search of solutions to address issues of unemployment and a large government deficit (Vaillancourt, 2008, p. 10; Neamtan, 2002, p. 8; Mendell 2003, p. 7; N. Neamtan, personal communication, April, 2010). A task force on the Social Economy was formed in which women's groups, community and cultural organizations, trade unions, Desjardins, Hydro Québec, forestry co-operatives, the Québec Council for Cooperation (CCQ), and others participated (Ninacs, 1998, p. 2). The Task force undertook a needs assessment and established working groups made up of representatives of Social Economy networks (co-operatives and non-profits), and the community economic development and social movements to propose possible

projects in priority fields of activity (Vaillancourt & Favreau, 2000, p. 3; Ninacs 1998, p. 2; N. Neamtan, personal communication, April 2010). Among other requests, it called for the establishment of financing mechanisms, training specifically for the Social Economy, the consolidation of support organizations, and new sectoral policies including the upgrading of certain legislation affecting the Social Economy (Levesque, 2007, p. 44; N. Neamtan, personal communication, April 2010). The task force was also prolonged for two-years in order to oversee the implementation of the plan, and later became the Chantier de l'économie sociale (Mendell, 2003, p. 7; Levesque, 2007, p. 44; Huot & Bussiere, 2005, p. 113; N. Neamtan, personal communication, April 2010). The purposes of the varied groups involved were to advance the Social Economy as a framework and united movement for social and economic development, that addressed employment (human capital) development needs to address rising unemployment, promote greater social inclusion, contribute to community economic development, create a more pluralistic economy for Québec that reduced economic inequalities, and strengthen civic democratic engagement.

From this time, the Chantier became for government, “the clearly defined representative of the sector at the policy level” (Loxley & Simpson, 2007, p. 43). It became an ‘intermediate organization’ through which the government engaged the wide variety of stakeholders which make up the sector (Neamtan & Downing, 2005, p. 64). As such, it became well entrenched in the policy-making process. From 1996, for the two-years following the Summit, the Chantier was granted almost direct access to Lucien Bouchard himself (Levesque, 2007, p. 54). Between 1996 and 2001, the sector was overseen by the Premier (Neamtan & Downing, 2005, p. 53) and after 2001, it came under the aegis of the Ministry of Finance, where a special Social Economy desk was created for it in 2002 (Levesque, 2007, p. 54; Mendel, 2003, p. 8).

Throughout its evolution, the Chantier continued to seek the inclusion of a wide variety of stakeholders. The definition which the Chantier selected for the Social Economy was a “broad and inclusive” one (Mendell, 2005, p. 33, footnote no. 39). This was done purposefully in order that a variety of interests could recognize themselves within it (Neamtan, 2005, p. 7). The definition included such actors as co-operatives, mutual benefit societies, associations, and even some profit-making firms (Mendell, 2003, p. 4). Moreover, it was able to unite stakeholders from both the “old” and the “new” Social Economy under a rubric of common values rather than common legal status (Levesque & Mendell, 1999, p. 17; Mendell, 2003, p. 7; N. Neamtan, personal communication, April 2010).

According to Mendell (2005), the particular governance structure of the Chantier is of special note for being highly deliberative and participatory (p. 34). Upon its incorporation in 1999, in order to ensure that the “diverse realities of the

Social Economy” were adequately represented, the Chantier created a Board of Directors whose 28 members would be elected through various ‘electoral colleges’ (Neamtan, 2002, p. 9). Accordingly, a fixed number of seats is reserved for each of the following types of representatives: sub-sectors of the Social Economy including networks of training enterprises, housing co-operatives, child and homecare organizations, other co-operatives and non-profits (p. 7); representatives from each of the geographical regions which the Chantier serves (p. 5); organizations that support the Social Economy through activities such as financing and technical support (p. 5); representatives from social movements such as the women’s movement, the environmental, labor and community movements (p. 6); representatives from the various instruments which the movement created such as RISQ, the Trust, the CSMO-ESAC and ARUC (p. 4); and one representative from the academic world (Levesque, 2007, p. 53; Neamtan 2002, p. 9; N. Neamtan, personal communication, April 2010). In addition, in 2008 and 2009, seats were added for a First Nation’s representative in response to a request from the network of Native Friendship Centres, and for a representative of the Chantier’s youth committee (N. Neamtan, personal communication, April 2010). Such a structure guarantees that the governance of the Chantier is organized both horizontally, “across sectors and activities” and vertically, through regional nodes which allow the various regions to “debate priorities that become the basis for coordinated policy development that reflects the regional diversity of Québec” (Mendell, 2005, p. 34)

Key Functions

In Québec, many of the support services which the Social Economy has received have been channeled through the Chantier. Levesque (2007) concludes that the Chantier has played a key role in putting in place a Social Economy infrastructure complete with financing, training, business support and research and development delivered through a structure which ensures interaction between the diverse facets of the Social Economy (p. 54). These functions have been co-developed by actors in the SE and are democratically controlled by them through the Chantier.

Policy Co-construction

Once the government recognized the Chantier as an interlocutor representing the Social Economy, the way was open for the development of policy to support the sector (Vaillancourt & Favreau, 2000, pp. 12-13; Huot & Bussiere, 2005, p. 114). Indeed this represented a co-construction of policy by the government and the sector as the former enacted many of the recommendations made by the Chantier in its 1996 report (Neamtan, 2005, p. 72).

Local Development Centers (CLD), which had been created to support local job creation and growth, were mandated to support local Social Economy enterprises and a portion of their budget was set aside for this purpose (D'Amours, 2000, p. 22; Levesque & Mendell, 1999, p. 18). One hundred and five new CLDs were created in 1998, jointly funded by provincial and municipal governments (Vaillancourt & Favreau, 2000, p. 14; D'Amours, 2000, p. 24). Between this time and 2004, these centers implemented 3765 projects which supported their local Social Economy sectors (Levesque, 2007, p. 52).

Certain new policies gave preference or exclusivity to the Social Economy in the delivery of certain social services (Vaillancourt, 2008, p. 11). In the area of childcare, government chose to rely on the Centres de petite enfance for the creation of 150,000 new places in 10-years for children under six-years old (Ibid.). These non-profit daycare centers offer their services for a flat rate of \$5 per day, and two-thirds of the seats on their Boards must be occupied by the Centres' users, who thereby retain decision-making power as to their management (Huot & Bussiere, 2005, p. 119). There are presently over 900 of these centers active in the province (Ibid.).

Government preference and support for the Social Economy in the area of homecare permitted the creation of 101 new Homecare Social Enterprises between 1997 and 2000 (Vaillancourt, 2008, p. 12). This was largely the result of the creation, in 1996, of a program in which government subsidized the costs of Homecare Enterprises so that these could keep the prices charged to users below the cost of service delivery (Huot & Bussiere, 2005, p. 118). These non-profit ad cooperative ventures deliver services to over 76,000 users and employ 6,000 people, many of them previously unskilled welfare recipients. (Neamtan, 2005, p. 74)

Structure/Characteristics

The co-operative sector was positively affected by the participation of the Social Economy in the policy-making process primarily through changes which were brought about in the regulations which govern them. According to D'Amours (2000), legislation from 1997 gave the co-operative sector some of the competitive advantages of private businesses, making it easier for them to capitalize by permitting them to keep a reserve, and to sell shares to non-member investors (p. 28). Under the new legislation, co-operatives in Québec were now also permitted to hire non-member administrators (Ibid.). For D'Amours (2000), these reforms constitute a "hybridization" between the co-operative and the private sector firm (Ibid.). In addition, a new legal category of co-operatives was created: the solidarity co-

operative. Based on a model used in Italy, co-operatives could now count amongst their stakeholders the community members that utilize their services (Levesque & Mendell, 1999, p. 19; Mendell, 2003, p. 8)

Finance and Development Capacity

The provision of specialized financial instruments for the Social Economy responded directly to recommendations put forward by the Social Economy task force in its 1996 report (Ninacs, 1998, p. 3). In the first place, some entities responsible for funding conventional economic and business development were given funds earmarked for Social Economy ventures. The Social Economy Fund (FES) was created for the use of CLDs in funding local social enterprise (Mendell, Lévesque, & Rouzier, 2000, p. 19). Investissement Québec, the state entity which traditionally supported conventional small and medium enterprises was mandated to support non-profits and co-operatives as well (Vaillancourt & Favreau, 2000, p. 14; Mendell, 2003, p. 8). And the Fonds d'aide à l'action communautaire et auton omne began to provide \$20 Million per year to support community and voluntary action (Loxley & Simpson, 2007, p. 17).

In 1997, the Chantier created the Réseau d'investissment social du Québec (RISQ) by convincing some major financial institutions and private enterprises to donate \$5 million and by persuading the Québec government to match these funds (N. Neamtan, personal communication, April 2010). A funding and training body directed exclusively to social enterprise, RISQ is a non-profit, \$10.3 million venture capital fund which services 'partnership businesses' (Vaillancourt & Favreau, 2000, p. 14; Elson, Gouldsbrough, & Jones, 2009, p. 29; Chantier, 2010), providing these with non-collateralized loans and loan and margin of credit guarantees of up to \$50,000 (Mendell, Lévesque, & Rouzier, 2000, p. 21; Ninacs, 1998, p. 3; Chantier, 2010). Much, or all, of this amount can be used to finance the start-up costs of new social enterprises and is only repayable if the venture succeeds (Mendell, Lévesque, & Rouzier, 2000, p. 21). Between 2000 and 2007, RISQ loaned \$7.4 million through 180 programs and invested in 372 social enterprises (Loxley & Simpson, 2007, p. 11; Chantier, 2010). The fund also co-founded a \$6 million dollar capitalization fund to provide between \$100,000 and \$200,000 to co-operatives, non-profits and collective enterprises (Elson, Gouldsbrough, & Jones, 2009, p. 30). The RISQ is governed by a Board of Directors named by the Chantier's own Board and which includes a number of representatives from a wide variety of Social Economy sub-sectors (Neamtan, 2005, p. 74; N. Neamtan, personal communication, April 2010).

The Chantier de l'économie sociale Trust is the other powerful financing tool

which the Chantier created in 2006 (Elson, Gouldsbrough, & Jones, 2009, p. 10). After winning a Call for Proposals by the Federal government, the Chantier then used the \$30 million thereby granted to leverage additional investment from private-sector partners (N. Neamtan, personal communication, April 2010). The total of \$52.8 million of which the Trust disposes is used to provide between \$50,000 and \$1.5 million of patient capital exclusively to non-profits and co-operatives with under 200 staff and \$100,000 in assets for operational costs and acquisition of capital goods and real estate (Chantier 2007, pp. 12-15; Elson, Gouldsbrough, & Jones, p. 30). The loans come with a 15-year moratorium on repayment of capital, and while some of the loans are guaranteed through mortgages, many are non-collateralized. The rate of the loans is fixed for the duration of the loan period, and while businesses can decide to wait the full 15 years before making any payments on the capital, they can also choose to pay it down little by little throughout the loan period without penalty (Chantier, 2010). Since its inception, the Chantier Trust has invested over \$11.4 million in 39 Social Economy enterprises (Ibid.). The Trust is governed by a Board of Directors on which the Chantier and the other investors sit (N. Neamtan, personal communication, April 2010) and the RISQ is responsible for screening all applications to be submitted to the Trust's investment committee (Chantier, 2010).

Technical Assistance

A number of entities help the sector to acquire the technical capacity which it needs to function effectively. Some of the Social Economy funds include components geared to providing technical support to the sector's managers. RISQ, for example, can deliver up to \$5,000 for the development of a business plan or market study (Chantier, 2009, p. 18). This work is then contracted out to local development consultants (Chantier, 2010). These technical assistance loans are interest-free and are repayable only if the initiative succeeds (Elson, Gouldsbrough, & Jones, p. 29). Between 2000 and 2007, the RISQ loaned out \$0.9 Million for these purposes (Loxley & Simpson, 2007, p. 11). In addition, in 2010, the RISQ received \$5 million from the Québec government in order to offer a new financial product, up to \$100,000 for the pre-start-up phase in the development of new Social Economy projects (N. Neamtan, personal communication, April 2010).

According to Levesque (2007), the Comité sectoriel de la main d'oeuvre en économie sociale et en action communautaire (CSMO-ESAC) was established to help social enterprise meet the complex managerial and organizational challenges which their managers face (p. 53). Co-managed by the Chantier and other stakeholders of the Social Economy and community sectors in partnership with public employment institutions, the CSMO seeks to develop the managerial capacity of the sector by

providing technical support to social enterprises in the form of needs analyses and specialized trainings (Neamtan, 2002, p. 10; Mendell, 2003, p. 8; N. Neamtan, personal communication, April 2010). But the CSMO's work goes beyond the provision of technical assistance. Its overriding concern seems to be with assuring the supply of qualified labor which the Social Economy sector needs to properly function. In order to accomplish this, the work of the CSMO must pass through the "range of issues affecting labor force development and labor market needs...[of] Social Economy sector employers" (M. Toye, personal communication, April 6, 2010). The CSMO's 2009-2012 strategic plan mentions such items as labor needs assessments of the sector in general; the development of training programs, taking into account the needs of multiple barrier individuals; attraction and retention of personnel to the sector; and succession planning (CSMO-ESAC, 2009, pp. 5-6).

Public and Stakeholder Engagement

Stakeholder engagement was from the start the primary function of the Chantier. From its beginnings as the Taskforce on the Social Economy, it evinced a capacity to unite the sector. According to Mendell (2003), the Taskforce represented the first time which such a wide array of civil society actors had sought agreement on a common economic platform (p. 7). Indeed, this precursor to the Chantier succeeded in integrating many of the social movements, for whom it became a channel for the articulation of their demands in a more practicable policy discourse (Vaillancourt & Favreau, 2000, pp. 10-11). For many of them, this was the first time which they had applied such an economic development framework to their work, something which nonetheless tapped into the incipient "economic militantism" which some had already begun to manifest (Vaillancourt & Favreau, 2000, pp. 7, 10-11).

The research indicates that it was precisely as a result of the multitude of stakeholders which it managed to engage and unify under a single policy agenda that the Chantier had such success in advancing a pro-Social Economy policy in Québec. According to commentators, such a unification gave a previously variegated Social Economy movement new visibility and political weight as a result of which it was able to address itself to government (as cited in Loxley & Simpson, 2007, p. 45; Huot & Bussiere, 2005, p. 114). The existence of a unified voice for the sector also then made it easier for the government to engage the wide variety of stakeholders in a productive policy dialogue (Neamtan & Downing, 2005, p. 64).

The public engagement impacts of the Chantier mostly concern the way in which it was able to generate recognition for the Social Economy on the part of Québec society. Vaillancourt (2008) refers to the period 1990-2008 in Québec as one of

recognition of the Social Economy, both by the government and by civil society (p. 9). Not only did the Chantier contribute to the former, it also went a long way towards legitimizing and ensuring the visibility of the Social Economy with the general public (Levesque, 2007, p. 53). And the methods which it employed were similar in both cases. In the first place, according to some, the consensus which the task force was able to generate amongst the sector for the production of a common definition and policy agenda imbued the new institutional structure with an aura of representativeness and credibility which facilitated its recognition amongst the media and the public (Vaillancourt & Favreau, 2000, p. 3; Huot & Bussieres, 2005, p. 114). Secondly, the report which the task force presented to the 1996 Summit stressed the historic contribution of the Social Economy to the province's development trajectory, thereby leading to the "recognition of Social Economy actors as agents of socio-economic development and transformation" (Neamtan, 2005, p. 72; Mendell, 2003, p. 8). Such a widespread recognition of the role of the Social Economy is unique with Québec (Mendell, 2003, p. 10). And it is just this "visibility and legitimacy [of the sector] in Québec society," that helped to protect the gains made by the Social Economy from a new Liberal Provincial government that was 'not interested' in the approach (Mendell, 2005, p. 35).

Learning, Education and Research

The Chantier has provided important learning opportunities for the sector as a number of major research initiatives have been channelled through the organization.

Since 2000, the Chantier has been involved in the co-management, with UQAM, of two major SSHRC-funded research initiatives on the Social Economy: Alliance de recherche universités-communautés en économie sociale (ARUC-ÉS) and the Réseau québécois de recherche partenariale en économie sociale (RQRP-ÉS) (ARUC & RQRP, n.d.(a), pp. 2, 4). Begun in 2000, ARUC involves researchers from four universities and 11 Social Economy organizations. It is composed of five working groups representing different sectors of Social Economy intervention: community housing, community tourism and leisure, financing, local and regional development and 'services to people.' (ARUC & RQRP, n.d.(a), p. 1; ARUC & RQRP, 2010). As of 2006, it had over 50 research projects underway (ARUC & RQRP, n.d.(a), p. 3).

RQRP is the Québec node of the Canadian Social Economy Research Partnership (Levesque, 2007, pp. 53-54). It was begun in 2005 in partnership with academics from eight universities (ARUC & RQRP, n.d.(a), p. 1; Levesque, 2007, pp. 53-54). While ARUC's research is organized by sub-sector, that of RQRP is divided up regionally into eight working groups which correspond to eight of the Province's 17

geographic regions. The research projects themselves are defined according to the needs of the region in question (ARUC & RQRP, n.d.(a), p. 3; N.Neamtan, personal communication, April 2010). As of 2006, RQRP had 20 research projects underway (ARUC & RQRP, n.d.(a), p. 3).

Both initiatives represent research partnerships between academics and practitioners that seek to generate useful knowledge which responds to the real needs of the sector and which contribute to the development of Social Economy organizations (ARUC & RQRP, 2010; ARUC & RQRP, n.d.(a) p. 1; ARUC & RQRP, n.d.(b), pp. 1-2). A total of 160 researchers from universities, non-profits and social enterprises are participating in the two projects and practitioners are involved in every step of the research process including the definition of the project (ARUC & RQRP, n.d.(a), p. 1; ARUC & RQRP, n.d.(b), pp. 1-2). The programs also involve knowledge mobilization activities such as publications, seminars and workshops which help facilitate the transfer of knowledge to Social Economy practitioner and government policy-making circles (ARUC & RQRP, n.d.(a), p. 1; ARUC & RQRP, 2010).

With representatives from the public and Social Economy sector as well as from all of Québec's universities, the Chantier also contributes to the work of CIRIEC Canada (Levesque, 2007, p. 54). Begun in 1967, the Canadian component of the International Center for Interdisciplinary Research on Collective Enterprises is concerned with the study of associative economic entities such as co-operatives, community-based and parastatal collective structures (CIRIEC Canada, 2010). Over the years, CIRIEC Canada has played an important role in generating knowledge and debate for the Social Economy sector. Levesque (2007) notes how prior to 1996, a number of research initiatives brought academics and Social Economy actors together to debate some pertinent conceptual questions (p. 42). These, some of which appeared in *Economies et solidarités*, the magazine which the organization publishes and the first one devoted to the Social Economy in Québec, helped the various elements of the movement define a common Social Economy agenda (Ibid.).

Other important contributions of the Chantier to the learning of the Social Economy in Québec have been facilitated by the role which the organization plays as the body through which the sector dialogues with the Social Economy of other countries. Until 2008, the Chantier took part in the Groupe d'économie solidaire du Québec (GESQ) (N. Neamtan, personal communication, April 2010). Favreau (2005) describes how the Chantier participates in the International Network for the Promotion of the Social and Solidarity Economy (RIPESS) and the role which it has played in past international events such as the World Social Forum as well as in

punctual partnerships and collaborations facilitated by Québec INGOs such as CECI (p. 24). Mendell (2005) affirms that such exchanges have resulted in mutual learning which have strengthened the work of both interlocutors (p. 34, footnote no. 42). She claims that Québec has often inspired itself from the policy measures of other countries and cites the adoption of legislation to create solidarity co-ops such as exist in Italy (Ibid.).

Market Development

The Chantier has played an important role in marketing the goods and services which the Social Economy has to offer. As part of its “valeurs ajoutées” (‘values added’) campaign, the Chantier has established a social purchasing portal which lists products and services of various Social Economy enterprises throughout the province (Economie sociale Québec, 2010; N. Neamtan, personal communication, April 2010). The portal, called Economie sociale Québec, provides descriptions of the products and of the organizations that provide them including how these contribute to meeting socio-economic objectives (Ibid.). It also includes the possibility of refining searches to regions or to specific products and services and also lists events, training and learning opportunities associated with the Social Economy (Ibid.). Acheter solidaire is a companion site which functions as a catalogue, showing pictures of the products available (Acheter solidaire, 2010). More generally, the “valeurs ajoutées” campaign and its logo have also served to promote the sector and its “brand” across Québec (Economie sociale Québec, 2010).

The Chantier has also successfully lobbied for better access for Social Economy organizations and enterprises to procurement opportunities offered by municipal and provincial governments. Released in 2009, the City of Montréal’s Partnership for Community-Based Sustainable Development builds on a series of declarations and policy frameworks going back to 2002, which recognize the contributions of the Social Economy to the City’s socio-economy development objectives (City of Montréal, 2009, pp. 7-8, 9). Besides increasing and consolidating support to the local Social Economy sector, this current plan pledges to increase the volume of goods and services which the City sources from local Social Economy enterprises and to create more accessible conditions of tender for government contracts (City of Montréal, 2009, pp. 4, 30). In what concerns sourcing at the Provincial level, the way in which, as a result of a policy co-production process championed by the Chantier, the government began contracting home-and childcare services to the Social Economy sector, has already been mentioned (Vaillancourt, 2008, pp. 11-12; Huot & Bussièrès, 2005, pp. 118-119).

2.4 Manitoba

In Manitoba, the analysis suggests that the Social Economy sector is more fragmented and lacks coherence compared with Québec (Loxley & Simpson, 2007, pp. 43-44, 47-48). However, some commentators point to “an intricate web of structured and unstructured relationships between a wide range of stakeholders” (Loewen, 2004, p. 29). A more informal alliance of Social Economy stakeholders has been created and/or facilitated by the Manitoba regional network of the Canadian CED Network with some similar attributes and objectives to that in Québec.

As an open and inclusive network of community-based organizations and civil society groups sharing a holistic and bottom-up vision of community development, and including members from a variety of geographic regions and sectors of activity, CCEDNet Manitoba already incorporates a large portion of the province’s Social Economy sector. A broad cross section of organizations and their associations are included in the Network and its leadership under the framework of “community economic development,” including: Co-operatives; Aboriginal organizations; francophone organizations; immigrant, refugee, and ethno-cultural organizations; urban and rural community economic development organizations; community futures development corporations; credit unions; funders such as the Winnipeg Foundation and the United Way; community-based non-profit organizations, and; civil society associations concerned with socio-economic development issues such as affordable housing, food security and poverty reduction (Reimer, personal communication, April 2010). This cross-cutting composition of its members is similar to that of the Chantier in Québec, although more focused on community or place-based activities and objectives than broader sectoral alliances.

CCEDNet Manitoba has gone a long way towards bringing together and strengthening the relationships which exist between this multitude of CED organizations and practitioners in the province (Loewen, 2004, p. 29). One way it has done this is through the networking and learning events which it organizes such as the Annual Manitoba CED Gathering, and the Sustainability Planning and Strengthening Non-Profits Workshop Series. Such activities have consistently provided organizations and practitioners with important opportunities for networking and for developing partnerships with other actors in the sector (CCEDNet Manitoba, 2009, p. 1).

The Network has acted as a representative for the Social Economy sector at the policy level. In 2001, CCEDNet Manitoba made recommendations which were incorporated into the government’s CED Framework (MacKinnon, 2006, p. 28) and more recently the Network was consulted on the use of the CED Tax credit in the province (CCEDNet Manitoba, 2008, p. 4). In 2007, CCEDNet Manitoba facilitated a

series of consultations and interviews with Manitoba's CED sector in order to draft a CED policy agenda (Reimer et al., 2009, p. 13). The Network also regularly engages the government in dialogue to advance a Social Economy policy agenda. It has met with Ministers, heads of departments and senior officials with the Province to discuss such ideas as integrating CED policy in the *Sustainable Development Act*, developing a workforce intermediary pilot project, and forming a CED Sector Advisory Council made up of CED leaders to identify priorities for programming and hold the departments accountable for the implementation of the CED Framework and Lens (CCEDNet Manitoba, 2008, pp. 3-4).

Moreover, CCEDNet Manitoba has sought to create a concordance between its own policy initiatives and those of other movements and coalitions, to be the “glue that connects [them all]” (Reimer, personal communication, March 2010). The minutes from its 2008 Annual Member Meeting make clear that the Network's own policy initiatives are often based on supporting multi-stakeholder campaigns. Some of the initiatives which Network members take part in include: the Right to Housing coalition, the Raise the Rates Campaign, Make Poverty History Manitoba, the Child Care Coalition of Manitoba, the Co-op Visioning Strategy, the Manitoba Food Charter and the Alternative Municipal Budget (CCEDNet Manitoba, 2008, pp. 2-3; Reimer, personal communication, April 2010). CCEDNet Manitoba also works closely with the major public policy advocacy organization in Manitoba, the Canadian Center for Policy Alternatives (CCPA), with which its offices are co-located. As Reimer (2010) makes clear, “those campaigns ARE our policy initiatives” (personal communication, March 20, 2010).

Key Functions

As a consequence of the difference in the organizational structure of the CED movement, contrary to the Québec context, the delivery of services to strengthen the CED sector in Manitoba has not been channeled primarily through a single organization; rather, the sector has come together in a variety of partnerships and alliances to provide supports such as financing, technical assistance, research, learning and marketing services. Despite this difference in implementation, the CED sector in Manitoba has still evolved what Loxley (n.d.) considers to be “a very strong institutional base”.

Policy Co-construction

In what concerns policy development, we are also faced with a special case. The research indicates that while co-construction did occur between government and the CED sector, it was driven less from the “pressure from below” that a coherent and

unified movement could exert, than from a progressive government that was always a little “ahead of the CED movement” (Loxley & Simpson, 2007, pp. 36, 41)

The advent of Doer’s NDP government in 1999 provided a favorable climate for the co-construction of policy in partnership with the CED sector. Many individuals with CED backgrounds were appointed to influential positions and were able to advocate for CED within government (Loewen, 2004, p. 28; Loxley & Simpson, 2007, pp. 35-36; Sheldrick, n.d., pp. 10, 181). The CED sector was also permitted greater access to policy-makers and civil servants (Reimer et al., 2009, p. 31; Loewen, 2004, p. 28). Both factors contributed to the emergence of a “strong coincidence of beliefs between government and CED activists” (Loxley & Simpson, 2007, p. 3).

The NDP government first expressed its commitment to CED by creating the Community and Economic Development Committee of Cabinet (CEDC) for the purpose of coordinating government initiatives and developing policy relating to CED (Loxley & Simpson, 2007, p. 27; Neamtan & Downing, 2005, p. 35). The CEDC is an interdepartmental committee which, when first created, included the Ministries of Industry, Trade and Mines; Advanced Education and Training; Aboriginal and Northern Affairs; Culture, Heritage and Tourism; Agriculture and Food; and Intergovernmental Affairs (Sheldrick, n.d., p. 9). The Committee was chaired by the Premier, while staff support to it was provided by the CEDC Secretariat (Sheldrick, n.d., pp. 9-10).

The CEDC Secretariat, in turn, created an interdepartmental working group on CED whose purpose it is to contribute to each department’s learning about CED and help these to identify opportunities where CED can be integrated into their programming (Sheldrick, n.d., p. 10; Reimer, personal communication, March 20, 2010). Departments are required to report annually to the working group as to advances in this respect (Kostyra, 2006, p. 24). As each department is asked to nominate a representative to take part in the working group, the group serves to create strong “champions” for CED throughout the government (Sheldrick, n.d., p. 11; Reimer, personal communication, March 20, 2010). It also acts as a “knowledge center for CED activities” (Kostyra, 2006, p. 24)

In 2001, the government adopted a policy framework for CED which focuses on building community capacity and skills, self-reliance and leadership and targets sustainable development through supporting the development of businesses that meet social, economic and environmental needs (Reimer et al., 2009, p. 7; Neamtan & Downing, 2005, pp. 35-36). The CED Framework evolved as a result of consultations with community groups and the CED sector, and is based on the principles for

Community Economic Development developed by Neechi Foods, an Aboriginal workers' co-operative in Winnipeg (Reimer et al., 2009, p. 8; Sheldrick, n.d., pp. 7-8; Loxley & Simpson, 2007, p. 27). Prioritizing local employment, ownership and decision-making, drawing on local knowledge and skills and reinvesting in the community constitute some of these principals (Reimer et al., 2009, p. 8; Loxley & Simpson, 2007, p. 27).

The government also developed another policy tool to accompany the framework in the same year (Loxley & Simpson, 2007, p. 27). The CED Lens “helps the civil service to understand and implement the government’s CED strategy” (Loxley & Simpson, 2007, p. 28). It mandates departments to reevaluate their programming to make sure that it aligns with CED principles and to identify further opportunities to develop CED programming (Neamtan & Downing, 2005, p. 36; Sheldrick, n.d., p. 11). To this end, departments are given latitude to redirect resources to CED initiatives and are permitted to apply for additional funding if these are required to carry out the modified programming (Fernandez, 2005, p. 152). The Lens also makes provisions for the sharing of information to ensure the coordination of programming across departments (Neamtan & Downing, 2005, p. 37; Loxley & Simpson, 2007, p. 27). Finally, the Lens contains a reflexive component which allows for the identification of best practices and of barriers to further government support to CED (Neamtan & Downing, 2005, p. 37).

Finance and Development Capacity

According to MacKinnon (2006), the Manitoba government has accepted the “wisdom of the CED community” in the formulation of its policies (p. 28). It has understood that development “must be owned and driven by the communities,” “not foisted upon [them] from the outside” (Fernandez, 2005, pp. 150-151). Accordingly, it has chosen to deliver its funding and support programs for CED in partnership with the sector. By injecting money into a variety of CED programs, giving long-term, stable funding to CED organizations and instituting legislation to facilitate the raising of capital by communities, the provincial government has succeeded in coordinating the deployment of its resources with the communities’ own initiatives (Fernandez, 2005, p. 150).

The Province has put over \$30 million into more than 400 CED projects through the Neighborhoods Alive! program (Reimer et al., 2009, p. 9). The program targets specific urban neighborhoods in Winnipeg, Thompson, Brandon, Flin Flon, Dauphin, Selkirk, The Pas and Portage la Prairie (Neamtan & Downing, 2005, p. 38; Reimer, personal communication, March 20, 2010). It promotes the revitalizations of these

localities through providing support for the creation of democratically and locally administered Neighborhood Renewal Corporations (Neamtan & Downing, 2005, p. 38; Reimer, personal communication, March 20, 2010), and up to \$75,000 of core funding per year for their operations (Reimer et al., 2009, p. 8). There are now 12 NRCs, some of which service more than one neighborhood (Reimer, personal communication, March 20, 2010). Neighborhoods Alive! has also supported a number of other initiatives which benefit the inner city as a whole (Neamtan & Downing, 2005, p. 38). The program has put over \$10 Million into housing in the form of \$10,000 grants (Reimer et al., 2009, p. 9), and has provided training for local residents, culture and recreation programs for youth (Neamtan & Downing, 2005, p. 38; Reimer et al., 2009, p. 8).

The Winnipeg Partnership Agreement (WPA) is perhaps the most substantial of the government's CED programs. Over five-years, beginning in 2004, some \$74 million was committed through a variety of programs linked to community development (Reimer et al., 2009, p. 9). An Aboriginal development program included a focus on Aboriginal employment, training and health, while a sustainable neighborhoods component poured efforts into physical renewal and building community capacity, especially of Aboriginal residents and recent immigrants (Fernandez, 2005, p. 147). Finally, Downtown renewal concentrated on investments in health, tourism development, culture and the arts, safety and crime prevention (Fernandez, pp. 147-148).

The government delivers core funding to some "key CED organs" (Loxley & Simpson, 2007, p. 37). For example, in 2005-2006, the Department of Agriculture gave over \$500,000 in operating grants to seven Rural Development Corporations (Reimer et al., 2009, p. 9; Reimer, personal communication, April 2010). Commentators also mention a number of specific CED organizations that have received this type of support from the province. In 1999, the Manitoba Economic Partnership Agreement provided \$200,000 to SEED Winnipeg, an organization which fosters the development of businesses by low income people and delivers technical assistance and capacity building for social enterprise (Fernandez, pp. 205, 159; Kostyra, 2006, p. 23; Reimer et al., 2009, p. 9). The Department of Intergovernmental Affairs also gave \$250,000 to Community Ownership Solutions, an organization that supports the development of new social enterprises (Fernandez, 2005, p. 160; Reimer, personal communication, March 20, 2010). Other CED organizations to have received direct financial support from the government include the Jubilee Fund, a non-profit that provides flexible financing to community development projects and enterprises (Neamtan & Downing, 2005, p. 73) and the North End Housing project, a non-profit organizations that helps increase the supply

of affordable housing in the North End of Winnipeg through renovation of existing properties and the construction of new units (Loewen, 2004, p. 28; Kostyra, 2006, p. 24; Reimer et al., 2009, p. 11; Reimer, personal communication, March 20, 2010).

There also exists programs to provide loan financing to CED organizations. The Department of Agriculture, through its Community Works Loan Program, has created revolving loan pools for micro-lending to rural businesses, CED organizations and co-operatives, while the Rural Economic Development Initiatives provide loan guarantees to a similar set of beneficiaries (Neamtan & Downing, 2005, p. 73; Reimer et al., 2009, p. 9). There is also the Community Economic Development Fund (CEDF). The CEDF is a Crown Corporation which provides loans mainly for mainstream businesses in Manitoba's North and for its fisheries through some of the over \$20 million. The entity has benefitted CED organizations and social enterprises as well (Reimer et al., 2009, p. 9; Kostyra, 2006, p. 23; Neamtan & Downing, 2005, p. 73).

Instituted in 2004, the Community Enterprise Development Tax Credit is a mechanism which facilitates the raising of investment equity by community based enterprises (Reimer et al., 2009, p. 9). The measure provides investors in approved businesses with a non-refundable, 30% personal income tax credit to a maximum investment of \$30,000 (Neamtan & Downing, 2005, p. 39). The credit can be carried forward seven-years and back three-years, but investors must hold investments a minimum of three-years or risk losing the credit (Neamtan & Downing, 2005, p. 39; Chernoff, 2008, p. 56). Although the measure is only intended for for-profit businesses, something which excludes many non-profit CED organizations, a range of local businesses, including co-operatives, may still access it (Reimer, personal communication, March 20, 2010; Loewen & Perry, 2009, p. 23). To be eligible, organizations must also have less than 200 staff and \$25 million in gross assets and must apply for approval to the Department of Intergovernmental Affairs (Chernoff, 2008, p. 55; Loewen & Perry, 2009, p. 23; Neamtan & Downing, 2005, p. 39). Those that qualify can receive a maximum of \$500 thousand through the Credit (Chernoff, 2008, p. 56). Since the CED Tax Credit program began, 12 community enterprises have received a total of \$1.9 million in this way (Loewen & Perry, 2009, p. 23).

Technical Assistance

CCEDNet Manitoba has played an important role in the purveyance of technical assistance to the CED sector since the end of 2008, when the Community Economic Development Technical Assistance program (CEDTAS) moved from the offices of SEED Winnipeg, where it was previously housed, to become one of the Network's

permanent programs (Reimer, n.d., p. 19; Reimer, personal communication, March 20, 2010). CEDTAS matches the technical assistance needs of community enterprises and initiatives with qualified volunteer specialists (Reimer et al., 2009, p. 11; Reimer, personal communication, March 20, 2010). As originally conceived, the program was to play only the role of a broker in matching the specific needs of organizations with qualified professional volunteers. However, as many of the groups which appealed to CEDTAS were less established ones that needed more general help in realizing their visions, CEDTAS began to play an accompanying role and to provide more services itself. This is all while continuing to match up specific needs with volunteers in the private sector, government and other non-profits (Reimer, n.d., pp. 15, 18). From 2004 to 2007, CEDTAS built a database of 245 volunteers and put 25% of these to work in over 60 projects (Reimer, n.d., p. 17). Since its move in 2008, it has coordinated the delivery of \$150,000 of pro bono technical assistance to 34 organizations (Reimer, n.d., p. 19).

Public and Stakeholder Engagement

Through their advocacy campaigns, the various movements and coalitions serve to engage their members as well as government and the general public by educating them on specific issues related to CED. As mentioned, CCEDNet Manitoba has sought to engage its members in a variety of policy dialogues and advocacy campaigns in order to consolidate the CED sector in Manitoba. Additional activities which work towards this end are the Network's website and newsletters, which act as clearinghouses for information and opportunities related to CED, and the various conferences and learning events which it organizes including the Annual Manitoba CED Gathering, the Sustainability Planning Series and the Strengthening Non-Profits Workshop Series (CCEDNet Manitoba, 2009, p. 1). These facilitate networking and partnership development among the sector's actors and simultaneously serve public engagement ends as they raise the profile of the sector amongst government and civil society.

Learning, Education and Research

Partnership between government, the Red River Community College and the Community Education Development Association (CEDA) permitted the establishment of the Community Development/Community Economic Development Training Intermediary (Reimer et al., 2009, p. 11). This one-year accredited certification provided training on CED and capacity-building for the unemployed and CED practitioners alike (CEDA, 2006; Kostyra, 2006, p. 24). The program contained an academic component where topics such as proposal writing and strategic planning

were broached as well as a practicum phase where students were placed with community organizations (CEDA, 2006). Students were eligible to receive financial support to cover the costs of tuition and books (Ibid.). The program hoped to train and upgrade the skills of 450 CED practitioners over its three-years (Loewen, 2004, p. 28; Reimer, personal communication, April 2010).

The public and stakeholder engagement functions of the various conferences which CCEDNet Manitoba organizes have already been highlighted. But the role of these as learning events cannot be neglected. By staging workshops on a variety of topics related to CED given by the province's academics and practitioners, these activities facilitate knowledge transfer and help build the capacity of the sector. As events in which international delegates often participate as well, they are instrumental in permitting concepts and models from the Social Economy in other countries to be absorbed by Manitoba's own CED sector.

The CED sector in Manitoba benefits from a vibrant research movement. As with other activities to support CED in the province, much of this research is carried out in partnership between academic bodies, community organizations and government (Loxley & Simpson, 2007, p. 43). According to Loxley & Simpson (2007), universities have used participatory approaches and have integrated practitioners in their work (p. 43). Academics themselves are also often involved in CED at the community level, and the government has moved beyond the role of the passive funder to participation in the design and implementation of research projects (Ibid.). Meanwhile, policy-makers have also been attentive to the outcomes of the research initiatives (Ibid.).

The Manitoba Research Alliance on the CED and the New Economy (MRA) sought to examine the problems and possibilities for the sector in Manitoba and extract best practices and lessons learnt (CCPA, 2006, p. 2; Loxley, n.d., p. 3). Much of the research began from the premise that the New Economy does not always benefit communities. Hence the Alliance looked at the ways in which CED could be integrated with the New Economy and what the resources required for this were (Manitoba Research Alliance, 2005, p. 2). The initiative involved researchers from the province's three Universities, as well as from community organizations such as SEED Winnipeg, the North End Community Renewal Corporation and the West Broadway development Corporation (Loxley, n.d., p. 3). The Canadian Centre for Policy Alternatives administered the three year, \$895,000 SSHRC grant (Loxley & Simpson, 2007, p. 28), and CCEDNet Manitoba was also a partner in the project (Manitoba Research Alliance, 2005, p. 5). The research ended in 2005 and produced 42 research papers and 10 toolkits summarizing the findings by topic (Manitoba Research Alliance, 2005, p. 4; CCPA, 2006, p. 2).

The Manitoba Research Alliance was followed by what Reimer refers to as “a second MRA” (Reimer, personal communication, March 20, 2010). The Manitoba Research Alliance for Transforming Inner-City and Aboriginal Communities (MRA-TIAC) is a five-year research program which builds on the outputs and partnership structures generated by the MRA (MRA-TIAC, 2010). Also funded by SSHRC, the program seeks to identify the factors which underlie poverty and social exclusion amongst the inner-city Aboriginal community in Manitoba, and to propose transformative solutions to address these (Ibid.). Similar to the MRA, the MRA-TIA’s research is action-oriented. It seeks to directly strengthen the work of community organizations and influence policy (Ibid.). Also like the first MRA, the dynamic of MRA-TIA research is collaborative. It involves researchers who are government policy-makers, academics at the University of Manitoba and community development practitioners. Not only do practitioners carry out their own research projects, they also contribute vital information, access to community stakeholders, and act as advisors for the studies conducted by academic researchers (Ibid.). The Canadian Center for Policy Alternatives is responsible for administering this research initiative as well (Ibid.).

Manitoba participates in the Canadian Social Economy Research Partnerships (CSERP) as part of a regional node which also includes Northern Ontario and Saskatchewan. In Manitoba, the project relies on 24 academic and 40 community partners including Arctic Co-operatives Limited, Assiniboine Credit Union, CCEDNet Manitoba, the Credit Union Central of Manitoba, the Manitoba Co-operatives Association, the Social Planning Council of Winnipeg, SEED Winnipeg and the University of Winnipeg (Northern Ontario, Manitoba, Saskatchewan Node, 2010). The Winnipeg Inner-City Research Alliance retains important management functions. The Manitoba, Northern Ontario and Saskatchewan region node also relies on an Advisory Council made up of community representatives who provide suggestions and feedback on the research (Ibid.). Academic and community researchers from Manitoba seek to identify the principal successes, challenges and lessons from the Province’s CED sector and to explore options for policy development to strengthen the sector (Ibid.). The research is divided amongst the areas of social enterprise development, financing, governance, measuring and mapping the Social Economy, the development of policy frameworks and international research (Ibid.)

Market Development

An important commercialization and marketing function is fulfilled by the Social Purchasing Portal (SPP). Created by SEED Winnipeg, with additional funding from

the federal and provincial governments and private sector and community organizations such as Assiniboine Credit Union, this internet site promotes sales opportunities for social enterprise by offering a database of organizations and their goods and services which socially-minded consumers may consult (Loxley, n.d., p. 2; Loxley & Simpson, 2007, p. 24; Reimer et al., 2009, p. 10). Categories of products offered include building maintenance and renovation, clothing and merchandise, computer services, couriers, food and beverage, hardware, healthcare and medical services, printing and specialty gifts (SEED, n.d.).

Though the SPP fulfils an important commercialization and marketing function, it has not done as much to increase the actual sales of local businesses and social enterprises as has the work of Local Investment Towards Employment (LITE) and its partners (Reimer, personal communication, March 20, 2010). LITE began in 1993 when founders noticed that a decades old program to provide free Christmas food hampers to inner city families was actually depressing the sales of certain inner-city grocery stores (LITE, 2010; Reimer, personal communication, April 2010). Consequently, LITE sought to give “the gift that gives twice” by sourcing the contents of its hampers from local small businesses and especially from social and training enterprises (LITE, 2010). Now a registered non-profit organization, LITE continues to support local CED organizations that provide sustainable employment and job training to the unemployed and individuals facing multiple barriers by purchasing their products and providing them with grants made possible by the numerous fundraising events which it organizes (Ibid.).

2.5 Other Initiatives in Canada

In some other parts of Canada, other governance models have recently been developed that strengthen one or more components of the SE. In Ontario, a Social Economy Roundtable was established in 2009 that involves: The Ontario Network of the Canadian Community Economic Development Network; the Ontario Coop Association (OnCoop); Economie Solidaire de l’Ontario; the Centre for Social Innovation; the United Way of Greater Toronto’s Enterprise Fund; the Ontario Non Profit Network, and other partners (Ontario Social Economy Roundtable, 2010). The Roundtable has long term goals that include: An inclusive and welcoming roundtable; market transformation enabling local and regional capacity for growth; economic renewal for stronger more dynamic communities; awareness building for the Social Economy sector; recognition by governments of the Social Economy resource, and; advocacy and policy change. It has a particular focus on creating a supportive environment for social enterprise. The Ontario Non Profit Network is also a recent development that is a “network of networks that helps to build communication and

coordination amongst non profit organizations working for the public benefit in Ontario” (Ontario Non-profit Network, 2010). It has particularly focussed on responses to the Provincial government’s review of the *Ontario Corporations Act* governing the regulation of non profit societies. The Ontario co-operative sector is brought together by the Ontario Coop Association that acts as a “resource and common voice for Ontario credit unions and co-operatives in the areas of co-operative development, government relations, membership and communications, and lifelong co-operative learning” (Ontario Coop Association, 2010). Lacking in any of these initiatives as yet is a unifying structure for ongoing development and financing, paralleled by government structures, recognition, and investment for the Social Economy as a whole.

In Atlantic Canada a new cross-provincial structure came into being in 2010—The Atlantic Council for Community and Social Enterprise (ACCSE). This group has a learning and organizing event held in Halifax, Nova Scotia in March (ACCSE, 2010). The association is particularly concerned with strengthening social enterprises across the Atlantic provinces and is in the formative stage, with representatives from both co-operative and non profit sector organizations. Co-operative councils also exist in each province of the Atlantic region, with the council in Nova Scotia leveraging equity and debt capital financing for the sector alongside technical assistance for cooperative development (Nova Scotia Cooperative Council, 2010). In Newfoundland and Labrador, in addition to the Federation of Co-operatives bringing together that sector, the Community Services Council is a long established resource to the “voluntary community-based sector” that has developed a Community Enterprise Development Program targeted to providing technical assistance and training to non profits in the development of social enterprises (Newfoundland-Labrador Federation of Co-ops, 2010; Community Services Council, 2010).

In other provinces and territories, there have been recent government initiatives to engage stakeholders in the SE. A summit was held in Nunavut sponsored by the territorial government and the northern node of the Social Economy research program in November 2009 (Social Economy Research Network of Northern Canada, 2010). The event discussed establishing an ongoing Social Economy initiative to build on existing work by stakeholders on community economic development components of the territorial Economic Development Strategy and the Nunavut Economic Forum (Ibid.). In New Brunswick a “community government non profit partnership” initiative was begun in 2007 (Government of New Brunswick, 2007). Since that time, the non-profit sector has been engaged in development of a five year “Economic and Social Inclusion Plan” designed to reduce poverty (Government of New Brunswick, n.d, p. 1). Neither co-operatives nor social enterprise figure prominently in the Plan,

which nonetheless makes provisions for the ‘exploration’ of the “concept of social enterprise and community investment funds” (Government of New Brunswick, n.d., p. 4). In British Columbia, there have been recent government dialogue initiatives with the non profit sector (Government of British Columbia, 2010) but without any corresponding structures developed by the sector itself or with other stakeholders in the SE such as the long-standing BC Cooperative Association. A short-lived “Social Economy Roundtable” did form around the federal SE initiative in BC but has since ceased to exist. In Alberta a government Non Profit/Voluntary Sector Initiative formed in 2004 resulted in a “Framework for Collaboration” for that sector’s engagement with the provincial government (Government of Alberta, 2010).

There have therefore been some developments particularly targeted at strengthening social enterprises that create governance or at least collaboration structures across sub components of the SE in some provinces/territories outside of Québec and Manitoba. There have also been some developments in engaging the non profit sector in partnerships with provincial governments in initiatives specific to that sector and/or to public policy goals such as poverty reduction. There have also been developments within the cooperative sector itself to strengthen its growth, development and financing. However, the governance of the SE as a whole in structures that explicitly recognize its shared interests in socio-economic development are under-developed in Canada compared with other jurisdictions.

Detailed analysis of the state of unified governance of the SE at the local and regional level is beyond the scope of this paper. However, case studies by partners in the Social Economy research program clearly indicate that local organizations and coalitions play an important role in unifying stakeholders on either an ongoing basis for the development of local communities, or on an occasional basis to advance particular strategies (for food security or poverty reduction, for example). Many organizations display similar functions in contributing to social and economic development at the local level as those profiled at the provincial level in Manitoba and Québec. They provide technical assistance, access to finance, learning, opportunities for collaborative decision-making and cooperation in shared activities, operate and/or help develop social enterprises and operate democratic decision making involving local participants. They also often provide a unifying structure to advocate for policy change as it affects their communities. Community economic development corporations, as with their counterparts in the USA, have long provided this kind of focus for local social and economic development efforts across cooperative, non profit, credit union and other civil society associations. In some cases these efforts have been reflected in local government partnerships with the SE to utilize the Social Economy, or at least social enterprises, in local development (in Edmonton and

Montréal, for example). However, in most cases the scaling up of these local efforts and structures has proven difficult without public policy support and mechanisms that explicitly recognize the importance of integrated approaches to socio-economic development that are involved.

3.0 Conclusion

From this brief scan of models and development within the SE in Canada four typologies are suggested as characterising a continuum of the state of unified governance and movement building.

Formal and Structured

Québec is the only jurisdiction within Canada where a formal, democratic and inclusive structure (the Chantier) has been created to unify the SE in a single structure promoting a framework for the role of the SE as a major contributor to socio-economic development. In this way it resembles structures and approaches in other parts of the world where the SE has become a significant player in public policy and in social and economic development activities.

Informal Coalition

Manitoba represents another point in the continuum where a more informal coalition has been created inclusive of stakeholders in the SE with similar objectives in terms of influencing policy and promoting an alternative model of social and economic development convened by an existing Network (CCEDNet Manitoba).

Emerging Coordinating Spaces

In Atlantic Canada and Ontario, roundtables and councils are emerging which seek to create a space and agendas for a unifying structure and agenda to promote the SE, although with a more singular focus on social enterprises.

Fragmented

In other regions of the country the SE is largely fragmented. Although it has sub sectors that are advancing their own member's interests, but without a unifying structure or common agenda for social and economic development.

At the National level, an informal coalition of some stakeholders in the SE has existed and is working on a common agenda associated with the Summit on a People Centred Economy in May 2010. Any next steps in promoting or creating a more

inclusive and structured approach to the SE awaits discussion at that event.

Looking across features of both the national and international landscape of the SE where its stakeholders have united their organizing activities as a movement several key functions emerge as being common concerns.

1. There is a common concern for movement building to achieve socio-economic change uniting stakeholders on common purposes and values for socio-economic justice outcomes, rather than purely legal forms of structures (e.g., non profit society or cooperative) or enhancing state regulation and treatment of these legally defined sub sectors. There is an emphasis on public interest outcomes rather than internal organizational self interest of a given sub sector.
2. There is a common interest in public and stakeholder engagement to communicate to a larger cross section of society the alternative vision of the economy, social development, environmental sustainability (and their inter-relatedness) involved in the SE, and to promote support of and engagement in it (commercially in terms of the purchasing of its goods and services, and in growing new forms and activities). Outreach to social movements and civil society associations associated with them have been significant.
3. There is a common function amongst unified SE governance models of actively seeking to co-construct public policy with governments to both create an enabling environment for the SE itself, and to influence wider social and economic policies that impact stakeholder objectives for social change.
4. There is an emphasis on developing learning, education and research capacity democratically controlled by SE governance structures to advance self-identify, movement building, evidence-based policy development, knowledge sharing and networking, and training/skills development to strengthen practices and develop future practitioners.
5. Specific functions have been developed, also democratically controlled by SE stakeholders, for the provision of capital and technical assistance to grow new Social Economy enterprises and/or scale up existing ones. The provision of capital financing (both debt and equity) is seen as a key necessity, both through new finance instruments created by SE stakeholders and by creating financing arrangements with existing state and private institutions that provide a level playing field in access to capital for social enterprises with other Small and Medium Sized Enterprises (SMEs). Linked to this function

is the importance of technical assistance to SE organizations to make best use of capital financing and address their challenges associated with blending social, economic and environmental objectives and services.

6. Unified efforts and functions have been developed to grow market access for the goods and services of the SE, through arrangements with government procurement agencies, through promotion of ethical and fair trade products produced by the SE directed at consumers, by increasing the internal trade in goods and services amongst SE organizations, and by scaling up the potential value chains of SE organizations to take advantage of market opportunities.
7. Finally, there is a high degree of attention to democratic structures for decision making amongst unified governance models in the SE that operationalize the shared values of stakeholders for democratic participation and engagement.

4.0 Proposals to Strengthen the Social Economy Movement

Based on the analysis in this paper, some proposals can be made to strengthen more unified governance of the Social Economy movement in Canada.

4.1 Unifying Structures

It is suggested that democratically structured associations of stakeholders in the SE purposefully examine how a more formal unified structure, a roundtable for example, can be created for the SE in Canada as a whole, not dependent on federal government support that may fluctuate with changes in political leadership. Support for such a structure may well involve proposals to the federal government, however the concern is that it not be dependent on such support. It is also suggested that a concerted effort be made to support unified governance models of the SE in provinces, territories and regions where they do not already exist in ways that respect regional differences and build on developments that are underway.

4.2 Communications and Engagement

It is suggested that actors in the SE co-develop a pan-Canadian engagement and communications strategy to: Build better alliances with civil society movements and coalitions that share common concerns for building a more people-centred economy inclusive of social and ecological justice objectives; promote SE goods and services to consumers in ways that enable local SE organizations to participate in marketing and

branding within a national marketing strategy; create on-line and other media products/initiatives that mobilize knowledge of the SE to the public and other stakeholders, and enlist the support and engagement of the many organizations and individuals who are part of it, but lack a shared identity.

4.3 Co-construction of Policy

It is suggested that unified efforts to enhance the enabling policy environment for the SE be focussed on: An ongoing multi-stakeholder table for discussion of the policy strategies and tools that the SE research program and other analysis suggests are working, could be leveraged and scaled up with representatives of federal, provincial and local governments; continued advocacy for a federal supportive role in advancing the SE for building a more people-centred economy; targeted interventions with federal provincial structures and parliamentary committees on public policy issues that are significant to the SE (e.g., labour market development, poverty reduction, rural development), and; representation to all federal parties on a proposal to strike a parliamentary committee (or sub committee of an existing committee) on the SE.

4.4 Learning, Education and Research

It is suggested that organizations associated with the SE nationally, perhaps through the Roundtable suggested at 4.1, propose a new action research program led by practitioners with selected partners emphasizing movement building, participatory demonstration projects, and mapping of the outcomes of the SE in key areas of public policy. A dialogue with learning institutions and practitioner organizations be involved to explore how to enhance informal and formal learning and better ladder training to meet skill gaps, curriculum needs, and succession planning requirements.

4.5 Market Development

Building on research and analysis amongst practitioner and research partners, that a specific technical working group be established to advance procurement models with government and private sector representatives and internally amongst SE organizations to grow market access.

4.6 Finance and Development Capacity

Building on research and analysis amongst practitioner and research partners, that a specific initiative be established to promote the development and adaptation of sector-owned models for financing, technical assistance and development for the SE, inclusive of options for tax incentives, equity and debt capital available to both cooperative and non profit/charitable social enterprises.

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CHAPTER FIVE

Financing Social Economy Organizations

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Abstract: The paper examines the challenges facing Social Economy Organizations (SEOs) that pursue external financing, on the basis of a recent Atlantic Canada research study. It reviews results of a comprehensive survey of the financing needs of organizations in the Social Economy and a survey of lending and investing practices of financial institutions and government agencies in the sector.

The project includes a survey of both providers of financing and SEOs as users of financing. Past research has looked at programs available, the importance of the social economy to the Canadian economy, and theoretical attempts to prove that a financing gap exists. In our research, we have confirmed that there is a gap between demand and supply of finance in the social economy. The existence of this gap threatens the sustainability of the social economy and all levels of governments have a responsibility to enact policy that will help close the gap. The policy recommendations relating to legal structure, removing obstacles to start-ups, easing financing for expansion, and support capacity building are based on empirical analysis. The majority of these policies require legislative and tax changes; not grants.

Introduction

In the last few years Canadians are recognizing the great impact Social Economy organizations (SEOs) have in their communities. The Social Economy grew out of necessity in the 1980s as employment in primary industries collapsed (Shragge & Toye, 2006). Recently, SEOs took on a larger role in their communities as local economies were swept in the deep global recession. Canada is a mixed economy, with the private sector, the public sector, and the Social Economy co-existing and complementing each other. The Social Economy is an essential component of the Canadian system and it consists of innovative, resourceful, and entrepreneurial organizations that can efficiently deliver job creation, re-integration, skill development, affordable housing, accessible childcare and eldercare, health promotion, and sustainable development during both good times and bad times.

The Social Economy is often spoken of as filling a void; it addresses the needs and demands not met by traditional organizations in the public and private sector. It developed as a response to the social issues created by the mainstream economy and the limitations of the state to address inequalities through traditional public sector organizations. As economies have become more liberalized there have been increased instances of market failures, making society to consider SEOs and the support and stability they have been offering to their communities. Canada has a larger Social Economy than most OECD countries. Quarter, Mook, and Richmond (2003) report the Canadian Social Economy includes an estimated 175,000 to 200,000 non-profits, including 78,000 with a charitable status that generate revenues of more than \$90 billion a year and employ 1.3 million people (not including volunteers)...[and] about 10,000 cooperatives that generate more than \$37 billion a year and employ about 150,000 people.” The Social Economy has the potential to lead to increased employment and economic growth in the future!

An overarching problem with the Social Economy is that it is severely undercapitalized and has limited access to external financing. SEOs are structurally handicapped in accessing financing. Access to capital is hard for SEOs because they do not have owners to guarantee loans, do not have assets to use as collateral, their legal structure may not allow sale of shares, their operations are not singularly focused on generating financial returns, and they do not have exit strategies. Major financial institutions are hesitant to lend to SEOs and there is not a large or diverse enough supply of social finance to help the Social Economy attain a level of self-sufficiency. Without access to capital, the Social Economy cannot invest, innovate and grow. In response to the financing gap, practitioners have turned to both the market and the state. The major policy response came from the Government of Canada in 2004: the

Government of Canada made several commitments to the Social Economy that amounted to tens of millions of dollars (Neamtan, 2005; PRI Project, 2005). However, Quebec was the only jurisdiction that had a well developed environment for the Social Economy and was able to take advantage of the multimillion dollar intervention, creating capital pools for SEOs among other offerings. Other provinces had not established an ecosystem for the Social Economy and were not able to access this program before it was terminated by the new government.

On an ongoing basis, state policy responses to the funding gap will arise more slowly than market responses and there is a debate within the sector that is trying to determine the proper role for the government in the Social Economy. Policy responses will inevitably differ from region to region as SEOs are rooted in their communities and each provincial government is operating in a specific context that is not necessarily similar to those experienced by other provinces. Any effective and successful discussion around policy will first have to acknowledge limitations, define roles and then develop policies that can be applied within the current socio political system. Without effective market and policy responses to the funding gap faced by the Social Economy, its very sustainability is threatened.

This paper will examine definitions of the Social Economy and SEOs, examine the scope of the Social Economy and the current state of external financing in the sector. The paper will also present results of a comprehensive research study of demand and supply of finance in the Social Economy of Atlantic Canada and analyze the funding gap. Finally, this paper will discuss policy recommendations that will help close the current financing gap and create a more sustainable Social Economy.

Defining the Social Economy

The Social Economy is a response to market failures (Mendell, 2008; Neamtan, 2005). Market failures include uneven development, widening income gaps, social exclusion and structural unemployment. The Social Economy is generally considered to occupy the space between the state and the market (Goldenberg, 2004; Mendell, 2008; Neamtan, 2005; PRI, 2005). Mendell argues that the Social Economy began as a utopian movement in theoretical thought and had regained importance and attracts renewed interest after market crashes. The organizations that compose the Social Economy are generally referred to as the Social Economy organizations (SEOs). There are many different forms of SEOs; for example, non-profits, not-for-profit, social enterprises, community interest companies and community development corporations are all different types of SEOs.

PRI (2005) argues that, “[SEOs] involve a diverse collection of stakeholders in

decisions and reinvest annual profits to advance the mission of the organization, instead of redistributing them to owners/shareholders” (p. 2). The report adds that, “The missions of [SEOs] are based on a combination of common interest and public service objectives.” Goldenberg (2004) argues that even with the varying definition of SEOs there are some commonalities among all organizations that are part of the Social Economy. Goldenberg (2004, pp. 5-6) writes that SEOs:

- SEOs are non-governmental. This means that SEOs are “institutionally” separate from the government, but that they can still receive funding from the government.
- SEOs are autonomous. Autonomy is defined as being self-governing and having the ability to control their own activities.
- Profits or surpluses are not distributed to owners or members, but instead are reinvested back into the organization
- SEOs are voluntary. This does not mean that SEOs are staffed completely by volunteers. Instead, it means that SEOs rely on volunteers and that they have an easy time finding volunteers because their mission is community based.
- Finally, SEOs operate for the public or community’s benefit.

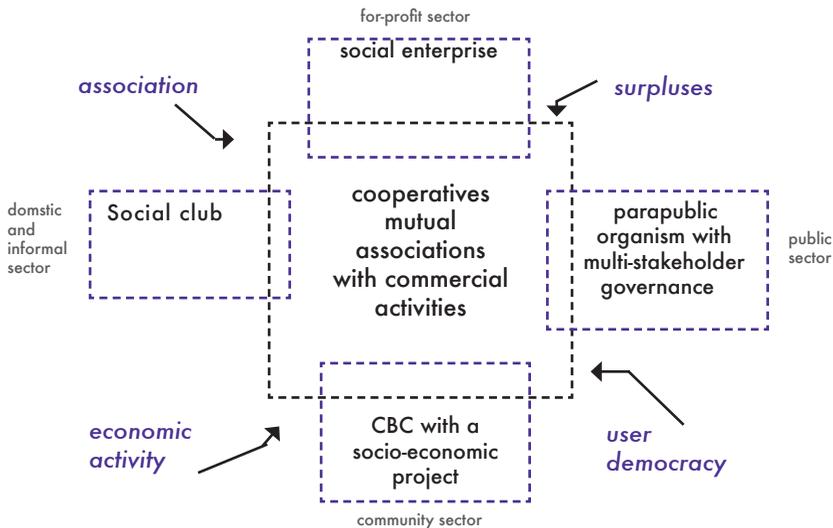


Figure 5.1. Characteristics of Social Economy Organizations (Bouchard, Ferraton, & Michaud, 2006).

Bouchard, Ferraton, and Michaud (2006) have combined criteria used in defining organizations in civil society and in defining organizations in the economy and have proposed a set of four qualification criteria for Social Economy Organizations: economic activity, limited distribution of surpluses to members, voluntary association with legal and decisional autonomy, and democratic governance. The multi-dimensional spectrum of organizational types is illustrated in Figure 5.1, with the 'hard core' of SEOs placed in the central rectangle. For the sake of our research we decided to adopt Bouchard's definition of the Social Economy.

If the Social Economy is going to attract attention from policymakers it will have to be large enough to justify the attention. The size of the Social Economy will also be important in determining appropriate policy measures to assist it in its journey towards financial sustainability. Goldenberg (2004) states that, based on his definition, "Almost a million Canadians (over 900,000) are employed in [the Social Economy]. This represents about 8 percent of all paid employees in Canada" (p. 7). He adds that, "Total payroll expenditures by [SEOs] are over \$22 billion a year, representing a very significant contribution to our economy." PRI (2005) contends that the Social Economy accounts for 4.7 percent of real growth in GDP (p. 25). Neamtan (2005, p. 73) argues that the Social Economy in Quebec "...accounts for over 10,000 collective enterprises and community organizations that employ over 100,000 workers and have sales of over \$4.3 billion." As mentioned above, Quarter, Mook, and Richmond (2003) estimate the Canadian Social Economy employs over 1.3 million people, not including volunteers. This is higher than the number employed in retail, mining, or oil and gas sectors. In our region, the Atlantic Provinces, the Social Economy is bigger than the fishery and forestry sectors.

External Finance

Small businesses rely on accumulated profits (retained earnings) to finance their expansion; some businesses seek external financing, as in taking a bank loan, leasing equipment, selling shares, etc. However, SEOs typically do not have significant operating profits and they rely almost exclusively on external finance for any planned expansion. They rely on grants and loans to finance their expansion.

There is a special type of finance available for the Social Economy sector, known as 'social finance.' Social finance is a combination of tools and strategies that allows capital to intentionally seek out a combination of economic, social or environmental return. A more nuanced definition comes from Quarter et al. (2009). They state that, "Social finance is distinct from others forms of financing in that its intention is to support organizations in developing a social impact, as well as financial ones" (p. 248).

Foundations and philanthropists are the main suppliers of social finance.

Hebb et al. (2006) point out that on the supply-side there are several sources or forms of financing for SEOs: government grants, donations from individuals and organizations, tax credits, fees, loans and investments. Governments are important suppliers of external finance (Hebb et al., 2006; Quarter et al., 2009) to the sector and provincial governments supply more external finance than any other level of government (Hebb et al., 2006; Quarter et al., 2009). Neamtan (2005) argues that many of the sustainability issues facing the Social Economy originate from their over-reliance on government funding. This supply gap is threatening social innovation in Canada (Goldenberg, 2004) and threatening the ability of Social Economy organizations to start up new ventures and enterprises. While governments, foundations, and philanthropists are important sources of funding for SEOs, the amount of capital they supply is not sufficient. This means that Social Economy organizations are forced to turn to credit unions and banks to access the necessary levels of capital. While some credit unions practice flexibility when they lend to community-based businesses; the commercial banking sector is unable to make concessions (Quarter et al., 2009).

There are additional issues that lead to a gap between demand and supply of external finance also.

Some of the common issues mentioned are low awareness of social financing opportunities, risk and return discrepancies, high transaction costs for suppliers, and unclear public perception of social enterprise (Strandberg, 2008). In a thorough examination of sector financing Quarter et al. (2009) point to three other problems faced by SEOs: "...they do not generate a competitive rate of return on investment," "Banks consider most Social Economy organizations as too small or too risky," and, "Many individuals running Social Economy organizations have little experience dealing with the market economy" (p. 247).

Several of the above findings agree with the findings of our own Atlantic Canada research study. We discovered that, lending officers of banks and credit unions overwhelmingly indicated that repayment capacity, security/collateral, credit history, management experience and quality of the business plan are the most important factors considered in assessing loan applications in general. They also pointed that low profitability, lack of security, reliance on grants, low financial expertise and incomplete business plans made it difficult for them to approve financing for Social Economy organizations. The overall rejection rate for our surveyed SEOs was quite high: 42 percent of SEOs have experienced rejection on their financing requests.

Our research led us to conclude that there is a heavy reliance on government grants; 60 percent of SEOs received grants in the last 12 months and 74 percent of SEOs are planning to rely on government grants to finance a planned expansion. The current state of finance for the Social Economy creates a problem for the sector: an over reliance on government grants threatens the sustainability of the Social Economy; government grants are short term and repeat offerings are not guaranteed.

Considering the noted importance of the Social Economy to society (Hebb et al., 2006; Neamtan, 2005; PRI, 2005) and for social innovation (Goldenberg, 2004) the financial sustainability of the Social Economy is a deeply troubling issue. To some extent, governments at all levels have taken note of this problem and of the importance of the Social Economy (CCEDNet, 2009; Hebb et al., 2006; Neamtan, 2005; PRI, 2005; Quarter et al., 2009).

Current Role of the State

Quebec has been the most proactive government in Canada for creating policies and initiatives that support the Social Economy in Quebec (Mendell, 2008; Neamtan, 2005). Neamtan (2005) writes that, “The Social Economy has been part of the Quebec reality for over one hundred years, but it officially entered the public policy discourse only in 1996 when the Quebec government convened the ‘Summit on the Economy and Employment’ in which a wide range of civil society organizations... participated” (p. 72). In 1999, the Quebec government gave control of the Social Economy portfolio to the minister of finance. Five years later the federal government formally acknowledged the importance of the Social Economy in Canada, with a commitment of over \$100 million to the Social Economy (Neamtan, 2005) and Quebec was ready to implement the necessary programs to dovetail with the federal funding.

A 2005 study conducted by the Policy Research Initiative (PRI) found several commonalities among the various forms of state action. These include:

- Changes to regulatory frameworks in which SEOs operate.
- New funding approaches have emerged over the last 15 years.
- Increasing the number of organizations that can serve SEOs.

The federal government supplies most of its funding to the Social Economy through various regional development authorities and Aboriginal development agencies. It also leverages the Business Development Bank of Canada (BDC) to provide venture capital to Aboriginal projects. One way in which provincial

governments support the development of social finance is through tax incentives for investors who purchase labour sponsored venture capital funds or community investment funds. Quarter et al. (2009) mention that there have been some issues surrounding labour sponsored venture capital corporations (LSVCCs). However, they argue that, “Nevertheless, among those that are functioning as were intended, there is evidence of support for organizations in the Social Economy” (p. 263). In the early 1980s the Quebec Federation of Labour created the province’s first LSVCC. In British Columbia there is the Working Opportunity Fund that is owned by seven trade unions. The Community Economic Development Investment Funds (CEDIFs), in Nova Scotia, are another outlet for Social Economy organizations and SMEs in that province; however, the legal structure of the vast majority of Social Economy organizations does not allow sale of shares and therefore they cannot take advantage of CEDIFs. A few, like New Dawn Enterprises and Just Us Coffee Co-Op, for example, have used CEDIFs repeatedly to finance their expansion.

While there has been increased attention paid to the Social Economy by government (Neamtan, 2005; PRI, 2005, Quarter et al., 2009), our research shows that the resources provided are insufficient. In 2009, the Canadian Community Economic Development Network (CCEDNet) authored a report (2009) that made policy recommendations in three categories:

1. Create a greater role for social enterprise in economic revitalization.
2. Provide sustained support for community economic development organizations and community capacity building.
3. Improve access to capital.

The report’s authors write that, “A key barrier hindering the potential of CED and Social Economy organizations is access to long-term capital,” they continue, “... [SEOs] need fiscal measures or other means to access patient capital and financing” (p. 4). The CCEDNet report makes three policy recommendations relating to financing the Social Economy. CCEDNet recommends:

- The Canadian government create further community investment capital funds that are available for non-profit organizations (NPOs).
- A CED tax credit that will encourage further investment in community based funds.
- The creation of a federal Co-operative Investment Plan, similar to what exists in Quebec.

The role of financing in enabling entrepreneurial activity and general economic growth has been well recognized for years. It has also been recognized that financing gaps are detrimental to the creation and growth of SMEs and governments have sponsored significant research on SME financing. However, although the relative size of the Social Economy is larger in Canada than in other developed countries, governments in Canada have not shown comparable interest in SEO (Social Economy Organization) financing issues.

In a 2008 study of community investment in Canada conducted by the Canadian Community Investment Network Co-operative (CCINC) a total of 487 organizations reported having \$1.5 billion in assets. Collectively these organizations also saw a demand of a minimum of \$750 million over the next two years. Some of the greatest growth areas as projected by these organizations included alternative energy, social enterprises and affordable housing. The key policy recommendation from the study was for Canada to develop a comprehensive community investment (aka. social finance) strategy, similar to the one used in the US, that incorporates tax incentives to leverage private capital; capacity building dollars for project proponents; research and development dollars for community investment organizations; and research dollars for better mapping and profiling of the sector. (CCINC, 2009)

The national study conducted by CCINC gave an estimate of the size of the opportunity and funding gap in the sector and also indicated the lack of insight on the drivers of this gap. Up to this point, discussion around public policy has been at a high level and has lacked the detailed empirical data necessary to support its requests. It was to fill this void that we launched our study into the financing of the Social Economy in the Atlantic Provinces.

Atlantic Research Study

As we noted above, the role of financing in enabling entrepreneurial activity and economic growth has been well recognized for years. Although the relative size of the Social Economy is larger in Canada than in other developed countries, governments in Canada have not shown comparable interest in Social Economy financing issues. There is agreement in the literature that the issues surrounding the financing of the Social Economy and how SEOs utilize and access external finance are central to the sustainability of the sector and the organizations therein. There has been some research on the financing options and instruments available for SEO, but there is little research on the demand for external finance and the uses of financing; for Canada in general and for Atlantic Canada in particular. There is also little research on the criteria used by financial institutions and government agencies in providing financing.

The Atlantic research node of the Social Economy research suite believes there is great value in gaining insights on the financing issues affecting local SEOs. This research initiative was spurred by community partners, such as the Canadian Community Investment Network and the Saint John Community Loan Fund. We conducted the study at Cape Breton University over a period of 18 months, starting in the fall of 2008. Its intended goal was to develop an accurate picture of both the supply and the demand side of external finance for the Social Economy in Atlantic Canada.

The study used samples of Social Economy organizations and financial institutions within five geographical areas sufficiently restricted that we could enumerate the population of Social Economy organizations within it, namely Saint John NB, Cape Breton Island, Halifax regional municipality, Prince Edward Island, and Newfoundland. The first phase in the research included a of Social Economy organizations in an attempt to understand the current demand for social finance. A sample was drawn that included representatives of each organizational type of Social Economy organization, representatives of each sub-sector, and a variety of organizational size and age. The second phase concentrated on surveying the financial institutions and granting agencies in each community.

The National Survey of Non-profit and Voluntary Organizations reported that 13,000 incorporated organizations and registered charities operated in Atlantic Canada and they generate revenues of \$5.7 billion (Rowe, 2006). When deciding which Social Economy organizations the research would target, we used the four generally accepted characteristics: economic activity, limited distribution of surplus to its members, voluntary association and legal and decision-making autonomy (Bouchard, 2006).

There is no comprehensive database of SEOs in each of the five geographical areas and we spent a lot of time in assembling lists from different sources. In Saint John we benefited from the resources of the Human Services Council Saint John and the support and direct help of the Saint John Community Loan Fund. In Newfoundland we benefited from the support and direct help of the Community Services Council. Our compiled list included 5,036 organizations. By applying the four criteria described above, this listing was reduced to 1,142 SEOs, resulting in 281 completed surveys. The surveys include self-screening questions to ensure the respondent SEOs met the four qualifying criteria. Out of 281 responses, 206 met all four SEO criteria.

Profile Summary

The majority of SEOs surveyed are small organizations: three quarters have fewer than 20 employees, with 46 percent having fewer than five employees. However, six percent of SEOs employ over 50 people! One third of organizations have a budget below \$100,000, but half of the SEOs have an annual operating budget over \$250,000, with one third surpassing the \$500,000 level.

The majority of organizations surveyed are well established: fifty nine of respondents have been established for over 20 years. SEOs mentioned sales of goods and services, grants, and donations as their primary sources of funds on an ongoing basis. The majority of SEOs (77 percent) have pursued external financing. SEOs predominantly use grants, loans, and lines of credit for financing. The primary reason for external financing cited is to expand services, purchase a building, and purchase equipment

Financing Assessment

The second phase of the study focused on the supply of finance and surveyed the financial institutions and granting agencies in each of the five geographical areas. Researchers compiled a list of 224 branches of financial institutions, government granting agencies, foundations, etc. in the five study areas. Surveys were completed by 56 agents and officers of financial institutions and government agencies.

Lending officers of banks and credit unions overwhelmingly indicated that repayment capacity, security/collateral, credit history, management experience, and quality of the business plan are the most important factors considered in assessing loan applications in general. The survey also indicated that low profitability, lack of security and personal equity, reliance on grants, low financial expertise, and incomplete business plans were often encountered in loan applications from social enterprises.

Only a quarter of bank officers indicated they could relax their lending criteria for community-owned organizations, as did fifty percent of credit union officers. However, seventy seven percent of CBDCs indicated they could relax the criteria for community organizations and apply preferential terms! Only a quarter of bank officers and forty five percent of financiers in general were aware of the term ‘Social Economy;’ an even smaller minority were aware of the correct definition.

Findings Summary and Policy Recommendations

Our study in Atlantic Canada suggests there are a few gaps in financing

organizations in the Social Economy, especially for startups. Rejection experienced for SEO financing is fairly high at forty two percent. There is heavy reliance on government grants: sixty percent of respondents had received grants in the previous twelve months and seventy four percent of SEOs planning an expansion are pursuing grants to finance the expansion! Interestingly, forty percent of SEOs are pursuing public/corporate fundraising for expansion also.

This particular set of issues has been raised by a number of other researchers and practitioners in the past. However, there is now a raised awareness of the impact of the Social Economy in Canadian society and there appears to be some political will in making interventions. Mainstream political personalities, like former minister of finance and Prime Minister, Paul Martin, are now actively involved in the Social Economy and the recent Speech from the Throne hinted that Canada is open to a bigger role for social enterprises. Policy interventions have the potential to make transformational improvements.

Research finding #1: Majority of SEOs need to pursue commercial activity and external finance to grow, but restrictions in their legal organizational form are an impediment.

NFPs are not share-based and cannot access equity financing. The sector has to resort to dual organizational structures to be able to generate revenue and operate social enterprises in a sustainable manner.

A few charities and NFPs have operated social enterprises as projects without fully understanding that they may be in default of their legal status: only 7 percent of our survey respondents mentioned that legal restrictions did not allow external financing. Similar findings have been reported in the literature (Corriveau, 2010). Social Enterprise is not a legal expression in Canada.

Recommendations

The time is now ripe for evaluating and introducing a legal form for SEOs that is similar to the UK's Community Interest Company (CIC) or the US's L3C; two different approaches, with UK's CIC offering the advantage of the well known "company" legal form and the US's L3C making the organization attractive for investments by foundations. A new legal form will allow SEOs to become more entrepreneurial without having to create multiple cumbersome corporate structures.

This issue has attracted a lot of attention recently and it is recommended that the Government of Canada enact a *Community Enterprise Act* that will enable organizations to incorporate as "community enterprises;" with the capacity to issue shares subject to

limitations on scope of activities and investment returns, a capital lock to ensure that assets remain in the community, and favourable tax treatment (Bridge & Corriveau, 2009). This will bring organizational efficiencies and savings and will facilitate growth. A recent report by the MaRS Centre is recommending this for the Province of Ontario (Hewitt, 2010). The Canada Revenue Agency has recently stated that their policy people are working on the concept of social enterprise (Winggrove, 2010).

Research finding #2: SEO start-ups face major obstacles in accessing capital.

Rejection experienced for SEO financing in general is fairly high at forty two percent of the Atlantic SEOs surveyed. The survey of financiers indicated their concern over security/collateral, personal guarantees, and lack of personal equity, in SEO financings. More than sixty percent of the financiers stated that typically SEOs' low collateral, profitability, and revenue are very problematic.

Reliance on donations and government grants and contracts also make SEO start-ups risky prospects for debt financing by mainstream lenders. More than 30 percent of financiers stated that SEOs' heavy reliance on grants and government contracts was problematic; Twenty four percent of SEOs mentioned they were unsuccessful in obtaining financing because financial institutions "do not finance social enterprises."

Mainstream SMEs face similar obstacles in securing start-up financing; organizations in the Social Economy face a much bigger challenge, as they do not have owners to guarantee loans and their multiple bottom-line mandates usually means low profitability.

In Quebec the presence of RISQ, a \$10 million capital pool dedicated to Social Economy ventures fills this need to a great extent. Although there are some government-backed lending programs in the rest of Canada that cater to the Social Economy for small loans (CBDCs, Community Futures, etc.), there is a gap for financings over \$100,000.

Recommendations

- Federal and provincial governments have a responsibility in enabling lending to SEOs. There is no SEO loan-guarantee program, like the federal CSBF program that is available to SMEs. A few provincial loan programs operate similar to the CSBF but most are not available to SEOs either. There is no lending institution, besides the CBDCs, that accommodates the difficulty of securing personal guarantees on SEO loans, like the CSBF program does for SMEs. Studies indicate that the federal loan guarantee program has resulted in substantial total and

incremental job creation in the mainstream economy (Riding, 2001) and will most probably have a similar, if not larger, effect in the Social Economy. Co-author Seth Asimakos is the General Manager of the Saint John Community Loan Fund which has a small pool of \$200,000 built on private investments. He adds that a guarantee and tax incentives would help place capital in communities. “A social enterprise guarantee similar to CSBF would bring the risk down for our committee and enable lending to more innovative projects. Tax incentives would leverage more private investment into pools devoted to community development. We recently invested \$35,000 in a housing initiative that in fact leveraged the credit union to mortgage the rest. The fact is, these projects demand greater capital and we need a way to create better flows”

- Experiment with offering generous tax incentives to corporations and investors who wish to invest in start-ups in the Social Economy. Mainstream mid size businesses, corporate Canada, mutual funds, and wealthy investors may be interested in investing in venture capital pools that fund SEO start-ups; especially if they can benefit from tax credits similar to the ones offered to investments in junior exploration companies. This is an idea mentioned by a few potential investors, including Paul Martin, former minister of Finance and former Prime Minister. This development indicates that the concept is becoming acceptable to mainstream policy makers and it has the potential to create a sizeable venture philanthropy sector in Canada.
- Evaluate the feasibility of ensuring that the instruments used for financing SEOs are fully compliant and registered with Canada’s electronic capital markets. Enabling community funds (eg, CEDIFs) and venture capital pools to be listed in Canada’s electronic fund system will provide enhanced credibility, make such investments mainstream, and increase accessibility to investors. Canada is one of the few jurisdictions where the capital markets and investment instruments are entirely electronic and it is prohibitively expensive for community funds to register their instruments electronically. A national approach to this project will most likely make it self-sustaining over a five-year period.
- It is well known that mainstream large national financial institutions do not invest/lend proportionally in the periphery. SMEs and SEOs located in peripheral regions find it more difficult to obtain financing. Canada should consider introducing legislation similar to US’s *Community Reinvestment Act* (CRA). This legislation would require that financial institutions do lend/invest to SMEs and SEOs in each community they operate in. CRA has been criticized as contributing to the financial meltdown of 2008, but Canada has a mature and conservative banking sector that knows how to manage risk; the likelihood that the minimal community investments would weaken the banking system is very small.

Research finding #3: Many SEOs have expansion plans that require sizeable financing.

A large percentage of the Atlantic SEOs surveyed (forty two percent) plan to expand or start a new venture. They are reporting that they require large amounts of financing: a quarter of the growing SEOs require funds in excess of \$500,000 for expansion. It is understood that projects in the housing, real estate, healthcare, green energy, and hospitality sector are capital intensive and require large size investments, however, less than 12 percent of SEOs have raised this level in the previous twelve months, indicating a funding shortfall is in the offing.

Recommendations

- There is need to develop stable patient capital pools, that could operate like bond funds and will lend to mature SEOs for expansion. Should support the concept of a community capital program, with assistance for regional loan pooling and a government guarantee. Regional capital pools may work better as they offer some geographic and company diversification to the investors. Both individual and institutional investors understand fixed income instruments like bonds and these capital pools could attract significant investments. They may appeal to foundations and other Socially Responsible Investment (SRI) organizations as a good investment vehicle also. The Canadian Alternative Investment Co-Operative, Toronto, is an example of a pool that invests nationally, but the concept would evolve into faster growing regional pools with the help of a partial government guarantee.
- Provincial governments should initiate discussions with labour unions and consider partnering with labour on a capital pool dedicated to funding social enterprises, in the model of the Fiducie du Chantier de l'Economie Social. This is obviously not easily duplicated: the creation of the Chantier has been in the making since 1996 and Quebec has a unique socioeconomic culture and a labour movement that is committed to the Social Economy and the environment. The Chantier has assets exceeding \$50 million and has invested over \$6 million in social enterprises. Some provinces may have the right climate in place for such collaboration. Regarding housing investments, unionized labour funds have collaborated on a real estate development company, Concert Properties, aimed at providing low priced rental housing; they have constructed over 8,000 units since 1989 in BC, Alberta, and Ontario. It is conceivable that a small public investment may leverage large investments for expansion of social enterprises that target sectors favoured by the labour pension funds.
- Tax incentives should be offered to all Canadians who wish to invest in the Social Economy, especially through the convenient and popular RRSP vehicle. The

RRSP eligibility of Nova Scotia's Community Economic Development Investment Funds (CEDIFs), coupled with the 35 percent Nova Scotia tax credit makes it a successful model: it facilitates the use of equity financing by SEOs, from investors using their RRSP savings. Considering the risk-averse nature of RRSP investments, this route would be best used by mature SEOs. Over \$33 million have been raised to-date by CEDIFs, with a sizable portion being invested in SEO and green energy start-ups and expansions. The Province of PEI is adopting this model and it is expected that CEDIFs will be available to PEI citizens next fiscal year. Seth Asimakos, General Manager of the Saint John Community Loan Fund, adds: "In Saint John, the idea of having a CEDIF as part of our fund would be put to good use in leveraging mixed use housing and commercial non-profit space. Capital can get used up quickly in projects of that sort. I think we would really see a boom in activity. The built-in RRSP eligibility of the CEDIF model would be a major draw for investment from individuals in the community. Ideas are bubbling to the surface. With some guarantees and tax incentives to move capital, the ideas can become reality"

Research finding #4: Community organizations typically have low financial and management expertise and submit incomplete business plans.

Fifteen percent of surveyed SEOs mentioned, that the quality of their business plan document was one of the reasons they did not succeed in obtaining financing. In addition, over forty percent of the surveyed providers of finance stated that SEOs typically submit incomplete business plans and have low financial expertise. Thirty one of the surveyed providers also stated they had concerns over the management of SEOs.

There is obviously a gap in management capacity within the SEO sector. The federal government has provided support for capacity building in the co-operative sector, through the Co-operative Development Initiative. In Quebec, Labour has partnered with the provincial government and offers extensive capacity building services to the Social Economy via CSMO-ESAC; an organization mandated to the development of human resources for the Social Economy. There is no systematic programming to build human resources for the whole Social Economy in the rest of Canada. The federal government understands the importance of the social infrastructure as it focuses on social infrastructure and capacity building, ahead of physical infrastructure, in CIDA's international development projects. It is expected that the federal government would see the wisdom of social infrastructure for domestic development also.

Recommendations:

- Federal and provincial governments should consider investing in SEO capacity building by: Investing in human resource development and training programs; Subsidizing salary of business professionals seconded to help growing SEO.
- Governments should provide business support, customized to the needs of the Social Economy. This will help increase investment readiness and create demand for external financing. Government agencies mandated for economic development should offer support for professionals; to work with SEOs in developing business plans. Governments should also support feasibility studies on SEO business plans and should fund ‘proof of concept’ projects. Mainstream businesses can use after-tax dollars for such innovation projects, but Social Economy organizations cannot use such tax advantages to take risks.

Conclusion

There is no doubt of the impact and importance of the Social Economy to the overall Canadian economy (Shragge & Toye, 2006; Neamtan, 2005; PRI, 2005; Quarter et al., 2009). There is also no doubt about the importance of external finance to the overall growth and success of the Social Economy in Canada. Past research has looked at programs available, the importance of the Social Economy to the Canadian economy, and theoretical attempts to prove that a financing gap exists. In our research, we have provided proof that in Atlantic Canada there is a gap between demand and supply of finance in the Social Economy. The existence of this gap threatens the sustainability of the Social Economy and all levels of governments have a responsibility to enact policy that will help close the gap. The policy recommendations relating to legal structure, removing obstacles to start-ups, easing financing for expansion, and support capacity building are based on empirical analysis. The majority of these policies require legislative and tax changes; not grants.

We presented these recommendations in March at the ACCSE regional conference, attended by 120 people in Dartmouth, Nova Scotia; with a panel of representatives from government and the sector. We also held a country-wide teleseminar in April and we have incorporated all received feedback in this report.

A concentrated effort to enact several of these policy recommendations will make a long-lasting contribution to the health of communities in Canada.

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CHAPTER SIX

Procurement and a People's Centred Economy

J.J. McMurtry and Darryl Reed

Introduction

The authors' interest in the topic of procurement and a people's centred economy emerges out of a research project stretching from 2005 to 2010, funded by the Southern Ontario Node of the Social Economy Research Hub. This research specifically focused on procurement policies in three types of publicly funded organizations at the sub-provincial level: municipalities, school boards, and universities—all of which could be argued to be central and relatively accessible organizations for actors involved in various aspects of a people's centered economy. We argue that they are accessible because of their 'public' nature and relatively large socially directed and mandated budgets. The aim of our research was to identify or 'map' these policies in these three types of organizations both on the purely pragmatic level (who has policies) but also on the level of values (what policies do organizations have, why have they developed them, and, why have they not developed them further). This paper will outline some key frameworks for understanding procurement policies, discuss some key findings of the research in the context of universities, and contextualize these by sketching the possible roles for procurement policies in establishing the people's centred economy.

As this paper has been specifically constructed as an information piece for the Conference on the People's Centred Economy at Carleton University May 30th and 31st, 2010, it is important to highlight three key constraints on detail that such a project entails. First, while our conclusions are based on qualitative and quantitative survey techniques as well as literature reviews, only the basic outlines of the research can be presented here. Further, the paper has been constructed to appeal to a popular audience, and therefore has few references (although these can be made available on request). Second, there are results from our research not contained within this paper because of the limits of space. To make our points we exclusively focus on our results from the university sector. Finally, the paper briefly discusses economic values and practices, a discussion that might appear speculative in its abbreviated form. Regardless of these constraints, the authors believe that combining the theoretical

work on economic value with research on purchasing policies forms a powerful framework for people's centred organizations in their search for transparent practices and market access. Further, the authors encourage those that are interested in further details or discussion of our work to contact us, or to access the forthcoming publications generated by our research.

Purchasing Policies in Definition and Practice

We chose to focus our research on purchasing policies because they reflect in important ways the economic terrain where economic and political ideals battle to realize themselves in practice. The urgency of this point has been clearly brought home by the recent revelation that purchasing policies are being discussed in the current trade negotiations between Canada and the European Union with an eye to removing their 'public control' nature for 'market' competition. But before discussing the important role that purchasing policies can play for the people's centred economy however, we must be clear on the definition of them. They are, most generally, formalized policies that outline specific guidelines for the organizational purchasing of inputs that facilitate that particular organization's functioning. In simpler terms, when an organization has an articulated framework that directs them to choose one product over another, they have a purchasing policy. These can range from buy local, provincial or national policies of various governments, to the purchasing of recycled paper by a small social enterprise as part of their organization's commitment to a 'triple bottom line'.

Given this definition it is perhaps not surprising that governments and government funded organizations at all levels tend to have more developed purchasing policies. This responsiveness by government is not always instinctive, rather it is in significant ways driven by public demand and popular movements. In recent years, for example, there has been increasing demand from various social movements for publicly funded organizations to justify their allocation to resources according to a vast array of value-based causes—i.e., no sweat, organic, fair trade, union, sweatshop free, various independent environmental labelling initiatives, etc. These actions have met with important, but limited, success within some government and government funded organizations. We will discuss some of the aspects of this problem below in our research on university purchasing policies.

Perhaps less successful in the implementation of purchasing policies, however, are socially-focused businesses. This is mostly due to the perceived or real costs associated with purchasing policies or the belief that such policies are too administratively onerous. This reality is changing in Canada however as social and political actors have

increasingly targeted these organizations through campaigns to ensure that 'their' Social Economy organizations are fully realizing their potential as agents of ethical activity and social change (for example, environmental sustainability campaigns). We recognize that these two organizational aspects of the purchasing policy problematic are the result of differing realities for each, but try in this paper to get underneath it by discussing economic values. Thus while our research specifically focuses on government influenced organizations, it is relevant for both types of organization because it examines the values underlying the pushes and pulls which influence all purchasing policies.

Before examining these values however it is useful to outline a quick history of the idea of purchasing policies to underline the connection between them and broader social justice movements. Such an examination opens up the possibility for discussing values because it moves the discussion of purchasing policies from one on technical or instrumental practice to understanding them as part of a longer and more diverse movement for economic justice. Once this brief history has been outlined, we will move to discussing those values which influence (consciously or unconsciously) 'purchasing policy movements,' and just as importantly, the values which resist these movements from a for-profit perspective. From these two perspectives we can contextualize our research on government directed or influenced purchasing policies using the university as an example to make broader suggestions for a role for purchasing policies in a people's centred economy.

Illustrative Historical Examples

There is much that one could say about the history of the idea of purchasing policies in a variety of historical, social and cultural contexts. However, what is common to all of them is the fact that the idea of ethical purchasing emerges in the context of capitalist development and the social and economic exclusions which it creates. In other words, the strategy of purchasing policies as a policy solution is unique to capitalism. The importance of this point can not be underestimated. We therefore examine three illustrative examples of this common pattern to locate in history the idea of purchasing policies as it emerges through movements for economic justice. We do not pretend that these examples are exhaustive, but rather that they illustrate our point about the importance of the historical movements for economic justice for the contemporary practice of purchasing policies.

The first illustrative historical example of the movement for economic justice through purchasing is contained in E.P.Thompson's famous essay *The Moral Economy of the English Crowd in the Eighteenth Century*. In this essay, Thompson points out that as the

for-profit logic of capitalism was taking hold in eighteenth century England there was a sustained movement to limit its impact on people's lives. Specifically, local riots occurred consistently over decades whenever merchant violated accepted norms and practices around the sale of grain—an idea that was picked up a century later in the formation of the first consumer co-operative Rochdale (which itself is an example of the development of purchasing policies of freely associated consumers). Thompson argues that rather than considering these events as episodic and simple 'riots,' one could more productively consider them as morally-based protests against high priced, falsely scarce, and adulterated grain. Importantly, many of the rioters did not simply break up stalls or steal grain, but often insisted on paying the 'moral' price for the grain. Thompson's framework allows us to conceive of these events as examples of a longer history of informal social movements for economic justice. We can consider these riots, and the later formation of co-operatives, as part of a movement towards purchasing policies specifically because the crowd was demanding regulation, or more precisely the proper application of regulation in the case of the Assize of Bread (a law which outlined rules for the selling and production of grain), of markets to insure quality and 'ethics' in the production and consumption of grain as well as a fair price. Perhaps more importantly, Thompson points out that the regulations contained both within practice and the law demanded privileged purchasing for small, poor consumers, rather than the emerging market system which privileged large, for profit purchasing. Parallels between the actions of the crowd in eighteenth century England and the movement for a people's centred economy can be drawn as each brings together a variety of social actors and movements to demand fairness and morality in economic activity.

The second illustrative example that we can outline are the 'rights' protests embodied most famously in the abolitionist, labour, civil rights, environmentalist, and women's movements. These movements take the 'moral economy' arguments of the crowd and formalized them in focused organizations which specifically targeted social groups experiencing the economic exclusion of capitalism in a variety of contexts. While these movements have usually been represented as rights movements only, in fact they had significant economic components to their activities in that they specifically applied economic pressure to achieve their ends. Key to these activities was the targeting of economic purchasing and consumption through a variety of means. The abolitionist movement, for example, succeeded in ultimately overturning an entire system of production—slavery—through its exposure of the inhumanity of goods produced this way. Specifically, citizens were asked to avoid participation in this inhuman trade and its products as to do so was unethical. In important ways the current 'no sweat' movement has parallels with this movement. The civil rights movement famously targeted lunch counters, bus service and a range of other

businesses through its boycott campaigns—a strategy which continues in a variety of economic justice struggles through to this day. Various stages of the women's movement targeted both public and private production, successfully exposing the gendered nature of economic activity. The withdrawal of labour and women's centred purchasing from bookstores to food markets were central features of this struggle. The environmental movement also brought the "externalities" of capitalist production into view, again through targeted boycott and education campaigns. Finally, the labour movement, through its time tested methods of collective bargaining, withdrawal of labour, political engagement and education of members and the public has had an enormous impact on collective conceptions of economic activity and purchasing. In fact, one might argue the 'union made' label was the first ethical brand. What is important here, is that the idea of ethical purchasing and consumption are part of these traditions and, when they work, they provided a clear articulation of their concerns. In our research, for example, we used the exclusions articulated by these movements to examine university purchasing policies. Specifically, we examined these policies for their inclusion of environmental, labour, and social concerns (including child and slave labour as well as gender exclusion). Surprisingly, university purchasers were aware of the issues at play and often claimed that they were working on including them in their policies.

The third illustrative historical example can be found in the world-wide anti-colonial struggles which again were successful in altering an entire system of production. Each of these struggles involved particular economic strategies, too numerous to outline here, in order to highlight the inequitable conditions of colonialism and used economic purchasing or boycott to achieve their ends. Again, these strategies have much in common with purchasing policies in that they highlight an alternative economic value within their strategies. Perhaps most illustrative of this is Gandhi's famous salt 'satyagrahis' protest against the British salt tax, and 'khaki' or spinning movements to encourage local production of cotton clothing. These movements focused specifically on the economic purchasing power of common Indians, and the power that directed or withdrawn purchasing could have on achieving the social and political goal of independence. The connections between this activity for economic justice and the contemporary movement for purchasing policies is clear, especially in the regional or national "buy ..." campaigns which have the implicit value of economic self-determination at their core.

These movements for economic and social justice have continued into the twenty-first century, and have one of their branches in Canada on territorially-focused purchasing policies such as buy Canadian, local, or purchasing targeted towards historically marginalized communities such as First Nations. In the case of 'no

sweat' and fair trade, purchasing moves beyond the national, regional or community based policies to the international level. Most importantly, all three of the illustrative historical examples outlined above help us conceive of an alternative, people's centred, approach to economic activity as having a long and varied history. By so doing, they highlight alternative values within economic activity which have realized themselves in purchasing policies. It is to these values that we now turn.

Economic Values and Economic Justice

The key question of value which sits behind purchasing policies is how, with the assumed economic ethic of individual choice and profit maximization of capitalism as the backdrop, can economic activity based on community well-being and social maximization be effectively engaged. This question is important for purchasing policies, especially on a state or institution level, because if the driving idea of economic value behind them is cost reduction and private market delivery, social movements such as Fair Trade have little hope of 'competing' in such an environment. This is because the basic function of purchasing policies is to direct purchasing towards goods which internalize, rather than externalize, the social costs of goods in order to deliver more economic value to people. This means that often, although not always, the goods purchased have initial or true higher costs for the purchaser. For example, fair trade as an independently audited label provides individuals and organizations with a purchasing vehicle which aims to address historical price and production inequalities which have their roots in colonialism. It is in important ways, a continuation of the economic justice ideas contained in the anti-colonial movements mentioned above. It is these economic justice values which fair trade tries to highlight through creating relationships between consumer and producer and directing more of the end costs of a product to the producers, as well as maintaining a certification regime which guarantees this social value is followed. These two functions have a real impact on price, even if the middleman is cut out of the value chain. However, if the only value upon which we judge fair trade is price, then it is not rational to purchase these products. Perhaps more importantly, if we continue to construct purchasing decisions as purely decisions of individual choice (to buy or not Fair Trade products) rather than a collective moral obligation there will not be large scale adaptation of economic justice in purchasing. This is not something which can be forced on populations, but rather needs to be accepted as a value, which can only be done by engaging in public democratic debate. By engaging in this discourse of economic values and justice, purchasing policies help translate individual choice to instituted codes of behaviour which is an important development in the history of ethical economic behaviour.

This function of purchasing policies, to reveal the ethical intentions of the architects of the policy beyond individual choice and profit maximization, is an important step to take. Purchasing policies fulfill this function of making conscious and less arbitrary the supply decisions of organizations and institutions. However, they are rarely articulated as such, and are therefore somewhat confusing for the casual observer. What we propose is that the values behind these policies need to be articulated within the dominant conception of economics of recent history—the value of capitalism. We should understand that capitalism is a tendency towards the private and exclusionary ownership of the means of production for profit. Contained within this conception of economics is the idea that individual gain is the prime economic motivation and that private ownership is at the heart of most of the economic good since the start of the industrial revolution at least. Adam Smith presciently captured this view with his famous statement that “it is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner, but from their regard to their own self interest” (1976, p. 18). This belief is so ingrained that we rarely are able to think beyond it to understand the possibility of the social being a source of economic activity and value. The issue here is that there has been a long history of what we might call collective entrepreneurship that is obscured by this value-based view of economic activity as fundamentally selfish and individual. Procurement policies are an example of this collective entrepreneurship—of making possible more ethical economic choices for individuals and organizations.

More broadly, when we conceive of economic activity as value based, we recognize that all economic activity is in fact a kind of purchasing policy. That is, we make choices upon various values-based ideas—such as always shop for the best deal (capitalist) to only buy ethical products (such as vegetarianism or organic or natural food). While these ‘policies’ are most often in fact practices which vary over time, we need to recognize that purchasing is done according to values, however transient. As mentioned above, purchasing policies are an attempt to make transparent these values and to open them up to debate or reflection. For example, an ideal type public corporation has a purchasing policy based on the value of maximizing profit for shareholders. Purchasing thus is directed by the value of low cost, regardless of the consequences—what economists call externalities. However, it is precisely this clear anti-social focus of corporations which has inspired social movements to pressure them to be more inclusive of social and environmental values. The problem with these movements is that they are often constructed in the negative—anti-globalization, for example—rather than combining this opposition with an articulation of the alternative values which they hold dear. Purchasing policies provide the opportunity to do the difficult work of articulation and codification of these values—a task which is not to be underestimated for its difficulty. Adding to this difficulty is the fact that

purchasing policies are rarely conceived of as a larger social issue, but are in fact seen as atomized in organizations, as a result of their own particular needs and practices. In important ways then, these policies have not taken on a movement or shared nature. One might see this problem as a result of the fact that the individualistic values of capitalism have not been overcome in practice.

Our Research

There is one exception to this which is the movements around various social justice labels, the most well known of these are the no-sweat movement and fair trade. Our research focused on these as examples of more developed purchasing policies in the context of universities—the recognition of these labels as bringing added ethical value was seen as an important step in bringing to organizational consciousness social and labour issues. Although there are many other labels such as the Forestry Stewardship Council and Marine Stewardship Council, these labels are industry led rather than activist led, and therefore less likely to indicate sympathy with a peoples centred economy. That is not to say that these labels are of no value, we measured them along with other ‘environmental’ labels as well as a first step in purchasing policies towards a wider awareness of economic justice issues beyond price. More values based labels in the environmental category can be found in the organic and local food movements. These form ‘blended’ examples of labelling, in that often state, corporate and social movement input has been given. In the case of organics the ‘movement’ nature of the label has increasingly been challenged by state and industry initiatives ‘to lock’ practice at the lowest common denominator. In the case of the local food, the issue becomes definition of local and intersections with other social justice activities, and the modifications that result—local food plus, organic local food, co-operative organic local food etc. In the end, our research on university purchasing policies focused on the implementation of three broad categories of purchasing policies—environmental or green, labour, and fair trade.

One of the key findings of our research was that purchasing policies develop out of a combination of forces ranging from stakeholder pressure, including social movements and government, and individual ‘champions’ in administrations. While social movements are important, for purchasing policies to be enacted all the way up the economic justice ladder, there needs to be a significant campaign of education and ‘buy in’ to the values of these movements. Where the issues and values are not clearly articulated, there is opposition or foot-dragging by key administrative figures. Perhaps more importantly, we discovered that within universities, and indeed other governmental funded institutions such as school boards or even municipalities, the complexity of the bureaucracies are also a significant barrier to implementation. That

is, the organizations in question are so complex that purchasing policies are rarely implemented universally, but rather are contained within administrative silos. This means that the education work of social movements is increased enormously.

This problem is further intensified by the fact that suppliers seem to have a significant effect on the perception of purchasing policy managers on the possibility of implementing economic justice focused policies. Suppliers in effect often work against the education campaigns of social movements and determine the vista of possibility for purchasing policies—especially around cost concerns. This is despite the fact that most purchasing policy managers are generally convinced that more ethical purchasing policies are ‘the right thing to do.’ Finally, our research discovered that there is a values based opposition to purchasing policies in that they are perceived to ‘pick winners,’ an observation which seems to increase the further one goes up the decision change. For example, government officials do not want to be perceived as ‘interfering’ in the market through purchasing policies.

Conclusions and Policy Suggestions

These four research discoveries are important to purchasing policies and a people's centred economy for at least two reasons. First, as mentioned above, purchasing policies are an attempt to modify or replace the individualist and for-profit economic values of capitalism with a social value of some kind. In fact, purchasing policies are built with a specific and conscious privileging of particular social values in mind in order to address the inequalities created by the dominant economic value. If, as our research discovered, the educative efforts of social movements are confronting a deeply held economic value in the administrations of organizations (and one would assume that the same underlying economic value is held by the upper administration of social enterprises) despite general sympathy for the goals of economic justice we have a problem which may require a different strategy than has been currently engaged. Specifically, a strategy which seeks to outline not only the problems of exclusion created by the current economic value of capitalism, but also clearly articulates its alternative value—potentially a people's centred economy.

This however raises the second issue, purchasing policies confront the problem of individual choice and profit maximization as a deeply held economic practice. The problem is not just that there is a discomfort with ‘picking a winner’ and interfering with competition, but also a reluctance to implement for inclusive practices of economic justice in practice. Many purchasing policies thus take a ‘soft’ rather than a ‘hard’ line on implementation. For example, the few fair trade policies that have been developed at Canadian universities remain incomplete, as they are based on individual

choice rather than social value. Thus in these policies, coffee and tea retailers have only to offer the choice of fair trade, and existing contracts with retailers remain in force. Consequently, retailers like Tim Hortons can continue to not offer the choice of fair trade on campus' which have declared themselves 'fair trade.' While the social movements which helped initiated these policies have clearly been successful in creating the policies, the harder work of maintaining interest in them and engaging the larger issue of the economic value of individual choice remains. We will have to see the results of this struggle, but we can be assured that it will not be an easy one.

This struggle is an important one for the people's centred economy because if practices and values are not linked clearly, the alternative values of the various movements seeking economic justice are obscured and cynicism about alternatives grows. If purchasing policies do not clearly fulfill their stated purpose—fair trade purchasing must mean fair trade purchasing for all—then the movements for economic justice become unwitting participants in 'greenwashing' or 'fair washing.' This is because corporations become the beneficiaries of purchasing policies rather than the movements which helped create them. We have already seen this in the approach that Starbucks has taken to fair trade, with their outlets plastered with fair trade logos even though the coffee and tea is more often than not unavailable and constitutes only 1 percent of their total sales. The social economy organizations and movements, such as 100 percent fair trade co-operative coffee roasters, which helped bring these issues to the forefront of the public's consciousness can not easily distinguish themselves in the market and the alternatives that such economic activity represent are obscured.

This leads us to our conclusion and policy suggestion for the people's centred economy. There is a need to focus purchasing policies on values rather than products. By focusing purchasing policies on values, such as economic justice throughout the value chain, capital and attention can be directed to participants in the people's centred economy rather than those whose economic practices have created the social and economic exclusions which such an economy is built to mitigate. The key question for a people's centred economy purchasing policy thus becomes how to organize this focus in a practical way. We believe that there are two policy solutions which can achieve this goal.

First, the enormous wealth that 'leaks' out of the people's centred economy because of the lack of 'linkage' between organizations—John Loxley's work *Transforming or Reforming Capitalism: Towards a Theory of CED* is a good start to thinking through this problem, but needs to be applied to the movement for a people's centred economy, not just geographically. In other words, purchasing policies need to be developed

which are internal to the people's centred economy need to be developed—somewhat similar to one of the international principles of co-operation: co-operation amongst co-operatives.

Second, there is an important need to implement measurement tools which can help organizations transition themselves through what our research identified as a progression towards increasing social justice. How can an organization reveal to itself its progress from its current state to a more ethical organization in terms of its purchasing policies, but also its social practices. This has been called by McMurtry elsewhere 'ethical value-added.' In terms of purchasing policies specifically, organizations need to target areas of development of procurement not as an end state, but as a process towards a series of social value and thereby initiate a constant process of increasing organizational integration into a people's centred economy. There is a need to take purchasing from the range of individual choice into broadly accepted standards of institutional, governmental, international and personal consumption. This doesn't mean abandonment of label purchasing or struggles for change within non-social economy institutions, but rather involves people's centred economy organizations taking a leadership role in a process of education around economic justice using purchasing policies as a tool. By so doing, the people's centred economy movement will be placing itself within the long historical movement outlined above.

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CHAPTER SEVEN

Social Economy in the Co-Construction of Public Policy

Yves Vaillancourt

1. Introduction

In this paper, we will be talking a great deal about the democratization of public policy in Canada. But we will be doing so with the intent of establishing bridges to the theme of democratization of public policy in Latin America. While our deliberations on public policy certainly build on the expertise we have developed concerning historical trends and recent reforms in social policy in Canada and Quebec, these deliberations are enriched by the fact that, for the past 15 years or so, to analyse the changes in the state and in public policy in our country more accurately, we have felt the need to monitor closely similar changes that are under way in a number of European and Latin American countries. In that context, we have made several study trips to Latin America and have been closely following developments in the Latin American literature on the democratization of the state and public policy, paying close attention to similarities and differences between societies of the North and those of the South. All this, while not making us a Latin American specialist, has nevertheless made us a specialist in public policy changes in the North who is interested in the North while being influenced by numerous discussions with stakeholders and researchers from the South who share similar research issues on the democratization of the state, the economy and society.¹

In short, we will be reporting on some findings from our research on democratization of public policy. We will do so by referring to the findings of certain theoretical and empirical research on specific social policy reforms, paying particular attention to certain reforms in which co-operation is seen between the state and stakeholders in the social and solidarity economy. We will also do so by taking into account certain literature reviews concerning the participation of stakeholders from civil society, the market, the third sector and the social and solidarity economy in the democratization of the state and public policy. It must be

¹ The Latin American countries which we have had the opportunity to monitor more closely with respect to research in line with our centres of interest are Argentina, Brazil, Chile, Haiti, Mexico and Uruguay.

understood here that in our research, a large part of the originality of our framework stems from the fact that we are seeking to make the link between various segments of scientific literature which often evolve hermetically. We are referring here to segments of literature concerning the reform of the state and public administration, civil society, the third sector and the social and solidarity economy. It seems to us that researchers and stakeholders specializing in the social economy, both in the North and in the South, would benefit from being more familiar with the expertise of researchers and actors specializing in the field of reform of the state and public policy and vice versa.²

The core of our thesis in the following pages will be to report on a number of our research findings, both theoretical and empirical, concerning the “democratizing” impact of the participation by the social economy in the application and definition of public policy. In that regard, we will be prompted to differentiate clearly between two concepts that are often treated as synonymous, that of the co-construction of public policy, and that of its co-production. For us, the difference between the two concepts is as follows: co-production refers to participation by stakeholders from civil society and the market in the implementation of public policy, while co-construction refers to participation by those very stakeholders in the design of public policy. Thus, co-construction stands upstream from the adoption of public policy, whereas co-production lies downstream, at the moment of its implementation.

To analyse the processes of co-construction and co-production of public policy, we use a conceptual framework responsive to the multiple configurations arising from the tangible evolution of interactions among three main spheres—the state, the market and civil society. By definition, public policy always involves participation by the state sphere and public authorities, since without state intervention there is no public policy. But the question to be considered is the following: Does state intervention in the genesis and application of public policy occur with or without participation by stakeholders from the market and civil society? Our answer to this question will be that the democratization and enhancement of public policy requires participation by collective and individual stakeholders from the market and

² For instance, in Latin America, when one examines the very rich literature on the democratization of the state and public policy as seen for instance in the CLAD journal *Reforma y Democracia* over the past 10 years or so, with a few exceptions (Elgue, 2004), one finds few references to the literature on the social and solidarity economy. On the other hand, among Latin American researchers recognized for their expertise in social and solidarity economy (Vuotto, 2003; Coraggio, 2004; Cattani, 2004; Coraggio & Gaiger, 2007; Singer, 2007; *La otra economía*, 2007), few references are made to the literature on the reform of the state and public administration. In Quebec, a reconciliation is currently being seen between researchers at ENAP (École nationale d’administration publique) and researchers specializing in social economy (Côté, Lévesque, & Morneau, forthcoming in 2008).

civil society in its creation (co-construction) and its application (co-production). Clearly, to have good public policy, it is not enough merely to pay lip service to co-construction and co-production. Hence our concern to pinpoint the features and conditions of the configurations most compatible with the enhancement and democratization of public policy. Additionally, in these configurations, we will find participation by social economy stakeholders.

The paper comprises four main sections. In the first, we clarify some concepts, in particular public policy, civil society and social economy. In the second, we look at the co-production of public policy. In the third, we examine the co-construction of public policy, with a view to identifying the features of a configuration model that is more democratic and solidarity-based, imbued with the contribution from the social economy. Finally, in the fourth section, we use the findings of our research on tangible cases of social policy reform, particularly in the field of social housing, to show that the democratic, solidarity-based model of co-construction and co-production of public policy, far from being solely a conceptual model, is to be found in certain social policy reforms that have occurred in Quebec and Canada over the past 20 years.

1.0 Some Theoretical Clarifications

To grasp more clearly, in theoretical and practical terms, our analysis of the democratization of public policy while being attentive to the contribution from the social economy, it is important to agree on the meaning we give to certain key concepts used in our conceptual framework. Cases in point are the concepts of state, market, civil society, third sector, social economy, public policy and social and solidarity economy.

State, Market, Civil Society, Third Sector, Social Economy

In the introduction, we stated that we would be taking into account interaction among the state, the market and civil society so as to pinpoint the nature and scope of the phenomena of co-construction and co-production of public policy. We also mentioned participation by stakeholders from the market and civil society in the definition and implementation of public policy. We pointed out our interest in a theoretical perspective in which the state works as part of a team with a variety of stakeholders from the market and civil society. In so doing, we reaffirmed our attachment to a tripolar approach responsive to the evolution of shared responsibilities among individual and collective stakeholders associated with the state, the market and civil society (Olvera, 1999, p. 20; Laville & Nyssens, 2001; Lévesque, 2003; Vaillancourt & Laville, 1998; Vaillancourt et al., 2004; Favreau,

2006). Opting for a tripolar perspective means distancing oneself from the binary approaches prevalent in the literature, whether those that examine solely the interaction between the state and the market or those focussing exclusively on interaction between the state and civil society. In either case, there is a tunnel vision which impoverishes the analysis of problems and planning of solutions.

Concerning the state, note that the players associated with it may belong to a variety of political scenes (local, regional, national, continental or global). We make a distinction among the conventional branches of political power, namely, the executive branch (or the elected members of the political party running the government), the legislative branch (or all elected members from the various political parties) and the judiciary. Obviously, we distinguish the political level, including those with a mandate under representative democracy, from the administrative level, comprising those involved in public administration.

In passing, we note that depending on the political system chosen by a country, the number of states may increase or decrease. In countries with a unitary system, including Chile, Uruguay, Haiti, France and England, there are fewer states and, in the formal sense, fewer arenas where public policy is defined. In countries with a federal system, such as Canada, Mexico, Brazil, Argentina and Germany, there are more states. Thus in Canada, in addition to the federal state, there are 13 provincial and territorial states to which the Constitution gives significant powers to legislate on social policy. This explains why it is possible, in this paper, to distinguish the Quebec state from the Canadian state and to refer to specific Quebec social policy reforms in relation to those to be found in other provinces or throughout the federal state. According to some researchers, there is a connection to be made between the difficulties of decentralization and the fact that the Chilean political system is unitary (Garretón, 2007, pp. 124, 179; Waissbluth, Leyton, & Inostroza, 2007).

As to the market, we see it as a sphere distinct from that of civil society. This clarification is an important one, since much of the literature on civil society remains confused in this regard. For us, the market refers to the individual and collective stakeholders in the labour market or the market economy (businesses, owners and executives, managers, employees and self-employed, unemployed, etc.). The market also refers to representation structures, including management and labour organizations.³

As to civil society, we recognize that it is not a uniform reality. In the tradition of *CRISES* and *CIRIEC International* (Lévesque, 2003; Lévesque & Thiry,

³ Labour and management organizations represent stakeholders anchored in the labour market but, as associations safeguarding their members' rights and interests, they are also located in civil society.

forthcoming; Enjolras, 2006) and in company with a number of Latin American researchers (Dagnino, 2002; Olvera, 1999; Marinez, 2007; Garretón, 2007; Cunill, 2004; Oszlak, 2007), we refuse both to embellish it and to demonize it, and we focus on its potential for democratization. We have clearly noted theoretical debates currently under way, for instance in the periodical *Voluntas*, as to the advantages and disadvantages of definitions of civil society that are exclusively normative (concerned with differentiating between “good” and “bad” organizations), or solely descriptive (embarrassed at the possibility of including such organizations as Al-Qaeda within civil society) (Munck, 2006). We opt for a definition that is predominantly descriptive while retaining some elements put forward by Anheier: “Global civil society is the sphere of ideas, values, institutions, organizations, networks, and individuals that are⁴...located between the family, the state, and the market” (2007, pp. 10-11). In this definition, we find it helpful to differentiate the sphere of civil society not only from the state and the market, but also from the family. To pinpoint accurately the strengths and limitations of civil society with regard to the democratization of public policy, one must not ignore its relations with the state, the market and the family. As advocated by Garretón (2007, pp. 48-50), one must take into account the socio-historical and socio-political matrix within which civil society exists, without erasing the place of conflict.

As to the concept of third sector, we have used it for the past 15 years or so, favouring a current of European literature⁵ which is interested both in social policy and in the possibly innovative input of third sector organizations in the democratization of social and public policy (Defourny & Monzon Campos, 1992; Means & Smith, 1994; Lewis, 1999,2004; Evers & Laville, 2004). The concept of third sector is narrower than that of civil society. But it is broader than that of social economy even if, in our earlier writings, we often treated them as synonyms (Vaillancourt et al., 2004), a little like Defourny and Monzon Campos (1992) and Evers and Laville (2004).

Concerning the concepts of social economy, solidarity economy and social and solidarity economy, let us begin by pointing out that we do not distinguish

⁴ In this quotation, we have not retained the words “based on civility” as added by Anheier in an effort to revise an earlier definition so as to take into account criticisms from a current of literature that sought a more normative definition. We do not follow Anheier’s route in this, because his addition of a qualitative criterion such as “based on civility” generates more problems than it solves. In fact, how does one set about differentiating organizations based on civility from those that are not?

⁵ In the European tradition, the third sector tends less to replace the state than to counterbalance it in the context of the post-welfare state crisis. In our review of the literature and debates on the third sector, within for example the activities of the International Society for Third Sector Research (ISTR), we noticed that Latin Americans tended to follow the US tradition more than the European, so emphasizing the third sector is less consistent with placing greater emphasis on the state.

significantly between the concepts of social economy and solidarity economy. We would add that we like to use the expression social and solidarity economy, in the tradition of CIRIEC Canada (1998), the Groupe d'économie solidaire du Québec (GESQ) and the Intercontinental Network for the Promotion of the Social Solidarity Economy (RIPESS).⁶ Moreover, we subscribe to a broad, inclusive definition of the social economy which makes room for both the market and the non market components, for instance, community and co-operative organizations which offer local services to individuals without charging user fees for those services (Vaillancourt et al., 2004; Vaillancourt, 2006, 2008). As a result, stakeholders from the social economy can be anchored in both civil society (in particular for the non-market social economy) and the market (in particular for the market social economy).

The broad, inclusive definition of the social economy which we advocate emphasizes values and is influenced by the contribution of Belgian researchers (Defourny, Develtere, & Fonteneau, 2001). It was taken up in Quebec by the Chantier de l'économie sociale (2001) and accepted by the Quebec government and the social partners at the October 1996 Summit on the Economy and Employment (Lévesque, Girard & Malo, 2001). According to that definition:

Social economy organizations produce goods and services with a clear social mission and have these ideal-type characteristics and objectives:

- The mission is services to members and communities and non-profit oriented.
- Management is independent of government.
- Democratic decision-making by workers and/or users.
- People have priority over capital.
- Participation, empowerment, individual, and collective responsibility.

(Chantier de l'économie sociale, 2001, p. 29; Vaillancourt et al., 2004, p. 315).

⁶ In Quebec, we made the deliberate choice in 1998 not to oppose the concepts of social and solidarity economy, and to put forward a perspective of social and solidarity economy that targets a new development model that stands out from both neo-liberalism and statism (CIRIEC Canada, 1998; Lévesque, 2003; Favreau, 2005, 2006). This made-in-Quebec choice differs from the choice made in France by some solidarity economy movements which, for reasons associated with France's socio-historical context, prefer to oppose the concepts of solidarity economy and social economy strongly (Laville, 1994, pp. 1-90). In Latin America, in particular in Brazil, one can observe a number of ongoing debates concerning the timeliness of opposing the concepts of social and solidarity economy. Thus, in the first issue of the journal *La Otra Economía*, the editor presented it as "the Latin American periodical of the social and solidarity economy." But, when one looks at the content of that issue, one discovers that several authors were tempted to prefer the term solidarity economy to the term social economy. Similarly, in the collective work published under the direction of Cattani (2004), most of the authors from Brazil and Argentina preferred to use the concept of solidarity economy.

The legal status of these organizations and enterprises may be that of co-operatives, associations or mutual organizations.

Public Policy

The concept of public policy⁷ encompasses that of social policy.⁸ At the same time, it shares many of the features of social policy. Public policy nevertheless is broader than social policy. It can also include policy with respect to education, transportation, immigration, housing, local and industrial development, environment, and so on.

The expression “public policy,” just like “social policy,” contains the word “policy,” which refers to intervention by the state or public authorities. This intervention tends to redistribute income and support citizenship. It takes place in order to foster the general interest that is jeopardized when one relies merely on the operation of market laws or the resources of family solidarity alone. The pursuit of the general interest involves functions of de-marketization and de-familialization on the part of the state, to use the expressions formulated by Esping-Anderson (1999). Intervention by the public authorities may take a large variety of forms, including legislation, regulations, policy statements, white papers, budget announcements and fiscal measures. Without state intervention, there is no public policy. But by relying solely on state intervention, it is difficult to obtain quality social and public policy. And that is where the distinction between co-construction and co-production of policy starts to be helpful.

In recent writings devoted to the definition of social policy with implications for the definition of public policy (Vaillancourt & Ducharme, 2001; Vaillancourt, in Tremblay, Tremblay, & Tremblay, 2006, pp. 25-28), we have applied ourselves to reconciling two goals: to value state intervention, and to find a way of doing so without erasing the input from stakeholders from civil society and the market, in particular those from the social economy. This work is more necessary than ever since the end of the golden age of welfare state era policy. In fact, in the 1970s and 1980s, we had often acquired the habit, in progressive circles, of valuing intervention by the state in defining its role as if the state were the sole architect of social and public policy. But with the hindsight gained following the welfare state and employment crisis of the 1980s, some progressive circles tried to adjust

⁷ A number of ideas on public policy developed in Vaillancourt and Charpentier (2005, pp. 111–7) are restated here.

⁸ Owing to our more extensive research experience in the social policy field, one specific component of public policy among others, we tend to base our work more on our theoretical, historical and empirical knowledge developed in the field of social policy to address the concept and reality of public policy.

their focus so as to tighten the links between that policy and the needs of the communities concerned (Jetté et al., 2000; Vaillancourt, Aubry, & Jetté, 2003; Vaillancourt et al., 2004). To borrow another of Garretón's expressions, the Left's concern with seeking a new paradigm for development became twofold: How to foster "a protective state that is much more active in economic life and in the task of redistribution" while permitting "greater control by the citizen of both the market and the state?" (Garretón, 2007, pp. 193-194).

To break down the various stages involved in the genesis of public policy, we often refer to six dimensions:

- identification of the main goals for attaining the general interest;⁹
- choice of regulation standards to foster quality;
- determination of funding means (state, private, mixed, etc.);
- definition of responsibility-sharing with respect to management;
- arrangement of responsibility-sharing with respect to the delivery of services belonging to public policy;
- establishment of the policy for evaluating public policy.

This breaking-down of public policy into six components can help us in examining the processes of co-construction and co-production in a detailed, precise manner, as we shall see in the following sections. This is provided, however, that we do not do so with a mechanical rigidity that would lead us to lose sight of the fact that public policy, once adopted, never becomes permanent. On the contrary, it always remains exposed to being amended once again, and this gives rise to multiple phases of construction, de-construction and re-construction. This means that the institutional arrangements stemming from the adoption of public policy remain constantly likely to move and that, as a result, the production and co-construction of public policy often have to be begun again.

2.0 Co-production of Public Policy

The term co-production is often heard in common parlance, for instance, with respect to co-production of movies. The international literature on co-production is extensive, and has existed for the past 30 years or more. It looks on the onehand

⁹ We grant that the general interest is never totally attained at a given moment in a given society. It is an ideal type which societies may come close to achieving provided they tend toward it with all their strength by the appropriate means.

at the co-production of services of public interest to designate activities (or organizations or enterprises) in which users (or clients or citizens) participate in production and management on the same basis as employees (Laville, 2005).¹⁰ On the other hand, there is also research literature specifically concerning the co-production of public policy, and that is what interests us here.

Four Co-production Models

Co-production concerns the application (or organization or production) of public policy. It occurs when the state is not alone in being involved in the implementation of a public policy, but shares responsibility with non state organizations, from the private sector, the third sector, or both sectors at once. Four scenarios may be seen here.

- **First scenario:** there is not co-production, but monoproduction. The policy is funded from the public purse; it is administered by organizations from the state public sector; the services are delivered by public sector employees. In Quebec, the policy on income security (or social assistance) is organized according to that model.

- **Second scenario:** there is co-production, with exclusive or principal participation by organizations from the private sector. This gives rise to a form of public-private partnership (PPP). In Quebec, public policy on accommodation and housing for dependent seniors is organized according to this model insofar as private for-profit residences constitute the main component of the service offering, whereas components coming under the public sector and the third sector remain in the minority (Vaillancourt & Charpentier, 2005). In a number of societies and policy fields, this type of configuration ties in with a neo-liberal perspective preoccupied with arranging the disengagement or non-engagement of the state and giving precedence to market logic (Rouillard et al., 2004; Rouillard, 2006). A number of privatization policies introduced in Brazil and Argentina during the 1990s followed this model.

- **Third scenario:** there is co-production, with principal or exclusive participation by organizations from the third sector. The state entrusts the administration and delivery of part or all of homecare services to co-operatives or non-profit associations, that is, stakeholders from the social economy. In Quebec, the family policy with respect to childcare centres implemented since 1997 is organized according to this model. Funding and regulation of the policy lies

¹⁰ In another paper, we took a close look at the literature on the co-production of services of public interest, in particular the literature from administrative sciences and sociology of work (Vaillancourt, 2008: pp. 3-5). This question is also addressed by Pestoff, Osborne and Brandsen (2007, p. 593).

primarily with the public sector, but the administration and delivery of services is the responsibility of third sector organizations. We can observe that this type of co-production often arises in the field of local services: transportation; garbage collection; waste recycling; food distribution; social housing; development of parks and public spaces; social services; etc. (Bresser & Cunill, 1998; Batley, 2007; Ndiaye, 2005). A number of researchers, including Oscar Oszlak, have highlighted the potential contribution of NGOs in that regard: “NGOs can play a crucial role in the co-production and co-management of socially valuable services.” (2007, p. 58).

• **Fourth scenario:** there is co-production, with mixed participation by organizations from the private sector and the third sector. In this case, the administration and delivery of homecare services is the responsibility of a mix of organizations from the public sector, the private sector and the third sector, in varying proportions. The prevailing model in Quebec in home services policy concerning the elderly and disabled is similar to this mixed scenario. The service offering is primarily the responsibility of the public sector, but significant components come under the private sector and third sector. This type of co-production has been described as a “welfare mix” or “mixed economy of welfare” by some researchers (Evers & Laville, 2004: pp. 14-17, 137, 169; Pestoff, 2006, pp. 511-513).

In short, the co-production of policy is deployed at an organizational level (in the organization of products and services), and it is possible to find it on a macro level (in a given national policy in a given specific public policy area) or on a micro level (in a given public policy of a given municipal administration) (Rich, 1981; Brito, 2002; Bifarello, 2000; Ndiaye, 2005; Kliksberg, 2007).

In our own research work and in this paper, we are especially interested in the third scenario concerning co-production, that is, in the model of co-production calling significantly on participation by organizations from the third sector and the social economy. It is not a question of idealizing this model and wanting to impose it in all areas of public policy. We should mention immediately, to avoid any misunderstanding, that the contribution of co-production to the democratization of public policy stems less from the number of stakeholders from the third sector present in this policy than from the quality of the relations created between the state and the third sector (Vaillancourt & Laville, 1998; Lewis, 1999, 2004; Pestoff, 2006; Proulx, Bourque, & Savard, 2007).

In any case, co-production involving participation by the third sector gives rise to a variety of socio-economic practices which abound in the societies of the South (Bresser & Cunill, 1998; Bifarello, 2000; Ndiaye, 2005; Vitale, 2005; Batley, 2007)

and the North (Vaillancourt & Laville, 1998; Lewis, 1999, 2004; Pestoff, 2006; Proulx, Bourque, & Savard, 2007). Several researchers have studied this form of co-production, seeing in it a possible contribution to greater democratization of the economy and society (Favreau & Salam Fall, 2007; Cunill, 2004; Pestoff, 2006).

Among these authors, there are two whose contribution we wish to emphasize: Nuria Cunill and Victor Pestoff.

Nuria Cunill's Contribution

We will spend less time on the contribution of Nuria Cunill, a Chilean public administration expert belonging to the progressive CLAD movement, because we have had the opportunity to examine her theoretical contribution in greater depth elsewhere (Vaillancourt, 2007b, pp. 11-12). In her writings, Nuria Cunill formally uses the concept of co-production of public policy. But she does not formally use those of third sector and social and solidarity economy, while nevertheless showing great sensitivity toward the principles and values of the social and solidarity economy. In a highly influential text on the co-production of public policy, Cunill (2004) works to show that co-production could have a more democratizing scope if the state, in seeking its partners, were to tear its eyes away from the market (and private, for-profit enterprises) and begin to see the possible contribution of another type of stakeholders. She shows this sensitivity by making the distinction between two forms of private realities, namely, the for-profit private sector "guided by market logic" and the "private sector guided by the logic of solidarity," referring among other things to co-operatives and certain NGOs (Cunill, 2004, pp. 26-28).¹¹ In so doing, Cunill points to a scenario of solidarity-based co-production or co-production "guided by the logic of solidarity." Implicitly at least, hers stands out from a bipolar approach (public/private), and opens the way to a tripolar framework (state/market/third sector).¹²

Victor Pestoff's Contribution

There is also the contribution of Victor Pestoff, a US-born Swedish political scientist who has often contributed to the work of CIRIEC International by

¹¹ Here is a significant extract from Cunill's paper: "Co-operative structures self-managed by local communities for the delivery of public services are probably the maximum expression of citizens' influence on public administration, as well as being the model par excellence of societal government. This type of institution which "empowers" citizens to exercise control over themselves more than over others is at the other extreme from the bureaucratic model that generates political passivity and dependency" (Cunill, 2004, p. 26). [Our translation]

¹² This openness of Nuria Cunill's to a tripolar framework is expressed even more clearly in an unpublished paper (Cunill, forthcoming in 2008).

conducting case studies on participation by the third sector in the transformation of public policy in Sweden. In a recent article entitled, *Citizens and co-production of welfare services*, Pestoff reported on comparative research under way in eight European countries concerning childcare services. In using the concept of co-production, Pestoff looks at the configuration of responsibility-sharing among the state, the private sector and the third sector in public policy under certain Swedish municipalities. He expresses his interest in a co-production framework in which the role of the state concerns funding and regulation, while that of the third sector focusses on management and delivery of welfare services (Pestoff, 2006, p. 517). He argues in his article that, when third sector organizations are associated with the co-production of collective child services, they have a capacity to broaden and deepen the democratic governance exercised by the public authorities. These forms of governance that are open to participation by the third sector are often deployed, in Sweden, for instance, in local areas under the aegis of municipal public authorities. The issue then becomes the sharing of power and responsibility (financial, political, educational and social) among a variety of collective stakeholders (including the parents of children in childcare centres and childcare centre personnel) and the public authorities concerned in the local area (2006, pp. 511-513). Pestoff thus displays his preference for services provided by the third sector, emphasizing that parents' participation is easier there than in public or private, for-profit services (Pestoff, 2006, pp. 515). In short, for Pestoff, it is third sector organizations that are the best placed to foster this plural participation with a "democratizing" reach. This is clearly visible on certain conditions, such as being able to count on adequate public funding (2006, p. 515) and appropriate regulation (2006, p. 517).

In our view, the contribution of Cunill, Pestoff and other authors in the same theoretical vein is important for the democratization of public policy. But this contribution appears to be *limited to the organizational dimension* of public policy, insofar as participation appears to be valued at the moment when policy is applied, and not necessarily at the moment when it is defined. With such a viewpoint, we find ourselves close to the boundary between co-production and co-construction of public policy, but we do not cross it, and to our mind that is regrettable.

3.0 Co-construction of Public Policy and Contribution of the Social Economy

We have seen that co-production of public policy, especially when arranged according to the third scenario, which entrusts a significant role to stakeholders from the third sector, can constitute a major advance for democratization. But this advance remains limited and incomplete if it is limited to the organizational

dimension. To go beyond this limitation, co-production has to be combined with elements of true co-construction, which is deployed at an institutional level in relation to the establishment of the general directions and foundational elements of the public policy itself.

In this section, we therefore look at the co-construction of public policy, trying to pinpoint various configurations with which it may be associated and giving priority to the features of a democratic configuration in which the social economy provides significant input. Unlike the concept of co-production, that of co-construction of public policy receives little mention in the literature, hence the importance of benchmarking it clearly.

As we mentioned earlier, co-construction concerns public policy when it is being designed and not merely when it is being implemented. It is deployed upstream, in other words, when public policy is being conceived. Our interest in the co-construction of public policy is tied to the idea that it can become more democratic if the state agrees not to construct it all on its own. We suggest that the democratization of such policy would gain from this, at least in some societies, at certain moments in certain specific policy areas, if the state worked to co-construct it by partnering with stakeholders from the market and civil society, not to mention from the social economy.

To distinguish the conditions of the co-construction model which interests us, it is enlightening to state a variety of scenarios in which the state constructs policy on its own or co-constructs it with other socio-economic agents.

Monoconstruction of Public Policy

There are moments in history and societies where the state is not a co-constructor of public policy insofar as it constructs public policy all on its own. To grasp the concept of the state as a partner in the co-construction of policy, it is helpful to distinguish it from its opposite.

It is a question here of an authoritarian, hierarchical, entrepreneurial state which emerged in several *Northern countries*, during the *Trente Glorieuses*, the 30 years following World War II (Enjolras, 2005, 2006; Vaillancourt, 2007b). Examples include the French state and the Canadian federal state of 1945–1975, and the Quebec state of the Quiet Revolution and the Castonguay reform of the 1960s and 1970s. In these scenarios, the classic conception of accountability in representative democracy makes elected officials solely accountable. It is based on lessons drawn from historical periods prior to 1945–1975 during which the state was tossed at

will by market forces, the family and civil society. But this leads directly to the shortcomings of the hierarchical state which, to stand out more clearly from the laissez-faire attitude in vogue during the 1930s crisis, sometimes found itself at the other end of the pendulum.

In the countries of the South, particularly in Latin America, the form of authoritarian state that constructs public policy on its own—or monoconstructs—has historically prevailed in other forms than in the North. In some countries, the trend to monoconstruct public policy remains a legacy of the military dictatorships that prevailed in Chile from 1973 to 1989 (Garretón, 2007, pp. 77-82), Brazil from 1965 to 1980 (Dagnino, 2002, pp. 21-76), Argentina from 1976 to 1983 (Oszlak, 2007), Uruguay, Paraguay, Bolivia, and so on. Certainly, since the 1980s and 1990s, those countries have made the transition to democracy, but that democracy often remains fragile, incomplete and hampered by the persistence of authoritarian enclaves. Other countries did not formally experience military dictatorships, but they did undergo long periods of civil war, coups d'état and revolutionary turmoil, as in Salvador, Nicaragua and Guatemala. Or they experienced a 70 year period of single-party rule, as in Mexico until 2000 (Garretón, 2007, pp. 42-44; Marínez, 2007, pp. 332-333). There is also the unique case of that other country—Haiti—which formally won its independence as far back as 1804 but which, over the following 200 years, for one reason or another, including the 29 years of dictatorship under Duvalier Father and Son (1957–1986), has always awaited a lasting transition to democratic life and the emergence of a state of law (Woog, 2004; Élie, 2006).

Thus, in both Northern and Southern societies, the model of monoconstruction of public policy remains current and hinders the transition to co-construction. One is often in the presence of a form of interventionist, bureaucratic state which tends to see itself as a referee above the fray, like a great planner, entrepreneur and operator. This state acts in an authoritarian manner, seeing itself as solely responsible for public policy. This is all compatible with the recourse to co-production in one form or another, as there is nothing to prevent the state from constructing its policy alone, while using the private sector and third sector to implement it.

Neoliberal Co-construction

For there to be co-construction of public policy, it is necessary for *the state to favour open forms of governance which make room for participation by social stakeholders from non-state sectors, that is, the market and civil society*. Before looking at the benefits of this form of co-construction, it is important to remember that, in the recent evolution of capitalist societies, in various Northern and Southern countries, many

co-constructed public policies were created as a result of special links established between the state and socio-economic elites anchored in market forces. Without returning to simplistic representations borrowed from the Marxist structuralism made popular during the 1970s, which suggested that the state is an instrument at the service of the dominant classes (Harnecker, 1971),¹³ it has to be recognized that the state is not neutral. It leans toward certain social forces rather than others, and is anchored in inegalitarian social relationships marked by class, gender, intercultural and other divisions.

In short, to be in a position to grasp more clearly and foster the possible, desirable contribution of the market and civil society to the co-construction of public policy, it should be recognized that co-construction can be conceptualized and operationalized in various ways, some of which may be less compatible than others with the pursuit of the general interest. Consider two forms of co-construction in particular, neo-liberal co-construction and corporatist co-construction. In these two scenarios, the state enters into practices of policy co-construction. But the goal of pursuing the general interest is abandoned.

In *neo-liberal co-construction*, in vogue in the past few years in several countries, in particular with the popularity of the dominant managerial current of New Public Management (NPM) and the formula of public-private partnerships (PPPs), the state is encouraged to construct public policy by co-operating with the private sector, that is, with the dominant socio-economic agents in the market economy. In this neoliberal co-construction, there are institutional arrangements that favour competitive regulation often described as “Quasi-Markets” in the UK literature on social policy. This Quasi-Market regulation may be recognized by the fact that the state opens up the construction and production of policy to participation by organizations from the public, private and third sectors, while inviting those organizations to compete with one another for contracts (Le Grand & Bartlett, 1993; Means & Smith, 1994; Lewis, 1999, 2004). It embodies a logic of market-driven instrumentalization, for instance through performance-related contractual clauses or reporting methods built into service agreements. Finally, it ties in with a logic of “shedding the load” of public responsibilities onto other stakeholders, at lower cost and with a fragile guarantee as to quality of services and jobs.

Corporatist Co-construction

There is also the model of corporatist co-construction that is well known in

¹³ We refer here to a book by Marta Harnecker (1971), a Chilean disciple of Louis Althusser. This work was frequently re-issued at the time, and its publication had a major influence on the Marxist structuralism current in several Latin American countries, and in Quebec, during the 1970s.

Latin America. This model was also in vogue in Quebec in more traditional forms during the 1940s and 1950s, and in more modern forms during the 1970s and 1980s with the formula of sectoral socio-economic summits. In the two variants of the model, there is a form of co-operation between stakeholders from political society, the labour market and civil society. But these relations are deployed along lines that remain associated with unequal representation. Some sectors of socio-economic activity and stakeholders associated with labour and management circles are included in the dialogue and deliberation with the state, whereas others are excluded. The result is that certain groups of stakeholders have more weight than others, and that the co-construction of public policy is monopolized by special interests¹⁴ (Bresser, Pereira, & Cunill, 1998; Cunill, 2004; Brugué, 2004; Oszlak, 2007; Enjolras, 2006; Thériault, 2003; Garretón, 2007; Lévesque, 2007).

Democratic, Solidarity-based Co-construction

The democratic, solidarity-based co-construction that interests us is consistent with the pursuit of the general interest and keeps its distance from the neo-liberal and corporatist configurations. We will identify four features of this configuration.

First, the state remains a partner like no other. The thesis of co-construction suggests that the state co-constructs policy by co-operating with co architects from the market and civil society. As mentioned in our work on the *État stratège* (Vaillancourt, 2007b), the thesis of co-construction does not mean the state stands on exactly the same footing as the other non-state stakeholders with which it co-constructs. Ultimately, the state has to rule alone on disagreements and is the one making the final decisions (Pierre & Peters, 2000). Certainly, it develops policy in close co-operation with stakeholders from the market economy and civil society.¹⁵ It dialogues, interacts and deliberates with non-state stakeholders. It remains both above and close to them. In that way, it avoids becoming enclosed in a position of self-sufficiency and omnipotence.

Second, democratic co-construction builds on a reform of the state that enables it to become

¹⁴ In Latin American countries such as Mexico and Argentina, corporatism led to highly split, clientelist social policies that offer advantages to certain social groups (unionized civil servants, for instance) while leaving large segments of society without any social protection.

¹⁵ It should be emphasized that the debate is coloured by each stakeholder's special interests. The important thing here is the existence of public spaces where the stakeholders can become involved, even if often the policy defined does not fully satisfy each stakeholder's particular interest. For instance, in the case of the definition and legitimization of environmental policy in Quebec, we find participation by the private sector and civil society, and by the state. There are certain spaces in which, one way or another, these three types of stakeholders can be involved in co-construction (Conférence régionale des élus, Conseil régional de l'environnement, Bureau des audiences publiques sur l'environnement [BAPE], etc.). But this does not mean that the final outcome always meets the expectations of all the stakeholders involved (González, forthcoming in 2008).

a partner of civil society without for all that ceasing to be a partner of stakeholders from the market economy. It differs from an anti-capitalist co-construction in which the state would be the partner of civil society against the stakeholders from and principles of the market economy.¹⁶ It ties in with a plural economy perspective (Lévesque, Bourque, & Forgues, 2001, pp. 59-65), having drawn lessons from the failures of real socialism in the former Communist countries since the fall of the Berlin Wall. Thus, it seeks a break with neo-liberalism, but not with the market economy (Julliard, 2007). It targets a reform of the state which Jon Pierre (2005) calls “participatory reform.” This reform refuses to remain focussed on the state or the market. In this reform, the “state’s strength derives from its capacity to call on the resources of all segments of society with a view to achieving collective goals and meeting the collective interest” (Pierre, 2005). This vision is timely in the countries of both the South and the North (Fall, Favreau, & Larose, 2004, pp 1-43; Ndiaye, 2005).

Third, democratic co-construction involves a deliberation between the best of representative democracy and the best of participatory democracy (Thériault, 2003; Cunill, 2004; Enjolras, 2006). This perspective differs from certain vogues which on the one hand encourage the demonization of representative democracy (on the grounds that all politicians are dishonest) and on the other hand discredit participatory democracy (on the grounds that it immobilizes the state by making it hostage to interest groups). While acknowledging that representative democracy ultimately has the last word, the co-construction promoted here implies that elected officials establish open, inclusive forms of governance in which dialogue is favoured between the elected officials and the leaders of the participatory democracy. This supposes the existence of interfaces, forums for mediation and deliberation, public spaces, encouraging gateways (Enjolras, 2006; Dagnino, 2002). This also requires qualities of democratic facilitation both from the leaders of the state and political parties, and from the leaders of civil society. Competent, democratic political facilitation and leadership here involves the ability to recognize and manage conflict, and foster the broadening of forms of governance by including socio-economic and socio-political stakeholders that are often excluded, or rarely listened to (Brito, 2002; Brugué, 2004; Vaillancourt, 2007b).

Fourth, the democratic, solidarity-based co-construction of quality public policy involves

¹⁶ Along with other authors (Favreau, 2005; Julliard, 2007; Garretton, 2007, p. 91–2), we feel it is important to differentiate clearly between the break from capitalism and that from neo-liberalism, and this invites us to talk of capitalism and the alternatives in the plural, and not just in the singular.

recognition of the participation by stakeholders from the social economy as well as a partner-type relationship between the state and those stakeholders. It is not a case here of asking for

a privilege for the social economy as if one wanted it to become a pressure group that would dictate to the public authorities its order in terms of public policy. Rather, it is a case of enabling the social economy to express its voice among those of other stakeholders at the moment when public policy and programs are defined. The issue is that of enabling the social economy to move beyond the status of a mere tool or instrument of the state in the application of public policy plans co-constructed without it. It is that of permitting the establishment of a *partner-type relationship, that is, a non-instrumental relationship*, between the state and the social economy. In a partnership interface, stakeholders from the social economy retain a degree of *autonomy* in relation to the state (Proulx, Bourque, & Savard, 2007; Lewis, 1999, 2004; Vaillancourt & Laville, 1998; Thiry & Lévesque, forthcoming in 2008).

In short, seen this way, solidarity-based co-construction is not a luxury, but a necessity for a democracy. In fact, when stakeholders from civil society and the social economy are forgotten or instrumentalized in the relationship with the state, public policy is impoverished, because it reproduces the downside of competitive or bureaucratic regulation. At the same time, this public policy becomes less fair and inclusive. Hence the criticism addressed by the social economy at the institutional arrangements most often found in PPP-style initiatives. This criticism blames PPPs for often being similar to a binary co-construction calling exclusively on the state/market pairing and depriving itself of the input from the social economy (*Conseil de la coopération du Québec*, 2004; Chantier de l'économie sociale, 2001, 2005; Lévesque, 2003; Vaillancourt, 2007b). Thus, after maintaining our distance both from the monoconstruction model and from the neo-liberal and corporatist co-construction models, we have underscored our preference for a democratic co-construction model that builds both on participation by stakeholders from the market and civil society and on that of the social economy that promises social innovation based on successful experiments.

4.0 Illustration of the Democratic Co-construction Model Using the Case of Social Housing¹⁷

To facilitate a better understanding of the scope of our theoretical positions, we will illustrate our thesis using concrete cases of social policy reform that have occurred in Canada, and more specifically in Quebec. This will make it possible to see that the democratic and solidarity-based model of co-production and co-

¹⁷ For a more detailed presentation of this historical re-reading, see Vaillancourt, 2008, pp. 16-18 and 2007b, pp. 14-19..

construction of public policy presented above constitutes more than a conceptual device. It is a model that has tangibly left its mark on the recent history of social development in Quebec. To document this statement, we will first briefly run over the history of social policy, then we will look at the case of social housing.

Background to Social Policy in Three Stages

In view of the subject of study chosen in this paper, we can “re-read” the history of social policy by distinguishing *three stages*.¹⁸

In the *first stage* (1920–1960), the Quebec state was very reluctant to intervene in social policy, and when it did so, it favoured co-production, but not co-construction of public policy. In this co-production, in the health and welfare field, for instance, there was strong use of third sector organizations largely dominated by the Church. One thinks, for instance, of the (non-profit) social service agencies of the 1950s and 1960s. In this co-production, relations between the state and third sector organizations remained instrumental rather than partnership-based.

In a *second stage* (1960–1980) corresponding to the development of the Quiet Revolution and the Castonguay reform, the Quebec social state intervened relatively alone to construct and produce welfare state-type social policy (Jetté et al., 2000). This led to a period of *monoconstruction* of public policy along with a moderate dose of co-production. In this co-production, stakeholders from the third sector and the social economy had a real but marginal presence and a low profile (Jetté, 2005 and 2008). Emphasizing the “state public sector” combines with minimizing the value of the “non-state public sector.”

In a *third stage* (1980–2008), which arose in a context of crisis and transformation of the welfare state, more co-production and co-construction of social policy is to be found, with, in some fields, participation by stakeholders from the market and civil society within which the social economy is present and recognized, particularly in certain social policy reforms from the mid-1990s onward (Vaillancourt, 2003; Jetté, 2005; Ulysse & Lesemann, 2007).

Specifically, it was during this third stage that certain innovative reforms made their appearance, and these clearly illustrate the democratic, solidarity-based configuration of co-construction of public policy presented in Section 3. In these reforms one finds, to varying degrees, partnership-based relations between the state and the social economy.

¹⁸ For a more detailed presentation of this historical re-reading, see Vaillancourt, 2008, pp. 16-18; 2007b, pp. 14-19..

The Case of Social Housing

In our research papers over the past 10 years, we have closely monitored the evolution of several social policy reforms which illustrate the model of solidarity-based co-construction presented above. We looked among other things at the issues of co-operation between community organizations in the health and social services field, and in the area of the labour market integration of socially vulnerable individuals, such as young people and disabled persons. We studied the case of family social policy, which since 1997 has led to the development of 1,000 childcare centres caring for children aged 0–5. We worked on the transformation of public policy concerning institutional and community care for frail elderly people as well as disabled persons. We also closely monitored public policy trends with respect to social housing for economically and socially vulnerable individuals.¹⁹ In all these reforms one finds, in varying configurations, a degree of participation by stakeholders from the social economy and the third sector in forms of co-production and co-construction of public policy. But since we lack space here to appraise each case, we shall restrict ourselves to social housing.

The social housing field in Quebec is a fascinating laboratory with respect to *social innovation*, in terms of both social practices and public policy. Social housing practices and policy evolved from a mode comprising elements of co-production (until 1990) to a mode resolutely focussed on the co-production and co-construction of public policy, along with strong participation by the social economy. To grasp this statement more clearly, let us first look at the context.

First, these social innovations occurred paradoxically in difficult budgetary conditions.

On the one hand, Canada's provinces and territories have little fiscal leeway for creating social housing. On the other hand, from 1993 onward, there was a brutal withdrawal of joint funding by the federal state. This funding had made it possible, since the 1950s, to share the cost of new social housing programs put forward by the provincial and territorial governments.²⁰ In this difficult context, Quebec was, along with British Columbia and Manitoba, one of the few Canadian provinces to develop new social housing programs (Vaillancourt & Ducharme, 2001; Dansereau, 2005, pp. 22-23).

Second, these innovations often occurred through the social practices which emerged in a

¹⁹ See a number of papers in which these tangible cases of reform are analysed in greater depth: Vaillancourt & Tremblay, 2002, pp. 37-58; Vaillancourt, 2003; Vaillancourt, Aubry & Jetté, 2003; Vaillancourt et al., 2004; Vaillancourt, 2007b, pp. 18-22; Jetté, 2005, 2008.

²⁰ Since 2000, the federal government has begun once again to participate in the funding of certain provincial initiatives. But it has done so timidly in reference to provincial programs concerning narrowly targeted clientele (such as the homeless).

local or regional area, without even benefiting from a public policy that contributed to supporting them. Once these innovative social practices proved their worth and were recognized as successful experiments, they began to be publicized and become points of reference, and this had the effect of encouraging public decision-makers to develop new public policy to support such practices. In this way, public policy helps disseminate and perpetuate timely innovations tested in conclusive experiments. That is what we call the transition from experimentation to institutionalization.

Third, the main protagonists of social housing innovations come from the third sector and the public sector. Among stakeholders from the third sector and the social economy are the housing co-operatives and NPOs, as well as their regional and province-wide federations. There are also the Groupes de ressources techniques (GRT); the Front d'action populaire en réaménagement urbain (FRAPRU); low-income housing tenant associations and their Quebec-wide federation, and so on. Stakeholders from the public sector are also very involved, in particular with the development of community action practices in low income housing (Morin, Aubry, & Vaillancourt, 2007; Morin, 2007). Among stakeholders from the public sector, there are of course the elected officials responsible for housing issues in the Quebec state. There are also managers and practitioners from the municipal housing bureaus, the Société d'habitation du Québec (SHQ), the Canada Mortgage and Housing Corporation (CMHC) and other provincial, regional and local public agencies called upon to work with stakeholders from the housing sector. We are thinking among others of several players in the health and social services network. In fact, for the past 20 years, the social innovations that have led to advances in public practices and policy in social housing have often been the outcome of close co-operation between social economy and public sector stakeholders.

Here now are *four illustrations of participation by the social economy and the third sector* in the co-production and co-construction of public policy on social housing.

The first example is proof positive of the participation by the social economy in the co-production of public policy. This participation began as early as the 1960s, but increased during the 1970s, when the federal state altered its social housing cost-sharing programs so as to permit the provinces taking advantage of them to develop new social housing units that could come under not only the public sector (i.e., the low-income housing formula), but also housing co-operatives and non-profit organizations (NPOs). The Quebec government was quick to take advantage of this change in federal policy. From the 1970s onward, it developed programs in the housing field that broke with monoproduction and built on co-production.²¹ In fact,

²¹ While this transition was taking place from monoproduction to co-production of Quebec's housing policy, this policy, like the federal policy, remained somewhat monoconstructed, inasmuch as the definition of policy

under these programs, the new housing units created came from both the social economy and the public sector. Low-income housing continued to be built, but at the same time the development of housing co-operatives and NPOs was favoured. As the Quebec state had been slow adopting its housing policy (in 1967), the golden age of low-income housing was not as long-lived in Quebec as it was elsewhere in Canada. As a result, from the 1980s and in particular from the 1990s, the place of the social economy in the total number of housing units became historically greater in Quebec than in the other provinces. This trend was accentuated from 1997 onward, with the implementation of the AccèsLogis program. This Quebec program gives priority to projects from local areas and favours participation by the social economy in the application of public policy on housing. Through AccèsLogis, 20,000 new social housing units were developed from 1997 to 2007. And housing co-operatives and NPOs accounted for the vast majority of these units (Vaillancourt & Ducharme, 2001; Ducharme, 2006).

The second example of innovation concerns the creation of technical resource groups (Groupes de ressources techniques, or GRTs) in the late 1970s, a device which contributed to consolidation of the participation by the social economy in the co-production of public policy on housing in Quebec. The recognition and support of GRTs by the Quebec state marked the appearance of a new tool which fostered the emergence of several housing innovations. The GRTs are non-profit organizations, that is, organizations coming not under the public sector but under the third sector. They were entrusted with a major role within the application of Quebec's public policy on housing for the past 25 years. They share the values of participation, democratization, accessibility and local development specific to the social economy. They are essential travelling companions for the housing co-operatives and NPOs (Bouchard & Hudon, 2005).

Quebec's community housing fund (Fonds québécois d'habitation communautaire, or FQHC) is a third example testifying to the participation by the social economy not only in the co-production but also in the co-construction of public policy. The FQHC was set up in 1997 with the mission of promoting the development of social housing in the social economy sector. While created by the Quebec state, it has a structure consisting of a majority of stakeholders from various components of the social economy. It plays the role of gateway between the public sector, third sector and private sector. It is an intermediary body, a public space for deliberation which favours a reconciliation between the input from representative democracy and that from participatory democracy in public policy decision-making (Ducharme & Vaillancourt, 2000, 2006; Dansereau, 2005; Bouchard & Hudon, 2005). The FQHC symbolizes and

remained the business of the state alone. From the 1990s, Quebec public policy would evolve toward co-construction insofar as the third sector partners associated with the production would finally succeed in imposing themselves in the development of several areas of public policy itself.

promotes the partnership between the third sector and the public sector in social housing, as three researchers explain:

In Quebec, groups of non-profit organizations (NPOs) and co-operatives also play a major role as partners of the public authorities, with which they regularly negotiate the application of policy and programs. These organizations have become front-line players on the social housing scene; notably, they were associated with the creation, in 1997, of the Fonds québécois de l'habitation communautaire (a mediating and consultation body called upon to monitor the application of community-type social housing programs) and are among its managers. (Divay, Séguin, & Sénéchal, in Dansereau, 2005, p. 37) [Our translation]

This quotation draws attention to the participation by the FQHC and the third sector not only in the co-production of housing practices and policy, but also in their co-construction. That is what the researchers from the INRS are saying when they point out that stakeholders from the third sector were “associated with the creation of the FQHC” or that they “regularly negotiate the application of policy and programs.” The FQHC is an original device which arose from co-construction and fosters it in return. It played a key role in particular in the development of the AccèsLogis and Affordable Housing programs in Quebec (Ducharme & Vaillancourt, 2006; Bouchard & Hudon, 2005, p. 12). As Marie Bouchard and Marcellin Hudon state, “the parameters of the [AccèsLogis] program were discussed and negotiated with the community” (2005, p. 5).

Social housing with community support is a fourth example of co-production and co-construction. This example clearly illustrates the contribution of the social economy to the co-production of new innovative practices, which often end up opening the way to the emergence of public policy co produced and co-constructed with input from the social economy. This issue has been closely monitored by LAREPPS since 1995. In a first exhaustive research on the topic, conducted on the practices of the Montreal federation of housing NPOs (Fédération des OSBL d'habitation de Montréal, or FOHM), LAREPPS showed that these innovative practices contributed to improving the living conditions of the FOHM's lessees (single people, homeless, with mental health or drug addiction problems, etc.) (Jetté et al., 1998; Thériault et al., 1997, 2001; FOHM, 1997). LAREPPS emphasized above all that the lack of long-term funding of these practices was a problem, since they constantly depended on local and regional stakeholders' resourcefulness. Consequently, the LAREPPS researchers recommended, as early as 1998, that the Quebec government adopt a clear,

sustainable funding policy for the community support part in social housing practices with community support for socially and socio-economically vulnerable individuals (Jetté et al., 1998, pp. 198-199). These recommendations were often repeated in subsequent work on residential resource needs for a broader vulnerable clientele, in particular for elderly people experiencing a slight decrease in autonomy and disabled persons (Vaillancourt & Ducharme, 2001; Ducharme & Vaillancourt, 2002; Ducharme, Lalonde, & Vaillancourt, 2005; Vaillancourt & Charpentier, 2005; Vaillancourt, 2007a; Proulx et al., 2006, pp. 140-145). They were taken up again by other researchers (Dansereau, 2005, pp. 38-39) and stakeholder groups, in particular the Quebec housing NPO network (Réseau québécois d'OSBL d'habitation) (RQOH, 2004, 2007; Roy, 2007). They were repeated by public agencies concerned, such as the Société d'habitation du Québec, municipal housing bureaus and the Quebec Ministry of Health and Social Services (ministère de la Santé et des Services sociaux or MSSS (MSSS & SHQ, 2007). In November 2007, the Quebec government announced a new public policy to institutionalize funding of the community support component in the social-housing-with-community-support formula (MSSS & SSQ, 2007). This example is striking, but it is not the only one.²²

Conclusion

In conclusion, we can summarize our thesis by saying that, in social housing as in other areas of practice and policy, the presence of the social economy contributes to a *triple democratization*. In fact, it fosters the democratization both of practices, of policy development (co-construction) and of operationalization of new policy (co-production). The growing presence of stakeholders from the social economy in social housing practices and policy responds to the aspiration of the population groups targeted by these interventions to exercise greater control over their living and housing conditions. The flexibility of the co-operative and association-based formulas leads to innovations, such as the participation of users and citizens in management, targeting of population groups that are marginalized or have special problems (women, Aboriginal communities, disabled persons, homeless, etc.), and reinforcement of the economic, social and political citizenship of certain fringes of society that are especially exposed to exclusion.

²² Among the other public policies on housing that were co-constructed with participation by the social economy and other stakeholders from civil society is the reform, introduced in 2002, of the rules of governance for municipal housing bureaus (Offices municipaux d'habitation, or (OMH). In fact, among the provisions of Bill 49 amending the Act respecting the Société d'habitation du Québec, a number led to formal recognition of the lessees' right of association and encouraged participation by low-income housing lessee association representatives on the municipal housing bureaus' boards of directors (Morin, 2007, p. 149). The democratization of the form of governance of public social housing institutions stems from the dissemination in the public sector of certain innovations in governance practices previously tested in housing co-operatives and NPOs (Vaillancourt & Charpentier, 2005, chapter 4; Ducharme, 2006).

We were prompted, based both on literature reviews and on analyses of certain recent social policy reforms, to differentiate clearly between co-production and co-construction of public policy. We have observed that the social economy could participate both in the development and in the application of this public policy. At the same time, we have highlighted the fact that the social economy, depending on the configurations in which it stood, could contribute to the democratization and enhancement of public policy by making it more fair and inclusive in terms of redistribution of wealth and power.

In fact, we have argued in favour of public policy capable of integrating elements of both co-production and co-construction. Co-production is not a rare commodity. Moreover, it can very well exist in policy constructed by a hierarchical, authoritarian state that is used to deciding everything all on its own. For us, there are two issues to which priority should be given.

The *first issue* refers to the importance of legitimizing a form of co-production that calls on the third sector and offers an *alternative to the market co-production* sometimes known as the Welfare Mix or PPP. This form of co-production has long existed in many Northern and Southern societies, as the scientific literature reveals. But in that literature, the dominant current, while sometimes open to the third sector, conveys a neo-liberal and neo conservative vision of the state which reduces civil society to the private sector and seeks a public administration “influenced by an entrepreneurship in which the government is inspired by meeting the client’s needs and not citizens’ needs” (Marinez, 2007, pp. 21-22). Fortunately, other writings refer to scenarios that interest us more, that is, to partnership formulas in which the social economy is recognized and supported by the public authorities. Hence the interest we have expressed in the writings of Pestoff (2006) and Cunill (2004), who conceptualized the benefits of partner-type practices between the state and the third sector. These papers put forward alternatives to the privatization and market co-production of the dominant current of New Public Management. They argue in favour of co-production based on co-operation between the state and the third sector, hypothesizing that this option is more contributory to the democratization of public policy.

The *second issue* concerns the importance of fostering, at least in certain public policy issues, a close bond between co-production and co-construction. In fact, if this bond is not made, is not participation by stakeholders from civil society (including the social economy) likely to remain enclosed in the organizational dimension of public policy while leaving the state responsible for looking after its institutional dimension all on its own? By leaving the state the monopoly on the

definition of public policy, are we not depriving ourselves of essential levers for fostering the development of policy that does not ignore the general interest and is open to democratic governance? In our view, a very close conceptual and practical relationship can be established between co-production (of services of public interest and policy), on the one hand, and co-construction (of policy) on the other.

That is why, throughout our paper, we have argued in favour of a theoretical and practical position that valued participation by stakeholders from civil society and the market, without ignoring those from the social economy, not only downstream (at the moment of co-production), but also upstream (at the moment of co-construction) of public policy. We have expressed this position by building on the expertise of our Quebec and Canadian research teams on the social economy and of certain researchers belonging to CIRIEC International, including Lévesque, Thiry (forthcoming in 2008), Enjolras (2006).

In closing, we acknowledge that in our perusal of the Latin American literature on the democratization of public policy, we did not formally find this distinction between co-production and co-construction of public policy. But it seemed to us that several Latin American researchers, starting from other theoretical avenues, came to this. For instance, the current in the literature pleading in favour of broadening “citizen control” over public policy (Marinez, 2007, pp. 334-335; Garretón, 2007; Cunill, forthcoming in 2008) certainly targets, initially, opportunities for criticizing existing policy, which could have been constructed by the state all on its own. But, along the way, if the critical function becomes effective, is it not on the point of contributing to reshaping the content of public policy and becoming fully involved in its potential reconstruction? That discussion may be worth pursuing.

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CHAPTER EIGHT

Looking for the 'Policy Window': the Social Economy and Public Policy Agenda in Atlantic Canada

Jan Myers and Martha MacDonald

1. Introduction

This paper provides an overview of two significant pieces of work undertaken by the Atlantic Node of Social Economy and Sustainability (SES) Research Network under the remit of Sub-node 1: Mapping and policy analysis. Both of these projects produced considerable rich information and data. In this paper we are unable to do justice to the depth of information and learning produced. Nor are we able to provide individual profiles of each province and each of the projects involved in the research. However, there are a number of resources and materials that explore aspects of the policy research and give details on the different projects referred to in this paper, available through the SES Research Network (www.msvu.ca/socialeconomyatlantic)

We acknowledge that each province has its own peculiarities and own policy determinants and developments and that the policy and social economy landscape in each province is different and dynamic. What we have tried to do is to do is to draw out themes and practices that are found in common, rather than specific issues relating to particular organisations or provinces. We have also documented significant changes that have impacted government and social economy organisational relationships since the onset of the overall SSHRC-funded research in 2005. This also allows for comparison with other jurisdictions and provinces where similar activities are taking place.

While we looked at policy areas of importance to specific organisations (non-profits, voluntary and community organisations, co-operatives) or industry sectors, framing our discussion in relation to co-construction and co-production of public policy (see for example, Vaillancourt, 2008), particular attention is paid to cross-sector, multi-stakeholder opportunities. We use as our stepping off point Kingdon's concept of policy windows—moments in time where the combination of actors, context and issues comes together to effect change or to move a particular issue on to or up the government or political agenda and we are able to map some of these

changes in the Atlantic Provinces. For Kingdon, “public policy making consists of a set of processes including at least (1) the setting of an agenda, (2) the specification of alternatives from which a choice is to be made, (3) an authoritative choice among those specified alternatives, as in a legislative vote or a presidential decision, and (4) the implementation of the decision” (1995, pp. 2-3). Within this process, Galligan and Burgess (2003) point to the pivotal role of “policy entrepreneurs” who act at critical times particularly in relation to phases (1) and (2) above. These might be particular politicians or government ministers. If we broaden the concept to collective entrepreneurship this may also include significant shifts in influence of, for example, voluntary initiatives and coalitions at different times and in different locations.

In both research projects, we looked at policy areas that deal with specific services and single issues. Here, many of the relationships between government and social economy organisations are bi-lateral (for example, geared around discussion of funding and service requirements). We also found it useful to explore more cross-cutting issues that allow for a variety of economic and social actors to be included at the “policy table.” These complex or ‘wicked’ issues include, for example, poverty reduction initiatives and rural economic and social development. These types of issues can open a ‘policy window’ (Kingdon, 1995; Galligan & Burgess, 2003), which provides opportunities for both vertical integration of policy development (different levels and tiers of government) and horizontal and networked approaches (both intra-governmental department liaison and wider stakeholder involvement). This calls for a range of purposeful, multi-stakeholder relationships or active alliances.

It is important, then, that there are levels of government, departments, and officers within departments to facilitate engagement with a range of stakeholders with the intention of being influenced. It is equally important to have an organised non-governmental sector to put forward ideas and local solutions. This requires both organized social economy infrastructure and a range of mechanisms, supported by government, for increased meaningful and purposeful exchange. This paper is an initial attempt to document where some of these initiatives have taken place, the opportunities that exist, and the enabling factors which may be required.

Purpose and Methods

For the purposes of this paper, the ‘social economy’ is an umbrella term for a number of groups, organizations, and sectors (e.g., voluntary and community sector, co-operative sector) that is broader and more inclusive than the “third sector,” includes ‘community economic development’ and contributes to a ‘vibrant civil society.’ The social economy operates within (and sometimes apart from) broader economic and social systems that are governed, controlled, influenced and historically dominated by

public and private sectors. Finally, the social economy is a “bottom-up” concept co-constructed by the actors who make up the social economy in their localities. Place, community and participatory democracy can be seen to be important cornerstones for engaged social and economic activity. This can be seen in a range of activities and community-based actions undertaken by social economy actors, such as: caring for community members and environment; creation of new projects to meet social needs; providing equitable and accessible employment and leisure activities; community ownership and control of local amenities and services; campaigns to protect habitats and endangered species; and celebration and revitalisation of communities and cultures.

The first piece of work undertaken was to map and provide an inventory of provincial legislation, policies, programs and initiatives directly relevant to community economic and social development and the social economy (see Myers & McGrath, 2009a-d, for more detail). The process of carrying out this type of scan allows us to form a base line assessment of “current” government strategies, political commitments, jurisdictional and departmental remits, and action plans, which can then be used to monitor future developments. It also provides for the assessment of proactive and/or reactive engagement in policy development by both those within and outside of government. Furthermore, it gives a platform to assess espoused philosophies and strategies outlined in government department plans and statements with activity at a community level.

Mapping policy developments can provide insight into the changing priorities and language used by successive governments in relation to the diverse sectors of the social economy. It can provide a timeline for the acceptance and embedding of concepts—the move from marginal to mainstream (such concepts would include social economy, social capital, social enterprise, venture philanthropy, and social entrepreneurship). This also links to the visibility of certain sectors—volunteerism over (paid) voluntary sector; non-profits and charities rather than co-operatives. These observations also link to the generation and development of the social economy in different localities and jurisdictions.

The policy scan and review gave a useful platform and foundation to support research in each of the Maritime Provinces to further develop dialogue with key stakeholders. This second phase of the research involved interviews and discussions with key respondents to identify gaps and opportunities for collaboration and inclusive approaches to engagement and involvement linked to improved policy planning and decision-making. This helped to identify points of fracture between policy and practice with regard to supporting social economy organisations and

enterprises, as well as good practice on the ground in developing and sustaining relationships and dialogue between sectors.

The policy threads project examined the many ways social economy organizations interact with the policy arena with the aim of pulling-out, summarizing and thematically organizing/analyzing their policy findings, and exploring the implications and/or recommendations for practice. In order to trace the policy threads running through the Node/sub-nodes' projects, documentary analysis was undertaken, based on project proposals, reports and papers produced. Phone interviews were also conducted with some project researchers and sub node coordinators to clarify the policy issues and implications and to invite further elaboration (see MacDonald & Reiners, 2009, for more details). Many of these projects involved social economy organizations that are delivering programs and services—i.e., helping to implement or produce government policy. These activities fall into two main streams—organizational responses geared to delivering government-initiated programs and services, and those filling gaps in services. A number of the social economy organisations involved in the Sub-node projects were also actively involved in advocating for policy changes and initiatives, particularly in relation to marginalized groups, sectors and communities.

In addition, several Atlantic Sub-node projects focused on social enterprises such as coops, credit unions and others offering goods and services for sale in the market. They are affected by policies geared largely to the private sector. Some projects looked at the experiences of specific enterprises in particular localities or areas of work, for example, rural women's entrepreneurship, which focused on a particular co-operative in Prince Edward Island (PEI). Others focused on cross-cutting issues of importance to a range of social enterprises, such as financing; accounting for cooperatives, performance measures; management tools for coops; developing indicators of the 'coop difference,' and employment law and workers cooperatives.

In both research studies, we were looking to discover the levels of commitment to and awareness of, social economy organisations in the region, and the spaces where, and mechanisms by which, government and social economy organisations intersect. In addition, we wanted to explore the scope and range of influence that social economy organisations have on identification of problems and issues in their communities and industry sectors (co-construction of public policy) and the capacity to offer mainstream services and alternative solutions to identified needs (co-production of public policy deliverables). Moreover, we were concerned to identify opportunities and challenges of cross-sector alliances with regard to setting the agenda for policy deliberation and direction; the choice and implementation of policy decisions; and the subsequent delivery of goods and services.

Policy in Context

Brown (2005, p. 4) notes that “trends in government finance and policy in Canada and elsewhere indicate an enhanced future role for the Social Economy (SE) [with] responsibility for social services (e.g., in health, immigration) increasingly devolved from federal to provincial; provincial to municipal; and municipal to community level.” At the same time, there are continuing and emerging pressures (e.g., credit and financial crises, rural decline, globalization) that require collaboration among governments as well as participation of social economy organizations to “combine insights and actions of multiple actors learning about what works in particular places, and how to make it happen ‘on the ground’” (Bradford, 2005, p. 4). The move towards building collaborative processes recognises the need to promote both informal and formal networking opportunities between government and non-governmental organizations. This effort to bring together individuals and organizations that have different, but inter-connected and interdependent interests can serve to reduce the perceived and actual power divide between government and civil society participants. In the longer-term, collaborative strategic alliances can work towards the democratisation or equalisation of these relationships. Evidence from the policy threads and policy scan projects shows there is a long way to go in terms of developing such collaborations and cross-cutting initiatives.

For each of the Atlantic Provinces, it is possible to list all departments and a number of programs that relate to supporting aspects of the social economy. For example, in 2007, the Bradshaw Report (Bradshaw et al., 2007) identified 26 separate government departments in New Brunswick, each having their own relationship and set of protocols in relation to the voluntary and non-profit sector alone. In PEI, there are seventy-five municipalities, ranging in population from 77 to over 32,000 people, providing a plethora of services. The Department of Communities, Cultural Affairs and Labour (2008) describes:

complex layers of community development areas, incorporated community development groups, economic development districts, school boards, health districts, and watersheds, along with all other components of governance from the Provincial level, including a network of ‘regional communities of interest’ under the Community Development Bureau system.

This complexity and fragmentation can result in short-falls in community planning, assessments and development. The lack of a unifying central department with responsibility for social economy organisations, for example, can mean a mix of jurisdictional responsibilities and can result in a lack of strategic development in

relation to government-sector relations and cross-cutting issues that affect more than one government department and or level of government. It encourages (intentionally or not) what is referred to as a silo mentality: a focus on specific departmental mandates that discourage inter-departmental communication and cross working. SEOs often find their broad interests out of synch with such government silos and often work on a broader territorial basis. For example, environmental groups intersect with agriculture, forestry, fishing and tourism departmental interests. As we shall see later, this can also increase the administrative burden on SEOs, which can have consequences for their capacity to balance their own organizational aims and objectives as well as deliver on government agenda.

However, we need also to pay attention to the emergent and evolutionary aspects that result in changes in public policy. For example, Kingdon (as cited by John, 2003, p. 488) suggests that we should regard policy making as a “complex adaptive system” in which multiple actors react to crises or opportunities, are proactive about asserting marginal needs and then create or enact opportunities for changes to occur. For example, in New Brunswick, the appointment of a minister with portfolio for the voluntary and non-profit sector came after six years of concentrated activity on policy issues with the launch of PolicyLink NB in 2001. This was made possible through the federal government and pan-Canadian initiative—“Partnering for the benefit of Canadians” (part of the National Voluntary Sector Initiative—which focused on child and family poverty. The aim of the initiative was to look at building appropriate mechanisms and capacity building to enable more effective input by the voluntary sector into public policy matters. The Premier’s Task Force on the Community Non-Profit Sector later undertook a process of consultation during 2006 and published its ‘Blue Print for Action’ (Bradshaw et al., 2007). This in turn led to the development of a Secretariat and ministerial brief for Community Non-Profit Organizations.

Window Open or Window Closed: Emerging Themes That Present Opportunities and Challenges for Sector Relations

This section provides a broad overview of some of the common themes or threads arising from the research. As mentioned earlier, there are issues that are sector or province specific and it is not within the scope of this paper to develop an in-depth analysis relating to specific organisations or departments. Rather we flag some of the recurring issues that hinder active alliances between government and social economy organisations and highlight some of the good examples and windows for opportunity that exist to enhance relationships.

The policy scan indicated a concentration on substantive or administrative policy and relations. This includes program design, funding and accountability measures,

and/or issue based concerns (e.g., employment, social exclusion and services for specified groups) often, but not always, in relation to resourcing and service delivery. Evidence of good practice can be identified in relation to, for example, single issue concerns (e.g., child care, elder care, learning disabilities, housing, drugs and alcohol services); communities of interest (Native communities, migrant and immigrant workers); and in relation to transaction relationships (often bi-lateral and concerned with service delivery, contracts, funding, accountability). While less common, there are also examples of commitments to working in partnership, or engagement of individuals, associations, and communities (via action plans, regulations, annual reports and accountability statements). Concrete examples of joint working (for example, through roundtables and task forces) can also be demonstrated:

- Newfoundland and Labrador Violence Prevention Initiative, Women's Policy Office, Government of Newfoundland and Labrador: community partners make up a Community Advisory Committee, take part in and may co-ordinate and/or chair regional co-ordinating committees.
- The Nova Scotia Volunteer Advisory Council was established in 2008 and aims to bring together members of volunteer and voluntary organizations with government to develop action plans to address key issues affecting volunteers. The Council will meet four times a year with The Minister for Volunteerism.

There was certainly an open window to raise awareness and possible policy interventions with regard to the social economy in 2004, with the presence of a Liberal federal government and a stated commitment in the Throne Speech. This was echoed, for example, in Newfoundland and Labrador in the provincial throne speech, albeit with a narrower focus. The speech announced the development of the Rural Secretariat's remit to foster partnerships and decision-making between government and communities and to ensure that regional perspectives would inform public policy development and implementation. Beyond communities (i.e., municipalities), the speech detailed inclusion of women's and aboriginal voices in policy formulation, and a support for community service and voluntary commitment. By 2007, there was no specific mention of community, voluntary or co-operatives sectors in the provincial throne speech although there was an outlined commitment to individual self-reliance (poverty reduction strategy) and promotion of choice in service provision (Ministerial Council on Aging and Seniors). However, the tide turned again in 2008 with appointment of a new minister responsible for the Volunteer and Non-profit Sector. This gave renewed strength of commitment by the provincial government to "draw on the talents, energy and compassion of thousands of volunteers and hundreds of community-based organisations across our province who are working to make Newfoundland and Labrador a better place to live" (Crosbie, 2008).

In Newfoundland and Labrador, unlike other Atlantic provinces, the use of the label 'social economy' appears in practitioner and government recordings of speeches, workshops and in written literature. Even so, there is no consistent understanding or usage of the term. However, it is applied more than in other provinces to describe activities that involve social enterprises, non-profit organizations and co-operatives. This lack of usage of the term is not unusual and in many ways reflects how both government and social economy organizations or sub-sectors are organised: theme and issues based activities (e.g., health, education, business); services provided to particular sections of the communities (e.g., youth, seniors, people with physical disabilities, mental health issues and other specific needs); categorised by organisational legal and governance structures (e.g., charity, volunteer organisation, self-help group, co-operative, credit union). As one of our research respondents identifies:

Economic Development is probably our key partner, second is Community Services, but we cross all departments, we have this interdepartmental approach to our advocacy work. We work with Finance and the Securities Commission on CEDIFs and other financing. We work closely...department that governs co-ops, where our act is and they hold the inspector of co-ops function.

and

We are doing work right now...with the province. They don't associate themselves with the social economy, which is probably not a bad thing...like a lot of phrases in government; it resonates with some departments, like social services or economic development...When the CEDIF program was launched a decade ago, co-ops were not a part of that either and we lobbied and got that changed. Most of the economic development policies put in place prior to the last ten years never mentioned co-ops. Now we see it, we have influenced that (DNG Interview).

In this sense, the policy window for the social economy per se may be closing in Atlantic Canada, but there are windows of opportunity emerging (or opening wider) for specific sectors—voluntary and community organisations, co-operatives, and particularly social enterprises tied to meeting governments' aspiration goals of sustainability, well-being, and prosperity. In New Brunswick, this shift can also be seen in terms of government structures to facilitate government-nonprofit relations, as explained by a research respondent:

[New Brunswick Community Non-Profit Organizations Secretariat acts] as a point of contact within government for non-profits [and] play[s] a support role in connecting non-profits with other departments...[The Secretariat] has an interdepartmental committee within government. Every department has assigned an employee to link with the Secretariat. There are regular meetings and...work...to provide access to non-profits when they are needed for consultation in the policy development process...[The Secretariat] is exploring if there are ways [to connect] with the Department of Justice around co-ops. Not many co-ops are engaged in...regional network meetings, they seem to talk a different language than the community non-profit group. (NG Interview)

As illustrated in the quote above, despite these co-ordinating efforts, engagement in policy determination and design seems to be of a consultative nature than full participation. There are some cross-cutting issues—such as poverty reduction initiatives—that involve multi-sector organisations and actors, although often with an emphasis on public-private sector partnership. Involvement of “community” partners is geared to elected members (municipal representatives) and/or individual citizens. Moreover, inter-departmental and cross-sector working is more difficult to achieve when responsibility for relationships with the non-profit and community sector, or social enterprise, or co-operatives is “line-managed” by a particular department. Even where those departmental-sector relationships have been longstanding and extremely positive, it still inhibits wholesale take-up of working across boundaries. Departments that do not have a formal remit in developing relationships do not always have departmental capacity to network and participate in on-the-ground strategic alliances. We can see this illustrated in the views of one development practitioner:

Generally government feels that they have all the bases covered with the policies and programs they have in place...there are programs for non-profits, businesses, there are financing programs...They use the term social economy when it is convenient, when they are trying to make a policy statement, but at this point in time there is not a real commitment to the idea. (DNG Interview)

There are ways around this, as this respondent explains:

I think the key for influencing policy is to have a champion on the inside that you can work with as a team to bring ideas forward. In many ways that is why we have been successful, we have champions in many departments.

The sub-node projects examined in the policy threads project provide clear examples of the difference supportive individuals on the inside can make—individuals do matter. Yet, several of these comments place emphasis on the individual organisations to develop capacity to articulate on behalf of themselves and on behalf of their sector and to engage with multiple government actors—capacity that has been eroded through a move away from core and long-term funding and grants to short-term projects and contracts; changing jurisdictions; and downloading of public programs. The shift to project funding is a significant trend, particularly commented on by non-profit organisations. It can be seen in the varied and short-term nature of programs and funding initiatives since the major government funding cutbacks in the mid-1990s.

The policy threads project clearly demonstrates the negative impact project-based funding and ever-changing short-term initiatives can have on individual social economy organizations. There have been broader impacts, too, with the set up and closure of significant social economy capacity building, practice development and research/policy “initiatives,” such as the Innovative Communities Fund (5-year initiative); the Canada Volunteerism Initiative (2001-2006); CVI Nova Scotia (2003-2006); and the Co-operative Development Initiative (2003-2009). However, more positively, this last initiative has now been renewed through a successful linking to the rural development agenda. For example, in Newfoundland and Labrador, the Federation of Co-operative (NLFC) published a report in 2005 informing government (and those in the social economy sector) of the existence and role that co-operatives could have in developing the social economy and social economy enterprises, specifically in rural areas. The report actively links how the NLFC can help government fulfil their goals outlined in federal and Atlantic wide programs (Industry Canada and Atlantic Canada Opportunities Agency (ACOA)-respectively) to support social enterprise and co-operatives. More recently this has developed into a co-operative development strategy and alliance between NLFC, the Department of Innovation, Trade and Rural Development, ACOA and the National Co-operative Development Initiative, which includes establishing a co-operative developers’ network, co-operative business development projects and increased focus on research and policy development relating to co-operatives. This process is clearly articulated by the experience of a co-operative development practitioner in another province: If you can align your goals and mission with the goals and the mission of the people you are trying to influence, you have a 90 percent better chance of success than if it is a tension filled thing. Sometimes the social sector tries to force or guilt the government into doing things, but they do not respond well to this because it is not aligned with their goals and values. You have to show [government] why doing the things you want

them to do is good for them, make them look good and help them achieve their goals—they can buy into that.

The Co-operative Development Initiative has been a key support for the development of new co-operative ventures. For example, PEI does not currently have a midwifery service and there are no plans for an in-Province Service. The Co-operative Development Agency funded the Birth Options Research Network (a volunteer-run group) to carry out a feasibility study to set up a women's health co-op and birthing centre in PEI (Women's Network PEI: www.wnpei.org/midwifery.html). This also demonstrates the importance of specialist development agencies to support and develop community-led initiatives.

For their part, policy makers and officers often balk at the sheer size, complexity and range of social economy organisations and look for an apex organisation or intermediary infrastructure organisation to act as a conduit into the larger communities of voluntary and community organisations, charities, and co-operatives. The “different language” of co-ops and non-profits often makes it difficult for government bodies to understand and navigate the whole range of SEOs. This further points to the need, as Bradford (2007) suggests for “institutional mechanisms and governance arrangements that link area-based initiatives with upper level policy making.” This works best with a central, high level, “single coordinating secretariat or desk for SE policies within each government” (de Clercy, 2009, p. 12). This does not negate individual departmental mandates and liaison, but can serve to strengthen communications and collaborative working. It enables “the right people from government” to participate: those with ‘sufficient seniority...[and] longevity...across all the departments relating to all parts of the sector’ to support specific sectoral policy, financial and funding frameworks and access to the appropriate policy tables (Carter, 2008, p. 9).

As identified above, there is a corresponding need for co-ordinating and bridging bodies among social economy organizations. For example, Newfoundland and Labrador is one of the most visible of the Atlantic provinces in its publication of reports, participation in regional and federal initiatives and involvement in research on third sector activities and contribution. This is due in part to the active involvement and remit of the Community Sector Council Newfoundland and Labrador (CSC). Like many organisations of its kind and in different countries (e.g., the UK, Australia) this local development agency works to support and develop local volunteer and voluntary organisations and community enterprises. Many, like CSC, have the ability to work at the interface with public sector and government in relevant policy development and implementation. They can also facilitate consultation with and

input by their member organizations into appropriate levels of government and policy arena. Similarly, the Nova Scotia Co-operative Council (NSCC) has been recognised as a significant intermediary providing innovative support for co-operative development (Soots et al., 2007).

What we can see is that there are some established and emerging opportunities for collaboration in provinces and in municipalities in Atlantic Canada. There has been significant change in the social economy landscape in each of the four provinces since the start of the Atlantic Node research and projects in 2005, specifically with the appointment of ministers with portfolio for voluntary and community sectors in New Brunswick, Nova Scotia and Newfoundland and Labrador. But there are new organisational forms and emerging social enterprise activities that need to be accounted for in this changing landscape; and many organisations still do not feel they are active players at the policy tables where key decisions are being made, even when invited. Many projects in the Atlantic Node documented the frustrations of trying to get to the policy table and/or be heard once there. While early days, there is room for manoeuvre to significantly develop opportunities and to convert government rhetorical support into meaningful action and relationships. As Fairburn (2008, p. 5) observes:

In Canada, so far, it is only in Québec that a reasonably cohesive set of understandings and networks have been created around the idea of the social economy; and only in Québec have governmental resources (both provincial and federal) subsequently flowed in significant measure into the development of the social economy.

This necessitates a focus on high level structures and frameworks to support policy development around civil society and organisations that positively contribute to this. It is also necessary to acknowledge the operational and practical aspects that support organisations on the ground. As mentioned earlier, access to the right kind of funding is of prime concern. As one respondent complains:

The one agency that frustrates me the most from a development perspective, community perspective, from a finance perspective is [the federal agency]. They have no concept of community development or social enterprise, they mouth the words, but they are not in the game. They are so bureaucratic it is virtually impossible to do business with [them]...when they think of business development or community development, they only think of private sector activity. (DNG Interview)

Nonprofit and volunteer-led community organisations in particular are limited

by endless rounds of project funding and the administrative burden that comes with reporting to several funding bodies each with their own monitoring and reporting procedures, often fulfilled at the cost of service provision. This takes enormous energy away from their main work and can result in mission drift as organizations scramble to patch together funding from a variety of agencies, chasing funds that have specific priorities and terms of reference, and in their efforts to fit with externally driven demands for goods and services.

As mentioned above, project based funding constraints stymie long term planning and also makes it difficult to attract and employees with relevant skills and abilities. For example, a recent study in Nova Scotia showed that while education attainment levels of employees in voluntary and community organizations is high (the workforce is better educated than the national average), 60 percent of employees interviewed has been in post for less than two years with “job-hopping” being prevalent. The report suggests that this may be attributed to the numbers of employees employed on short and fixed-term contracts (Fraser, 2010). Staff turnover was a challenge faced by many organizations involved in our sub-node projects.

Often staff resources are limited by available funding or cut backs in core funding and inability (both in terms of service provision, but also in terms of legislative frameworks) to income generate. There are challenges in working across levels of government to patch together funds—finding matching funds, for example, where one level of government may be onside, but not another; or where funding in kind (for example volunteer input) cannot be included in budgets for funding. One long standing umbrella organization that links coastal community groups is turning to the social enterprise model as a way to escape dependence on the vagaries of public funding. However, this has its own challenges and is like jumping from the frying pan into the fire!

While social economy organisations are asked to do more with less, it is also acknowledged that many organisations rely on volunteer labour, and employees are often paid less than their counterparts in public and private sectors. This contributes to the staff burnout and turnover noted above. Many social economy organizations studied see the need to build capacity within and across organizations in order to effectively intervene on the policy front, but these efforts are stymied by the loss of seasoned staff. In Newfoundland and Labrador, a workshop and report commissioned and produced in 2005 by the Department of Human Resources, Labour and Employment on the development of the poverty reduction strategy concluded that there was a need to balance government responsibilities and partnering arrangements with the voluntary and community sector in order not to overload the sector and

that recognition of the contribution of the sector needed to be adequately resourced and compensated. There was, at this time, a felt need to also redress the shift towards economic development, which was increasingly overlooking the valuable social and community components to government initiatives.

The main support for development of social and community networks and resources in Atlantic Canada is through community economic development activity delivered through business focused programs. This consists of a joint federal and provincial initiative to support the development of new projects; more local community development targeted funding and community business development corporations' services, training and funds. As well as differing interpretations and weight given to policy platforms and focus—economic and social development, and social, economic and environmental sustainability, organizations can also be caught by the changing funding priorities, as governments change and the political winds shift. The push towards innovation and project work where an emphasis is on “new” work packages rather than proven practice can also result in organisations having to “re-invent” their services to attract further funding. For example, some organisations reported that even though program reviews were positive, programs were dropped because of redirections in funding policy. Some funding has restrictions regarding explicit “advocacy” work. Advocacy can put funding in jeopardy, especially for those groups funded to deliver programs. Funding for advocacy work per se is not generally available, while private sector organizations have a number of resources to draw on to support their lobbying efforts. Even where good relationships exist between specific organisations and individual program funding staff, these staff are often not in a position to influence policy decisions at a macro level.

Finally, there is a need for legislative and regulatory review to allow for new hybrid organizational forms (social enterprises and social businesses) and the move from organisations being grant dependent to income generating and trading as part of their overall mission and service goals, which may in turn subsidise those parts of their work that are difficult to attract funding/donations. As Eakin and Graham (2009, p.16) point out, “problems with government regulatory and accountability requirements and processes have been identified in a number of studies over several years. The issues are therefore well understood but remain unresolved.” In addition, as one interview respondent remarks, as yet “there is little cross jurisdictional support or understanding of social enterprise” (NNG Interview).

Social enterprises are challenged by accountability requirements and performance measures used by government programs that are not reflective of their goals. Multiple bottom lines are becoming more common in social enterprises, but

may not be compatible with investment criteria geared to the private sector. Social enterprises studied in the Atlantic Node are also looking to government for more than capital. For example, training and other capacity building supports are needed. Several projects showed the need for policies to facilitate domestic fair trade in food products, which would support a variety of social enterprises involved in food production and distribution. Other policy areas, such as employment law, also need to be considered from the point of view of social enterprises. Employment law, based on the fundamental distinction between employers and employees, creates many challenges for worker co-operatives.

Looking Forward

As mentioned, the last five years has seen significant change in the policy environment for social economy organisations in the Atlantic provinces. Some of this has been connected to changes in government and government personnel; to the development of new areas of responsibility for social economy organisations in different parts of government; and the continued growth of social economy organisations and networks. There are also examples of inter-connectivity between government departments, and between provincial, municipal and private sector organizations, some of which include social economy representation or strategies and action plans that outline intention to include citizen's organizations and social economy organizations in current and future policy deliberations. As a key respondent suggests, this "has been a learning process for both sides...and now there is more dialogue [between the sectors] the...process has been evolving", but warns that:

Engagement needs to begin from the start, true engagement means being involved in the whole process. Both sides need to honest to build trust, open discussion from the start. This can be tricky, non-profits are worried it will impact their funding, and government sometimes has confidentiality issues. [We] need an open mind, need to be willing to do things differently, need to try different angles... [We need to] recognize different expertise and work together; [we] need to be willing to hear the other side. [We] need to engage people that are impacted by policies and [we] need a voice at all stages, including development and implementation. (NG Interview)

One aspect of the need to do things differently consists of, in the words of one interviewee, the need for "entrepreneurial solutions" (DNG Interview) with regard to capital investment (in start-ups and new forms of organisation; development of patient capital); capacity building; awareness and promotion and in practical

issues which link to economies of scale and can help with administrative costs for organisations and in seeking new work, for example, business development advice and procurement.

There are also opportunities for the Atlantic provinces to apply lessons learned from other provinces and from review and reflection on programs and developments in their own jurisdictions, particularly around cross-cutting issues such as poverty reduction, violence against women, environmental issues and rural initiatives. For example, we learned that more education is needed to keep social enterprises visible throughout the policy realm. One approach could be to develop a social enterprise lens, similar to a gender lens, through which policies and programs can be evaluated. An alternative (or complementary) approach is to develop more targeted programs, including funding, aimed at social enterprises. Quebec provides a model for such initiatives (see for example, Loxley & Simpson 2007; Mendell, 2009; Mendell & Neamtan, 2009). Sectoral policies can be used to facilitate the growth of social enterprises, as in Quebec.

Another example is the Rural Communities Impacting Policy (RCIP) project, which produced a series of tools and resources on using research and influencing policy. As with the development of relationships between government and community regarding health and well-being, the RCIP also provides opportunities for learning in terms of improving and increasing “citizen participation and...individual, organisational and collaborative capacity to support broad participation in rural development” (Langille et al., 2008, p. 45). As discussed earlier, this collaborative capacity building resonates with the moves away from transaction and bi-lateral relationships between government and social economy organisations (regarding funding and specific sector-department relationships) to broader, more issue based strategy and thinking, which require local knowledge and context-specific interventions. There is, therefore, a need for developed collaborative, multi-sector, multi-stakeholder alliances, which Bradford notes were significantly absent in policy practice in Canada in 2003 and remain in limited supply in our more recent research.

In conclusion then, we have identified a number of themes and lessons learned from our research, not all of which we have been able to explore in detail in this paper. The research in the Atlantic Node shows little evidence of co-construction of policy. The policy process remains largely top-down with elected government representatives driving policy development. However, the size of each province allows for relatively easy access to Premiers, Ministers, MPs and Deputy Ministers and individual relationships sometimes create the avenue for discussion around policy development when the relationship is based on mutual trust and respect.

These relationships need to be formalized and institutionalized (without losing trust, confidence and flexibility).

Lessons learned include the need to build partnerships with government and the importance of leadership: “There needs to be shared leadership and ownership” and “strong partnerships require an active role for all partners... everyone needs a role to play” (RNG Interview). This links to the need to minimize silos; the importance of networking and multi-stakeholder approaches; and the need for coordination horizontally and vertically within and across governments. To do this there needs to be education, flexibilities with regard to government structures and alliances, and capacity building to allow full participation of community members and social economy organisations in policy deliberation and development. This may mean specific support including appropriate range of funding and sector development support initiatives and also the development of research and evidence gathering capacity.

We have learned for example that in Atlantic Canada, the social economy is not well understood by government or social economy practitioners ‘on the ground’. This may not be such an issue if we have territorial and sector policies that actively support, promote and capture the full value of the goods and services provided, and the resources used (and saved) by the range of community organisations, voluntary organisations, charities, non-profits, co-operatives, campaign and advocacy groups, networks and coalitions that exist in different parts of Atlantic Canada.

It may not be an issue if we have strong, funded, intermediary organisations that work on behalf of sector organisations at operate at the nexus between government, private and nonprofit/social enterprise sectors. These organisations that can clearly express and advocate for their member organisations in terms of the contributions made to civil society and social and economic development, for example: accountability, widening of democracy and active citizenship through engagement and participation of individuals, groups, and marginalised communities; bottom-up approaches to problem solving and community development; promotion of financial and social inclusion; non-profit distribution; and development of trust and public governance of public services. All of which actively contribute government and politicians drive for prosperity, wellness, sustainability and health communities and supports a policy approach that promotes the concept of the social economy as an alternative vision, an economy based on co-operative and associative values.

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CHAPTER NINE

Building a Federal Policy Framework and Program in Support of Community Economic Development

Kirsten Bernas and Brendan Reimer

Introduction

Canadian communities continue to face complex challenges including unemployment, urban and rural decline, income inequality, poverty, social exclusion, and environmental degradation (Standing Senate Committee on Agriculture and Forestry, 2008; Standing Senate Committee on Social Affairs, Science and Technology, 2009; Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities, 2010). These complex challenges can only be effectively addressed with comprehensive strategies that include a multifaceted and integrated approach. The community economic development (CED) model provides that approach. CED is community-led strategic action that creates economic opportunities while enhancing social and environmental conditions. Complex community challenges require comprehensive responses, and those responses have proven to be most effective and sustainable when they are community-led (Infanti & Toye, 2004; Gorman, 2007). The CED model is not narrowly prescriptive; it enables each community to pursue comprehensive strategic actions that respond to its unique needs, priorities, and opportunities (CCEDNet, 2010).

Canadians have a long history of taking innovative and strategic action to respond to complex community challenges in order to improve the quality of life in their communities. Through social enterprises, co-operatives, and other CED organizations, Canadians are working together to strengthen local economies, simultaneously providing access to child-care services, housing, local food, capital, training, skill development opportunities, and much needed services that enable marginalized persons to overcome barriers and develop capacity (Markell, 2004; Enterprising Non-Profits, 2010). These CED organizations foster local leadership, ownership of resources, labour market development, economic revitalization, poverty reduction, social inclusion, and environmental stewardship.

Despite the proven impact of the CED model, community economic development organizations across Canada continue to lack the support they need to take innovative, sustained, and strategic action through a comprehensive approach

(Notwell et al., 2010). There is no short-term solution for transforming social, economic, and environmental conditions in struggling Canadian communities. Therefore, CED organizations undertaking long-term strategic action correspondingly require multi-year funding. Unfortunate interruptions in funding undermine the ability for organizations to ensure their actions are well managed and efficiently executed.

Furthermore, multi-year funding for core organizational costs is required to supplement project-based funding to ensure CED organizations have the ongoing capacity to effectively fulfil their mandates (Independent Blue Ribbon Panel, 2006, pp. 26-28). A good example of a multiyear core funding model is the federal government's support for the Community Futures Development Corporations in rural communities, which are provided with multi-year core and project-based funding through the Community Futures Program administered by federal regional development agencies. CED organizations in urban communities across Canada do not have access to similar funding, except in Quebec, where urban-based community economic development corporations are provided with multi-year core and project-based funding through Canada Economic Development for Quebec Region's Community Diversification Program. (M. Toye, personal communication, 2010)

Communities working together are the primary drivers of CED initiatives. However, governments have an important role to play in supporting CED given the significant resources, capacities, and policy levers at their disposal as well as their mandate to ensure the well-being of their citizens and the communities they live in.

The federal government can play a lead role in supporting CED, addressing complex community challenges, and improving the quality of life for all Canadians by developing and implementing a federal CED Policy Framework along with a Neighbourhood Revitalization Program (NRP). The objective of the framework would be to ensure that government initiatives more effectively respond to the complex economic, social, and environmental needs of local communities, particularly those that are vulnerable. By maximizing multiple economic, social, and environmental benefits for these communities, a federal policy framework would promote strong, fair, sustainable, and resilient local economies and communities across Canada. Furthermore, a federal policy would demonstrate good governance because dollars spent on initiatives that employ the CED model generate greater economic, social, and environmental returns than traditional approaches (Chamberlain, 2008; Emery & Ferrer, 2010).

The federal government can address the lack of support to CED organizations by developing and implementing a federal NRP that commits multi-year core and project-based funding to organizations that employ the CED model in designated urban communities across Canada. The program would provide CED organizations with the multi-year financial support they require to strengthen and sustain their activities and the results they are achieving in those communities. The Neighbourhood Revitalization Program can be developed within the context of a federal CED Policy Framework.

Fortunately, there is existing policy in Canada to build upon. These models have already been developed, implemented, and evaluated at the provincial government level in Manitoba for over a decade. An effective federal policy can be modeled after Manitoba's CED Policy Framework. Successful government initiatives influenced by Manitoba's framework include the Neighbourhoods Alive! (NA) program.

Neighbourhoods Alive! supports urban communities across Manitoba in taking a long-term, comprehensive, community-led approach to neighbourhood revitalization; it includes multi-year core and project-based funding (Province of Manitoba, n.d.). Manitoba's plan can provide the basis for a successful federal program. Independent evaluations reveal that the Neighbourhoods Alive! model has provided an effective means for government funding and locally organized and determined efforts to contribute to positive neighbourhood change and to achieving community-based objectives (EKOS Research Associates Inc., 2010; Institute of Urban Studies, 2005, p. 6). They have also concluded that the model has enhanced housing quality, perceptions of safety, neighbourhood stability, resident empowerment, resident engagement in the community, and overall neighbourhood well-being in the communities under study (Ekos Research Associates Inc., 2010, pp. vii–viii).

This report will provide an overview and analysis of the Province of Manitoba's CED Policy Framework and Neighbourhoods Alive! program. The report will conclude by recommending, based on the Manitoba experience, how a CED Policy Framework and accompanying Neighbourhood Revitalization Program might be developed and implemented at the federal government level.

The Province of Manitoba's CED Policy Framework

In 2001, the Manitoba cabinet endorsed the cross-government CED Policy Framework, which articulates the province's commitment to integrating CED principles into government initiatives and supporting CED initiatives within the community (Reimer et al., 2009). The framework defines CED as a community-led process that combines social, economic, and environmental goals to build

healthy and economically viable communities (Province of Manitoba, 2005a). The Cabinet's endorsement established a central policy direction to consider CED as an important component of Manitoba's economic strategy (Loewen, 2004, p. 27). It also acknowledged the potential for CED to contribute towards a stronger and more inclusive, equitable, and sustainable provincial economy. Furthermore, it recognized the important role that community-based organizations, businesses, and governments play in improving the economic, social, and environmental well-being of Manitoba communities.

Community Economic Development

The Province of Manitoba defines CED as a community-driven process that combines social, economic, and environmental goals to build healthy and economically viable communities. CED is a way of fostering economic development that is responsive to locally defined priorities. CED strategies aim to revitalize and renew local economies by developing community resources for community benefit. CED focusses on local ownership and control of resources and strives to increase community self-reliance.

Fundamental to CED is that processes and strategies must be owned and driven by communities. They must be directed towards fostering economic, social, ecological, and cultural well-being. Within this context, CED can have an important role in developing local economies and communities in a way that maximizes opportunities for people to work collectively in addressing community problems. CED attempts to ensure that social welfare, equity, economic development, and environmental sustainability are not left to chance but, rather, are facilitated by a flexible process guided by a strategic vision.

Source: Province of Manitoba, n.d. (f).

Government Structures

Manitoba's CED Policy Framework is co-ordinated by the Community and Economic Development Committee of Cabinet (CEDC), created in 1999—two years before the policy framework was adopted—to develop policy and co-ordinate all major government initiatives relating to community and economic development. The creation of the CEDC reflected the government's desire to “broaden the focus” of provincial economic development initiatives (Amyot et al., 2010, p. 41). The committee is comprised of ministers responsible for departments

most relevant to CED. It meets regularly and has staff support from the CEDC Secretariat, which is comprised of appointed project managers, each responsible for particular project areas, including one dedicated to CED. The secretariat co-ordinated an interdepartmental CED Working Group chaired by the project manager responsible for CED and comprised of policy and program analysts from relevant departments. The working group was charged with developing a CED Policy Framework through community consultation, as well as with facilitating its implementation across government (S. MacKinnon, personal communication, 2010).

The CED Policy Framework—Objectives, Principles, and Lens

There are three main components of the policy framework: CED objectives, CED principles, and a CED Lens.

The province is committed to helping communities achieve five objectives by integrating CED principles into government initiatives and by supporting CED projects within the community.

1. Build greater community capacity.
2. Nurture individual and community pride, self-reliance, and leadership.
3. Enhance knowledge and skills.
4. Develop businesses that are responsive to social, economic, and environmental needs.
5. Foster balanced, equitable, and sustainable economic development.

Source: Province of Manitoba, 2004

CED Objectives

1. Build greater community capacity. Building community capacity involves people working together to develop programs and services that support CED. Capacity building requires education, communication, organizational development, and strategic development.
2. Nurture individual and community pride, self-reliance, and leadership. The ability to lead has a great deal to do with one's feelings of self-respect and confidence. The same factors affect people's ability to share and to act with a sense of community. Great care must be taken to ensure that CED policies and programs are designed to encourage and support grassroots innovation and leadership.

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3. Enhance knowledge and skills. CED requires that community members have access to education and training opportunities. Education and training contribute to enhanced employability, greater productive capability, and social and economic innovation, making them critical to building strong economies and allowing people to live meaningful lives. Education and training enable individuals and communities to adjust to changing circumstances and thus continuously meet needs.
4. Encourage the development of businesses that are responsive to social, economic, and environmental needs. When business investment is narrowly focussed on commercial profit, there is no guarantee that business development will have a desirable impact on people or the environment. CED principles can be used to re-focus attention on social, environmental, and broad economic needs.
5. Foster balanced, equitable, and sustainable economic development. A strong economy needs diversity. Balance among different economic sectors will ensure that local and re- gional economies are not vulnerable to being destabilized by the inevitable ups and downs of the market. This balance implies strong linkages between industries and businesses at the community and regional

Source: Province of Manitoba, 2004

Manitoba's CED Policy Framework also identifies ten CED principles. Government departments can support CED initiatives within communities and help them achieve the five CED objectives by integrating these principles into new and existing initiatives (policies, programs, and processes). While it may not be possible to apply all principles to every undertaking, the principles are mutually reinforcing and are intended to be adopted collectively whenever possible

1. Enable local employment.
2. Encourage local ownership and decision making.
3. Build local economic linkages.

4. Reinvest profits in communities.
5. Develop local knowledge and skills.
6. Ensure a positive environmental impact.
7. Focus on health and well-being.
8. Foster neighbourhood stability and community cohesion.
9. Value human dignity.
10. Encourage interdepartmental intergovernmental collaboration.

These principles are heavily based on those developed in 1993 by the worker-owners of Neechi Foods grocery store, a Winnipeg-based Aboriginal worker co-operative (Reimer et al., 2009, p. 8). They have been widely adopted by the CED sector both inside and outside of Manitoba (Fernandez, 2005, p. 152). The identification of CED principles helps government departments understand how to support community economic development, while knowledge of CED objectives will help them recognize what they will achieve by integrating these principles into government initiatives.

The principles form the basis of the CED Lens, a tool created to help government departments understand and implement the Federal Policy Framework. The lens poses a series of questions that encourages departments to consider whether the CED principles are being integrated into new and existing initiatives, to examine the potential barriers to their integration, and to explore the actions required to overcome those barriers. Ultimately, the lens helps to ensure that departmental undertakings contribute to achieving the province's CED objectives (Province of Manitoba, 2001). If necessary, departments can redirect resources and apply for additional funding to carry out programs that have been modified by incorporating the CED principles (Fernandez, 2005, p. 152).

The lens can be applied to all government initiatives, including those related to employment development, business development, rural and urban revitalization, housing, homelessness, immigration, child care, food security, poverty reduction, sustainable development, and procurement. It can also be applied to legislative reform, funding, eligibility criteria, administrative procedures, client accessibility, community consultation, impact assessments, pilot programs or projects, education and awareness initiatives, research, program evaluations, staffing, and training (Province of Manitoba, 2001).

Implementing the lens not only assists in achieving the province's CED objectives, but also maximizes multiple social, economic, and environmental benefits for communities across Manitoba.

CED Principles

1. Enable local employment. Local employment means that local residents have opportunities for long-term employment. It creates opportunities for building personal and community self-esteem and self-sufficiency. And it means that incomes are spent in the local economy.
2. Encourage local ownership and decision making. Local ownership and decision making gives community members increased ownership and control over local assets. It also allows them to use democratic, consensus-building approaches to decision making.
3. Build local economic linkages. Economic linkages within and beyond a community result in economic diversity and balance. Initiatives fostering economic linkages include priorities to purchase locally produced goods and services, and to produce goods and services for local use and benefit.
4. Reinvest profits in communities. Profits are re-invested in the community to expand local economic activity and strengthen community self-reliance.
5. Develop local knowledge and skills. Education and training opportunities must be accessible, relevant, and affordable for community members. Lifelong learning experiences enable the community to adjust to changing circumstances and continuously meet local needs. They also enhance employability, increase productive capacity, and promote innovation.
6. Ensure a positive environmental impact. This principle emphasizes the positive environmental impact that can be achieved by building green, clean, and safe communities. It also encourages communities to generate innovative ways to conserve resources and improve the physical environment.
7. Focus on health and well-being. The physical, mental, and emotional health and well-being of community members should be promoted at home, in the workplace, and throughout the community, providing stimulating opportunities for positive social interaction and healthy physical activity.

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8. Foster neighbourhood stability and community cohesion. Communities need to create conditions that encourage residents to live and work in their community on a long-term basis. They should promote a strong sense of community based on shared interests, experiences, and collective initiative so that everyone feels they have a place in the community and a stake in its future.

9. Value human dignity. Relationships and interactions should build individual and community pride, self-respect, and leadership, recognizing that community members are the most important resource for CED.

10. Encourage interdepartmental and intergovernmental collaboration. Interdepartmental and intergovernmental communication, joint planning, and co-operative program delivery should be improved to provide Manitobans with the best services possible.

Source: Province of Manitoba, 2004, p. 3

Implementing the CED Policy Framework

In addition to developing the policy framework, the CED Working Group is charged with facilitating its implementation across government. Each department has a representative on the working group who is responsible for educating his or her unit about the framework and explaining how to use the CED Lens to achieve the government's CED objectives. Working group members are also encouraged to participate in other interdepartmental initiatives to ensure CED principles are integrated into them wherever possible. Finally, the working group stays in direct contact with community members to learn about their CED undertakings, the challenges they may be facing, and the role government can play in overcoming them. To fulfil these responsibilities, working group members need a solid grasp of the policy framework and their departmental programs, priorities, and relationships with the community. They must also have the skill to communicate effectively with their department to stay on top of its efforts to support CED (S. MacKinnon, personal communications, 2010).

The working group provides a structure to bring together CED champions from across Manitoba's government, and to house collective knowledge of the efforts underway to support CED (Sheldrick & Warkentin 2007, p. 213). Its meetings offer a forum where members can identify opportunities for interdepartmental collaboration on the development and implementation of plans and programs that integrate the

CED principles (S. MacKinnon, personal communication, 2010). Collaboration is encouraged to ensure that the government takes a comprehensive approach to supporting community economic development.

The working group developed an internal communication and education strategy to raise awareness and understanding of the framework and to facilitate its implementation across government. It included a series of educational presentations from the ministerial level down to departmental staff. The group developed a toolkit that included a CED video and a CED Lens exercise to assist members in educating their departments (S. MacKinnon, personal communication, 2010).

Initially, departments were encouraged to report annually on their progress towards implementation of the policy framework (Kostyra, 2006, p. 24). They were also expected to develop and submit action plans to the working group that articulated how CED principles were being integrated into their units (S. MacKinnon, personal communication, 2010). There is no formal enforcement mechanism to hold departments accountable for their contributions to community economic development.

Evaluating The CED Policy Framework—Key Strengths

The CED policy framework offers a rationale for, and a clearly articulated and detailed description of, the province's approach to supporting communities, thus providing a strong basis upon which thinking and discourse around CED can emerge. By articulating CED objectives and the strategies to achieve them, the policy framework itself has become a tool for increasing the understanding and value of community economic development within government. The process of developing the framework engaged government officials and staff from various departments and levels of authority. For many, participation in this process deepened their understanding of community economic development and the province's role in achieving the CED objectives. As a result, there are individuals across government who now value CED and actively explore ways to support it by integrating its principles into government activities. This has strengthened the province's capacity to develop and implement programs that promote strong, fair, sustainable, and resilient local economies and communities across Manitoba.

Another clear strength of the framework is that it provides tools, such as the CED Lens, that enable government departments to develop and implement programs that better respond to the economic, social, and environmental needs of communities, thus promoting good governance and effective public policy in support

of stronger communities across the province. The CED Lens provides a consistent message regarding how to support community economic development. It also provides a template for facilitating a reliable and methodical means of ensuring that government initiatives support CED. It is effective because it is based on the CED sector's own experience, understanding, and expertise regarding good practice, and uses principles that have been widely adopted by the sector. The lens thus aligns the government with the sector regarding what it takes to maximize multiple economic, social, and environmental benefits for communities (MacKinnon, 2006, p. 28).

The structures created to co-ordinate the development and implementation of the policy framework are also considered key strengths. The interdepartmental nature of the Community and Economic Development Committee of Cabinet, the secretariat, and the working group reflect the complex nature of community challenges and the need to address them with comprehensive strategies. These structures provide a space where wide-ranging cross-departmental initiatives that support CED can be explored, developed, and implemented, as well as an opportunity to identify and address policy barriers that obstruct government support for CED. All too often, new strategic initiatives become buried within one office or department, which can limit the potential to apply them across government. The nature of the structures responsible for co-ordinating the policy framework in Manitoba creates greater potential for it to be understood and broadly put into practice.

The CED Policy Framework has led to many initiatives that support CED, building community capacity and infrastructure, promoting education, training, and enterprise development for marginalized individuals, and supporting innovative CED undertakings in a number of different sectors (Province of Manitoba, 2006, F3, F14).

Province of Manitoba Initiatives That Support CED

Hydro Northern Training and Employment Initiative. Federal and provincial governments are partnering with Manitoba Hydro to support a CED training initiative around northern hydro developments that are expected to provide up to twenty years of employment for northern Aboriginal Manitobans. More than one thousand Aboriginal residents are projected to benefit from adult education upgrading as well as training in both designated and non-designated trades in order to work on the new jobsites. Aboriginal partners are building their own capacity by planning and delivering community-based training, and northern businesses are benefiting by providing products and services

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to planned projects. Along with meeting the objectives of the CED Policy Framework, the undertaking is helping to achieve the education and training goals of the province's Northern Development Strategy, which include a better alignment of training with northern labour market opportunities and an attempt to ensure that northerners can get jobs in their own communities (Province of Manitoba, n.d.(g)).

Aboriginal Procurement Initiative (API). The API directs government departments to increase the number of Aboriginal businesses providing goods and services to the province, recognizing that they are under-represented in government procurement opportunities. Four mechanisms assist departments to implement the policy. The first is Aboriginal business sourcing—Aboriginal businesses register with the government and are contacted when bidding opportunities arise. The second is Aboriginal business content, which requires that a specific percentage of certain government contracts be fulfilled by or subcontracted to Aboriginal businesses. The third is setting aside, which sees procurement contracts initially open only to bidding from Aboriginal businesses. And the fourth is scoping, which breaks down contracts to make them more attainable by Aboriginal businesses (Reimer et al., 2009, p. 10). The API has resulted in \$54 million in contracts being awarded to Aboriginal businesses as part of the Red River Floodway Expansion Project (Province of Manitoba, 2010, D5). Implementation of these policies has resulted in a 28 percent increase in Aboriginal businesses providing goods and services to the province (Province of Manitoba, 2009, p. 8).

Winnipeg Partnership Agreement (WPA). The WPA was a five-year, tripartite, \$75 million agreement to promote the long-term sustainable community and economic development of the City of Winnipeg. It focussed on four issues, two of which were particularly relevant to CED—encouraging Aboriginal participation and building sustainable neighbourhoods. These two program areas received funding of about \$25 million (Loxley & Simpson, 2007). Community-based projects and programs funded through these components have helped build capacity, enhance social and economic development opportunities for all citizens, particularly Aboriginal people, and have helped support the revitalization of marginalized neighbourhoods in Winnipeg (Government of Canada, 2005).

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Community Enterprise Development Tax Credit. This 30 percent tax credit was created in 2004 to encourage Manitobans to invest equity capital in local community-based enterprises and co-operatives. No one person can hold more than 10 percent of an issue, which means that all eligible enterprises are collectively owned by local individuals. By 2008, 565 people had earned tax credits by investing \$1.9 million in six approved community enterprises, including a restaurant, bio-diesel and hay compaction plants, a community store, a hotel, and a food manufacturer (Chernoff, 2008, p. 53). Since that time, an inner-city hardware store and two more rural restaurants have been approved.

Co-operative Development Strategy (CDS). The Government of Manitoba launched the CDS in partnership with the Manitoba Co-operative Association and the Conseil développement économique des municipalités bilingues du Manitoba to support the development of new and existing co-operatives in the province. The CDS is overseen by a steering committee and supported by three working groups (policy, marketing and education, and capacity building) consisting of representatives from both the provincial government and the co-op community. The CDS includes a Co-operative Development Tax Credit for co-operatives and credit unions that make a financial contribution to co-operative development in Manitoba. Contributions are made to a fund managed by the Manitoba Co-operative Association and will be used to provide strategic investments, grants, and technical assistance in support of co-operative development in the province. In the first three months of the program, twenty-nine co-operatives and credit unions contributed \$72,000 to the fund. From this, three co-operatives have already been approved for development grants totalling \$14,000 (Province of Manitoba, 2010a).

Building Urban Industries for Local Development (BUILD) and the Brandon Energy Efficiency Program (BEEP). BUILD and BEEP provide supportive training and employment opportunities for low-income people, while performing energy and water efficiency retrofits on both private and public low-income housing units in Manitoba. These initiatives reduce utility bills for low-income households and the agencies that support them. They also support the construction industry by developing skilled labourers and by providing a gateway to trades-related apprenticeship programming in Manitoba (Province of Manitoba, 2010b). Almost two hundred trainees have entered BUILD or BEEP since the programs began in 2006 and 2007 respectively.

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Ethnocultural Social Enterprise. For the past six years, the Manitoba Department of Labour and Immigration has supported education, training, pilot projects, and social enterprise start-ups in ethnocultural communities in partnership with the Canadian CED Network and SEED Winnipeg. As a strategy for increasing employment and reducing poverty in Winnipeg, the provincial government continues to support SEED Winnipeg's ongoing role in enterprise development for those facing barriers to economic participation.

Evaluating the CED Policy Framework—Key Limitations

While the CED policy framework holds the promise of greatly stimulating CED through government initiatives, adopting the framework is only the first of many steps in the achievement of the province's CED objectives (Fernandez 2005, p. 155). To be effective, the framework needs to be implemented by the civil service in the development and evaluation of government initiatives on a day-to-day basis (Fernandez, p. 177; Reimer et al., 2009, p. 12).

Unfortunately the framework has not been implemented as broadly or as deeply as was intended, and the integration of CED principles into government initiatives has been slow. As a result, the framework has not led to the level of government support for CED in Manitoban communities that many had originally hoped (MacKinnon, 2006, p. 28). The factors that have contributed to this are explored below.

Leadership

As mentioned, the CED Policy Framework is housed in the Community and Economic Development Committee of Cabinet (CEDC), which has significant influence over changes in government policy related to community and economic development (S. Mackinnon, personal communication, 2010). Housing the framework within a Cabinet committee was intended to help ensure cross-departmental responsibility for supporting CED (Kostyra, 2006, p. 23). Ministers on the committee would be responsible for ensuring their department understood and applied the framework to both departmental and interdepartmental initiatives. However, while collective leadership makes good sense in theory, there has not been a single identified leader at or above the ministerial level responsible for the policy framework and for holding the rest of the CEDC accountable for prioritizing its implementation across government departments (MacKinnon, 2006, p. 28). Cross-departmental implementation has depended, instead, on whether or not

individual ministers have been inclined to make the framework a priority within their departments. As a result, the policy framework has not been applied across government, and where it has, the depth of implementation has varied greatly (MacKinnon, 2006, p. 28).

Another limitation of the committee with regard to leadership can be found in its origin and mandate. The CEDC came into being before the framework was developed, not as a result of it, and it is important to note that CEDC stands for Community and Economic Development Committee of Cabinet, as distinct from the CED Committee of Cabinet. So rather than being exclusively responsible for taking the lead on initiatives that support CED, the committee is in charge of undertakings relating to both community and economic development, a group of endeavours in which the policy framework is included. As a result, CED objectives often lose priority to other government goals, including more traditional economic development projects (Sheldrick & Warkentin, 2007, pp. 213, 216-17). This can be attributed, in part, to the lack of a leader who could motivate the committee to prioritize CED objectives.

Implementation of the policy framework has occurred more frequently at the level of the CED Secretariat, although it suffers from the same shortcomings as the CEDC due to its parallel origin and mandate. The secretariat has one project manager responsible for the CED file and for ensuring that CED principles are integrated into government initiatives (Sheldrick & Warkentin, 2007, pp. 213, 216-17). Other project managers oversee a number of strategic files, all of which could be implemented using the policy framework. Regrettably, they have not been consistent in their application (Sheldrick & Warkentin, 2007). While singling out one person for the CED file creates an identifiable leader, it can also suggest that programs in support of CED stand alone from other government undertakings and that other project managers need not be concerned about them. This directly contradicts the underlying message of the policy framework, which suggests that CED principles should be integrated into all government initiatives. However, even this scenario requires a leader to motivate others to fulfil their responsibilities.

Another issue is the capacity and authority of the secretariat project managers to demonstrate leadership by advising on and directing the activities of government departments. The first person responsible for the CED file and for chairing the CED Working Group had extensive experience in community economic development, which allowed her to take a leadership role in developing the policy framework and in facilitating its implementation across government. However, it is an onerous task for one person to acquire the knowledge and expertise needed to advise numerous departments on how CED principles might

be integrated into their initiatives. Furthermore, she had no authority to direct departmental activities (S. Mackinnon, personal communication, 2010).

Finally, there have been difficulties at the working group level, where members have often been unable to champion CED principles unless they have been given explicit authority to direct departmental activities to that end (S. Mackinnon, personal communication, 2010). With a mandate to implement the policy framework across government, but with no authority to do so, the effectiveness of the group has been limited.

Education and Awareness of the CED Policy Framework Within Government

Limited application of the policy framework in Manitoba can also be attributed to how well it has been understood and valued by members of the Community and Economic Development Committee of Cabinet, the secretariat, the working group, and members of the government. It would be more effective if there were a clearer understanding of its relevance to departmental mandates, and of how to use the CED Lens to achieve the government's CED objectives. The working group is responsible for fostering this understanding, but its efforts have achieved limited results (Sheldrick & Warkentin, 2007, p. 219).

As noted above, the working group is generated by asking each unit to appoint a representative who has a solid grasp of CED and the framework, as well as departmental initiatives, priorities, and relationships with the community (S. Mackinnon, personal communication, 2010). Generally, most members have been supportive of the lens, but many have needed a better understanding of the policy framework. Alternatively, some have understood the framework but have failed to recognize how it relates to their department's mandate. The working group needed to establish a clear understanding of the framework before it could effectively facilitate the implementation of its goals (Sheldrick & Warkentin, 2007, p. 214).

The limited success of the group can also be understood by looking at its internal communication and education strategy. It did provide general information on CED, the framework, and on how to use the CED Lens to achieve the government's CED objectives (Sheldrick & Warkentin, 2007, p. 214). As mentioned, the working group and its strategy influenced some important government initiatives. However, the strategy did not provide information tailored to each department explaining how the CED principles were relevant to, and could be integrated into, their particular mandate. Some departments thus failed to see how the policy framework related to their mandate, which limited their use of it. In addition, while the working group has

attempted to develop a common understanding of CED, achieving consensus has been difficult because of the large number and varied interests of individual units. Most departments continue to approach CED from their own particular perspective, if at all, and many have applied widely varying definitions and understandings of it (Sheldrick & Warkentin, 2007, p. 218).

Enforcement Mechanisms

The most significant factor contributing to the limited implementation of the policy framework has been the lack of a formal enforcement mechanism to hold departments accountable for their contributions to CED (MacKinnon, 2006, p. 28). Initially, departments were encouraged to report their progress annually, but with no means of enforcement, reporting occurred inconsistently, if at all. Units were also urged to develop and submit action plans to the working group that articulated how CED principles were being integrated into their programs. At first, most departments did submit action plans, some more comprehensive than others. In terms of general education and awareness, civil service members were not required to attend presentations on the policy framework offered as part of the working group's internal communication and education strategy. Without an enforcement procedure to hold departments accountable for implementing the CED Policy Framework, the civil service has lacked a sense of urgency to either understand or apply it (MacKinnon, 2006, p. 28).

Looking Forward: Embedding the Framework in Government

While some departments have been diligent about integrating CED principles into their work, many key units have not. Numerous policy and program areas still stand to benefit from implementation of the framework. To be sure, Manitoba has made significant gains in creating an environment friendly to CED organizations and approaches, although there is clearly room for improvement (Reimer et al., 2009, p. 13).

To be effective, the policy framework, currently an internal document, needs to be implemented by the civil service as it develops and evaluates government initiatives on a day-to-day basis (Fernandez, 2005, p. 177; Reimer et al. 2009, p. 12). However, embedding this kind of change in the culture of the civil service can be a difficult and lengthy process (Sheldrick & Warkentin, 2007, p. 219). Putting it into legislation might help to accomplish this, particularly if it allows the framework to survive a change in government (Fernandez, 2005, p. 177; Reimer et al., 2009, p. 33). Legislation alone, however, will not be

enough as it can easily be amended or withdrawn by a new government.

The framework is more likely to become embedded in government if the civil service more fully understands and values the rationale for it. At the very least, members must understand how CED principles are relevant to, and can be integrated into, their particular departmental mandates. A communication strategy tailored to individual units would help achieve this. Furthermore, the civil service would be more motivated if it were clear that the framework is a government priority. Embedding the policy framework requires a leader with authority, such as the premier, to become its champion and to prioritize its implementation across government over several years (Reimer et al., 2009, p. 33). This would also contribute to a better understanding and acceptance of the framework at the level of the Community and Economic Development Committee of Cabinet and the secretariat.

The most useful tool for embedding the policy framework would likely be an enforcement mechanism that held departments accountable for implementing it (MacKinnon, 2006, p. 28). For example, the Manitoba Treasury Board Secretariat and the CEDC Secretariat could work together to ensure that departments apply the CED Lens throughout their budgeting processes, including in their annual estimates and reporting (S. Mackinnon, personal communication, 2010).

Appropriate and effective implementation of the policy framework will require the on-going participation of CED leaders and practitioners from multiple sectors outside of government. While the community was consulted in the development of the framework, it has had limited participation in its ongoing implementation. Some units have been better than others at involving the community in the process of creating and evaluating departmental initiatives. However, this has had less to do with the policy framework than with the fact that some departments have precedents for engaging in community consultation processes (CCPA–MB, 2006, p. 3). More effort could be made to involve the community in departmental attempts to integrate CED principles into their initiatives. This could include engaging in continuing dialogue and allowing community participation in decision-making processes. The policy framework currently lacks a mechanism to facilitate the ongoing co-construction of initiatives that support CED among key stakeholders (Amyot et al., 2010, p. 42).

The Province of Manitoba's Neighbourhoods Alive! Initiative

The Neighbourhoods Alive! (NA) program was launched in 2000 as a long-term, community-led, social and economic development strategy. It supports urban communities across Manitoba by providing tools and resources, and by co-ordinating

supportive programs and services that enable communities to take a holistic, local approach to neighbourhood revitalization. NA supports neighbourhood renewal initiatives in a number of key areas: housing and physical improvements; employment and training; education and recreation; and safety and crime prevention. The government understands that it can improve the overall well-being of the province by acknowledging the challenges and supporting the revitalization efforts of vulnerable neighbourhoods (Province of Manitoba, n.d.).

NA recognizes that each neighbourhood has its own unique needs, priorities, and opportunities, and that some of the most effective ideas for revitalization come directly from the community in need. Following this philosophy, NA offers planning assistance and flexible funding components that enable communities to identify the special needs of their neighbourhood, and then to develop and implement strategies to address them (Province of Manitoba, n.d.).

Funding Programs

NA funding is made accessible to communities through eight components. Four of these—the Neighbourhood Renewal Fund, the Neighbourhood Development Assistance Program, Community Initiatives, and Community Youth Recreation—can only be accessed for initiatives that benefit communities in designated NA neighbourhoods. The four remaining components—Training Initiatives, Urban Art Centres, Neighbourhood Housing Assistance, and Lighthouses—are available for programs both inside and outside of designated neighbourhoods

Neighbourhoods Alive! Funding Programs

The Neighbourhood Renewal Fund provides assistance to community organizations for capacity building, stability, economic development, and well-being in designated neighbourhoods.

The Neighbourhood Development Assistance Program enables CED in designated neighbourhoods by supporting the formation and operations of democratic, locally administered neighbourhood renewal corporations.

Training Initiatives offer a variety of training to targeted residents to provide them with new career opportunities in areas of labour market demand.

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Urban Art Centres provide financial assistance to community-based, not-for-profit, arts and cultural organizations delivering annual and ongoing arts-based programming to targeted (underserved, underrepresented, high-need, or high-risk) communities in Manitoba.

Community Initiatives support programs that have a broad impact on Winnipeg's inner city or target specific groups of people across the inner city.

Neighbourhood Housing Assistance provides financial help to support community-based homeownership and renovation initiatives in designated neighbourhoods.

The Lighthouses Program works to enhance public safety by supporting local communities to provide after-school recreation activities for youth.

Community Youth Recreation works to support enhanced youth recreation programming in designated Neighbourhoods Alive! communities outside of Winnipeg

Source: Province of Manitoba, n.d.

Although these funding components are all critical to neighbourhood revitalization, this report will focus on the Neighbourhood Development Assistance Program (NDAP) and the Neighbourhood Renewal Fund (NRF), two of the most critical elements of Neighbourhoods Alive! These two programs enable communities to take sustainable, community-led approaches to neighbourhood revitalization. The NDAP, for example, provides up to five years of core funding to support the creation and operation of locally governed and democratic neighbourhood renewal corporations in designated neighbourhoods. The funding enables these corporations to plan and co-ordinate ongoing neighbourhood revitalization efforts through a CED approach. The NRF complements the NDAP by providing funds to community-based organizations, including neighbourhood renewal corporations, in designated neighbourhoods for projects that foster capacity building, stability, economic development, and well-being.

Designated Neighbourhoods

When Neighbourhoods Alive! was launched in 2000, it focussed on Manitoba's

three largest cities, where the need was most urgent and the challenges were most severe. Initially, it offered support to core residential neighbourhoods in Brandon, five inner-city neighbourhoods in Winnipeg, and neighbourhoods with pockets in decline in Thompson (Province of Manitoba, n.d. (a)).

The Province of Manitoba marked Neighbourhoods Alive!'s five-year anniversary in 2005 by expanding support to seven more neighbourhoods in Winnipeg's inner city (Province of Manitoba, 2005). Two years later, it extended funding to neighbourhoods in five urban centres outside of Winnipeg—Dauphin, Flin Flon, The Pas, Portage la Prairie, and Selkirk—considered to have the greatest revitalization needs based on socio-economic conditions, the housing situation, and population indicators (Province of Manitoba, n.d. (a)). Finally, in 2010, a thirteenth Winnipeg neighbourhood became eligible for NA support.

The designated neighbourhoods in Winnipeg were classified as Major Improvement Areas based on a variety of indicators including significant social, economic, and environmental challenges such as high rates of poverty, unemployment, and crime, and a lack of adequate recreation, family support, affordable housing, and economic opportunities (Province of Manitoba, n.d. (a)). Decisions regarding which neighbourhoods become eligible for NA support occur at the ministerial level of the provincial government.

Neighbourhood Renewal Corporations

Each neighbourhood is required to establish a locally governed and democratic neighbourhood renewal corporation (NRC) with an accompanying board of directors in order to receive Neighbourhoods Alive! support from the Neighbourhood Renewal Fund or the Neighbourhood Development Assistance Program. The corporations are responsible for planning and co-ordinating ongoing revitalization efforts through a CED approach (EKOS Research Associates Inc., 2010, p. 5). While there are currently twelve NRCs, a single corporation can represent multiple designated neighbourhoods. For example, one Winnipeg-based NRC, the North End Community Renewal Corporation, represents five inner-city neighbourhoods. NRC activities are governed by a volunteer board of directors made up of, and elected by, neighbourhood residents, who represent the diverse interests of the community (Silver et al., 2009, pp. 15–16). While possessing a deep knowledge of their community's needs, priorities, and opportunities, some boards require access to education and training opportunities in governance and planning in order to maximize their effect (Silver et al., 2009, p. 31).

Neighbourhood renewal corporations facilitate the creation of comprehensive,

five-year, neighbourhood revitalization plans, which are developed through community consultation. These plans identify the needs and opportunities within the community, as well as its priorities and goals. They also outline a strategic action plan to guide efforts towards meeting collective aims and achieving a shared community vision. Each community is expected to demonstrate how its plan is consistent with the provincial government's CED principles (EKOS Research Associates Inc., 2010, p. 5). It must also explain how its plan fosters neighbourhood capacity building, stability, economic development, and well-being (J. Stewart, personal communication, 2010). Neighbourhoods Alive! provides a Neighbourhood Planning Guide to assist NRCs and communities to develop their plans and achieve collective goals (Province of Manitoba, n.d. (b)).

In addition to facilitating the creation of neighbourhood revitalization plans, NRCs help other community-based organizations (CBOs) in their mandated neighbourhoods apply for NA funding and with administrative activities. Rather than duplicating the work already being done by other CBOs in the neighbourhood, NRCs play a convening and co-ordinating role while filling gaps by developing and implementing their own neighbourhood revitalization initiatives (Silver et al., 2009, pp. 3-4).

Many of the initial designated neighbourhoods, particularly in Winnipeg's inner city, had existing community infrastructure with mandates and objectives similar to Neighbourhoods Alive! In these cases, NA staff would work with the community to build on existing resources to create a neighbourhood renewal corporation. As NA evolved, new neighbourhoods began the process of creating an NRC with a volunteer interim advisory committee made up of local representatives. In some of these neighbourhoods, NA provided a designated staff person to work with the committee on community engagement, consultation, and planning to get the initiative off the ground. This included developing the five-year revitalization plan. The advisory committee was also responsible for deciding how to coordinate ongoing revitalization efforts in the neighbourhood. In all cases, the committees decided to create a new organization based on the NRC structure in existing designated neighbourhoods. Once the revitalization plan was developed and the NRC structure put in place, these neighbourhoods became eligible for Neighbourhood Development Assistance Program funding (E. Wiebe, personal communication, 2010).

The Neighbourhood Development Assistance Program

Each neighbourhood renewal corporation is supported by the Neighbourhood Development Assistance Program funding component of Neighbourhoods Alive!, which provides up to \$25,000 in start-up funding and between 75,000 and \$200,000

in core funding each year for up to five years (Province of Manitoba, 2002). NDAP funding became available one year after Neighbourhoods Alive! was launched, when NA staff and the NRCs realized that project-based funding alone would not be sufficient to support the organizational capacity required for them to effectively fulfil their mandates (Dept. of Local Govt., personal communication, 2010). The amount of funding allocated to an NRC is determined at the ministerial level and can be influenced by the size of the neighbourhood within which it operates (J. Stewart, personal communication, 2010).

To be eligible for NDAP funding, NRCs must operate in a designated neighbourhood and represent its diversity. Eligible NRCs must also be democratic in structure and accountable to the neighbourhoods they serve. They must have developed a comprehensive, five-year, neighbourhood revitalization plan through community consultation. They must also be incorporated or in the process of becoming a non-share capital corporation (Province of Manitoba, n.d. (c)). NDAP funding is not intended to be the only source of financial assistance available to NRCs. They are expected to cover the balance of their core organizational costs with volunteers, in-kind support, and by actively pursuing diversified funding sources (Province of Manitoba, n.d. (c)). They must also submit a five-year projected budget to Neighbourhoods Alive! that identifies funding sources outside of the NA program. NRCs can reapply for up to five years of additional core funding if their reporting is in good order and if they have developed a new five-year neighbourhood revitalization plan building upon the last one.

NDAP funding helps NRCs with core organizational costs, including staff, facility, and office expenses (Province of Manitoba, 2002a). It enables NRCs to set up administrative and management structures to help develop and implement their own neighbourhood revitalization initiatives (Silver et al., 2009, p. 30). NDAP funding has covered core staff positions, including executive directors, accountants, bookkeepers, community development workers, and some program staff including housing and safety co-ordinators.

The Neighbourhood Renewal Fund

In addition to the core funding provided by the Neighbourhood Development Assistance Program, NRCs are able to develop proposals and apply to several project-based funding components of Neighbourhoods Alive!, including the Neighbourhood Renewal Fund (NRF). Any incorporated, non-profit, community-based organization in a designated neighbourhood is also eligible to apply to the NRF semi-annually for revitalization projects supported by the local NRC. The NRF has allocated

\$20,023,133 for community-led planning and programming since 2000 (EKOS Research Associates, 2010, p. 35).

The NRF funds projects that fall under four categories: neighbourhood capacity building, neighbourhood stability, neighbourhood economic development, and neighbourhood well-being. These categories are broad enough to provide communities with the flexibility they need to pursue a broad range of projects based on their unique priorities, goals, and actions. NRCs and CBOs are encouraged to leverage local contributions of cash, labour, materials, services, and other in-kind support to complement what they receive from the NRF (Province of Manitoba, n.d. (d)).

Proposals for financial assistance from the Neighbourhood Renewal Fund must:

- demonstrate how the project is consistent with the priorities, goals, and actions identified in the neighbourhood revitalization plan;
- involve local resources and the community in its development and implementation;
- strengthen local capacity;
- integrate the provincial government's CED principles.

CBOs can seek assistance in developing proposals that meet these requirements from NA staff, from their local NRC, or by consulting the Community Guide to Proposal Writing provided by Neighbourhoods Alive! (Province of Manitoba, n.d. (e)).

Funding proposals must be reviewed by the board or a board committee of the local NRC to confirm that they are consistent with the neighbourhood revitalization plan before being submitted to NA with recommendations. Neighbourhoods Alive! staff then evaluate proposals to ensure they align with program guidelines before passing them on with their recommendations to an interdepartmental working group. NA staff partner with NRCs and CBOs to rework proposals when necessary and to make sure that they complement, and do not duplicate, existing initiatives within the neighbourhood (Province of Manitoba, n.d., (a)).

Neighbourhood Renewal Fund: Categories of Eligible Initiatives

Neighbourhood Capacity Building supports projects that promote neighbourhood consultation, outreach, awareness and collaboration; enhance

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knowledge, skills, and leadership; nurture individual and community pride; and support the sustainability of programs

Neighbourhood Stability complements housing improvements by supporting projects such as renovations to neighbourhood facilities; the development or reclamation of parks and open space for community use; the development of community gardens; improvements to local amenities; and contributions to neighbourhood beautification.

Neighbourhood Economic Development assists organizations to prepare CED strategies that foster balanced, equitable, and sustainable economic development, and to develop projects that provide local business opportunities, enhance employment and training for local residents; and promote local purchasing.

Neighbourhood Well-Being funds activities that support neighbourhood cohesion and well-being by enhancing neighbourhood safety and preventing crime; reducing at-risk behaviour (e.g., through recreation programs); contributing to better health practices; strengthening tenant-landlord relations; and improving neighbourhood co-operation.

Source: Province of Manitoba, n.d. (d)

The interdepartmental working group meets regularly to analyze proposals, monitor the progress of NA, and advise on NA policy. Its analysis and recommendations are passed on to the Neighbourhoods Alive! Steering Committee of Cabinet Ministers, which makes the final decisions regarding funding. The steering committee is comprised of ministers from key provincial departments that have included Housing and Community Development, Justice, Family Services and Consumer Affairs, Aboriginal and Northern Affairs, and Education (Province of Manitoba, n.d., (a)).

The Small Grants Fund

The Neighbourhood Renewal Fund also makes money available to NRCs to establish Small Grants Funds, which empower the NRCs to autonomously allocate funding for small community-led projects that foster social inclusion and that are consistent with the five-year neighbourhood revitalization plan. Small Grants Funds

can range from \$25,000 to \$150,000 per NRC. Community groups can submit proposals for up to a maximum of \$5,000 per project (EKOS Research Associates Inc., 2010, p. 4), which are reviewed by an NRC board committee; final decisions on funding are ratified by the board. Grant recipients report on projects to their NRC, which in turn reports back to Neighbourhoods Alive!

NA's various funding components are not intended to be sources of long-term financial assistance. Funding can be renewed, but NRCs and other CBOs are expected to develop financial sustainability plans. In some cases, Neighbourhoods Alive! has implemented declining funding agreements over a period of years to provide NRCs and CBOs with time to find other resources. In other cases, renewed funding is not provided until a financial sustainability plan is in place.

Neighbourhoods Alive! Staff and Capacity-Building Opportunities

Neighbourhoods Alive! staff are available to provide resources and supports to NRCs and other CBOs in designated neighbourhoods. Project officers work with the community on project proposals, monitoring, and reporting. They meet regularly with stakeholders, particularly NRCs, in an attempt to develop a partnership that can facilitate effective communication, problem solving, and the co-construction of policy between government and community. A community development worker is available to assist NRCs with community consultations, to assist with facilitating positive working relationships and effective policies between communities and NA, and sometimes to assist with the development of neighbourhood revitalization plans. When Neighbourhoods Alive! expanded outside of Winnipeg, new staff positions were created in Brandon and Thompson to provide these communities with enhanced access to resources and supports (Dept. of Local Govt., personal communication, 2010; E. Wiebe, personal communication, 2010).

Neighbourhoods Alive! makes funding available to neighbourhood renewal corporations to build their organizational capacity. NRF funding can be used to provide NRC staff and board members with access to education, training, and other professional development opportunities, including those related to understanding and employing the CED model. NRCs have also been able to hire consultants to assist with strategic planning and financial and human resource management. Finally, Neighbourhoods Alive! regularly brings the executive directors of all the NRCs together to collectively discuss challenges, learn from each other, and solve problems (E. Wiebe, personal communication, 2010).

The Neighbourhood Alive! Initiative—Key Strengths

Neighbourhoods Alive! is one of Manitoba's most successful initiatives that support CED due to its effective integration of CED principles and significant contribution to achieving the government's CED objectives. The program embraces a CED approach to neighbourhood revitalization. It recognizes that complex community challenges require comprehensive responses, and that those responses will be most effective and sustainable when they are directed by the community. Consistent with the CED model, NA's approach to neighbourhood revitalization is long-term, comprehensive, community-led, and flexible. By investing in neighbourhoods with the greatest needs and by supporting their efforts to develop and implement wide-ranging responses to their social, economic, and environmental challenges, NA contributes to strong, fair, sustainable, and resilient local economies and communities across Manitoba.

One of NA's key strengths is that it encourages neighbourhood revitalization initiatives to be led by the community. As noted above, NA recognizes that some of the most effective ideas for neighbourhood revitalization come directly from the community in need (Province of Manitoba, n.d.). When residents take ownership over decision making and actions to address neighbourhood revitalization, they become more invested in, and committed to, achieving successful results. Comprehensive visions and plans are more likely to be created when all of the sectors from a given community are involved. This will also encourage multi-sectoral collaborations to drive the implementation. Community-led processes help build skills in individuals as well as partnerships and capacity within the community, which enables the community to become increasingly independent in its ongoing neighbourhood revitalization efforts (Kliwer, 2010, p. 24).

A number of elements within Neighbourhoods Alive! encourage neighbourhood revitalization initiatives to be community-driven. First, these efforts must be coordinated by a local democratic organization governed by a board of directors made up of local volunteers who are elected by, and representative of, the community. Second, NRC boards are empowered to autonomously allocate money from their Small Grants Funds for small community-led projects. Third, to be eligible for NA funding, NRCs and CBOs must demonstrate how their plans involve the local community in development and implementation. Fourth, they must also demonstrate how their project is consistent with the revitalization plan that has been developed through community consultation (Province of Manitoba, n.d. (e)).

Flexibility is a second key strength of Neighbourhoods Alive!, which recognizes that each community needs to be able to pursue a broad range of projects based on the

unique priorities, goals, and actions identified in their neighbourhood revitalization plans. This requires a funding source flexible enough to support the great variety of undertakings that emerge out of the designated neighbourhoods. With four categories of eligible initiatives, the NRF is a particularly good example of a flexible funding source that has been able to accommodate a wide range of community-led projects.

A third key strength of NA is its requirement to take a comprehensive approach to funding neighbourhood revitalization plans (EKOS Research Associates, 2010, p. 34). This is not to say that each project must aim to meet all the needs within a neighbourhood. Rather, it must fit within the broader plan and be developed and implemented in keeping with the government's CED principles (Province of Manitoba, n.d., (e)).

A fourth key strength contributing to the success of Neighbourhoods Alive! is its long-term approach to neighbourhood revitalization. NA understands that there is no short-term solution for transforming social, economic, and environmental conditions. This is demonstrated in the five-year core funding provided to NRCs through the Neighbourhood Development Assistance Program to plan and co-ordinate ongoing efforts based on five-year revitalization programs. This multi-year funding brings a level of stability to the NRC that gives the organization the capacity to engage the community in the kind of broad-based, long-term strategic thinking and planning necessary to achieve lasting results.

Neighbourhoods Alive! also demonstrates its long-term approach through the Neighbourhood Renewal Fund. While the NRF's project-based funding is generally short-term, some projects that have demonstrated successful outcomes have been given renewed funding for longer terms, in some cases up to three years. Neighbourhood revitalization initiatives will produce both short-term and long-term results and must be evaluated with these time frames in mind (Institute of Urban Studies, 2005, p. 134). NA staff and decision makers recognize that some projects will take longer than others to demonstrate successful outcomes.

The Neighbourhoods Alive! Initiative—Key Limitation Funding Limitations

The five-year core funding provided to NRCs by the Neighbourhood Development Assistance Program is critical to the sustainability and effectiveness of these organizations. There are few, if any, other funding sources that will cover core organizational costs such as the salary of an executive director or bookkeeper, or rent or utility costs. However, the NDAP funding is not sufficient to cover all the

core costs required for NRCs to effectively fulfil their mandates, particularly as they grow and mature. In addition to co-ordinating ongoing neighbourhood revitalization efforts, NRCs develop and implement their own programs to attend to community priorities that are not being addressed by existing organizations (Silver et al., 2009, pp. 3-4). NDAP funding was not originally intended to cover program expenses or staff, although in some cases it has funded the latter. To cover these expenses, NRCs need to apply for project-based funding from various sources, which creates a number of challenges that are common to other CBOs operating within the current funding environment.

The pursuit and management of multiple sources of project-based funding, each with its own eligibility, reporting, and evaluation criteria, requires NRCs to have significant administrative capacity (Silver et al., 2009, p. 9). The level required to fulfil their mandates can vary, depending on the number of programs and projects they need to deliver, the number and quality of staff they need to hire, and the number of funding sources they need to seek out to cover costs. Some funders and foundations allow administrative fees to be charged for grants, although the allocation is not always adequate in relation to the real costs incurred. Unfortunately, administrative costs cannot be covered by the project-based funding from the Neighbourhood Renewal Fund. Many NRCs receive insufficient core funding to build the administrative capacity to pursue and manage needed projects. Without the cumulative cost allocations from funded projects, they don't have sufficient resources to build their core administrative capacity, which creates a cyclical dilemma.

Insufficient core funding can place an enormous administrative burden on the NRC. Staff supported by project-based funding need to ensure that deliverables are met and are often not provided with the resources or time allocations in contribution agreements to carry out administrative tasks. With limited core funding coming from NDAP, some executive directors are forced to take on the administrative activities that would normally be handled by support staff, leaving them less time to engage the community in the thinking and planning needed to achieve long-term results. This creates a significant point of tension for both project staff and executive directors. It can, in turn, lead to burnout and turnover that diminishes organizational capacity and stability (Silver et al., 2009, pp. 29-30).

Project-based funding creates another challenge for NRCs because it tends to provide insecure, low-paying jobs with inadequate benefits for staff. This makes it difficult to attract and retain qualified staff, which further reduces the strength of the organization (Silver et al., 2009, p. 9). Even when the core funding provided by Neighbourhoods Alive! is used to support NRC staff, it is often insufficient to provide the kind of remuneration that would positively effect administrative positions

and the stability of the organization (EKOS Research Associates, 2010, p. 19). Staff continuity within an NRC is critical to building the long-term capacity necessary to achieve its mandate.

The Neighbourhoods Alive! Initiative—Additional Observation

Decision-Making Structures

Empowering community-based boards to allocate funding from the Small Grants Fund within the neighbourhood makes good sense because it gives decision-making authority to stakeholders with the greatest knowledge of the local context. However, the Small Grants Fund represents only a small proportion of the total funding delivered through Neighbourhoods Alive! Most funding decisions are not made by the NRCs or community-based bodies but rather by the Ministerial Steering Committee after considering the recommendations of the interdepartmental working group. While interdepartmental decision-making structures can create efficiencies, there is some concern that they may lack the local knowledge required to make informed decisions.

The Role of Neighbourhoods Alive! Staff

Neighbourhoods Alive! project officers should be located close to the neighbourhoods with which they work. This will allow them to develop partnerships that link the community with government, which can open a line of communication for working together to meet program guidelines and address challenges. Ongoing communication between community and government will help to ensure the program meets the needs of all stakeholders (E. Wiebe, personal communication, 2010). The strength and effectiveness of this partnership depends upon the ability of the stakeholders to work together, and to understand each other's capacities, limitations, realities, and priorities.

NA project officers with relevant expertise can help build capacity among neighbourhood renewal corporations. More often, NA provides funding for NRCs to access capacity-building resources for staff and the board, rather than offering them through NA officers (J. Stewart, personal communication, 2010), which may create a dynamic in which the community feels as if it is being directed by government rather than by the community. Furthermore, NRCs may not be comfortable discussing their shortcomings with a funder. As a result, NRCs may prefer to access community-based capacity building resources and supports.

Towards a Federal CED Policy Framework

The federal government can promote the CED model, address complex community challenges, and improve quality of life for all Canadians by developing and implementing a federal CED Policy Framework. This would acknowledge the potential for CED to contribute towards strong, fair, sustainable, and resilient Canadian communities.

This report recommends that the basic content of a federal policy framework be modeled after that in Manitoba. This would include CED objectives, CED principles, and a CED lens. Establishing clear objectives will help the federal government assist communities to improve themselves through developing, implementing, and monitoring initiatives that respond to their economic, social, and environmental needs while also building local capacity. Establishing CED principles will help guide government efforts to develop programs that support CED and achieve its objectives. And establishing a CED lens will provide an effective tool to help government ensure CED principles are integrated into its initiatives in order to achieve the CED objectives.

Government Structures

A co-ordinated, whole-of-government approach is required to achieve the objectives described above. The *Final Report of the Senate Subcommittee on Population Health* provides insight on how to accomplish this at the federal level. The report notes first, that the highest levels of leadership, including the prime minister, must make the issue a government priority. This is consistent with the Manitoba experience, where limited cross-departmental implementation can be attributed, in part, to the lack of an identified leader with authority over ministers who could prioritize it. Second, based on examples from other jurisdictions, the report identifies the need to break down silos within government and proposes mechanisms to achieve this. These include the creation of a Cabinet committee chaired by a powerful minister, such as the prime minister or finance minister, to set direction on the issue across government departments and agencies (Senate Subcommittee, 2009, p. 18).

The following proposals are based on the Manitoba experience and the analysis and recommendations in the *Final Report of the Senate Subcommittee on Population Health*.

First, the prime minister should take the lead in announcing and in ensuring the development and implementation of a federal CED Policy Framework.

Second, the development and implementation of the framework should be

co-ordinated by a Cabinet committee chaired by a strong minister (the prime minister, his/her deputy, or the minister of finance). This report recommends housing the policy framework in the existing Cabinet Committee on Priorities and Planning (CCPP) based, in part, on the fact that the committee is chaired by the prime minister and made up almost entirely of ministers who either chair or act as vice-chairs of the other Cabinet committees (Parlinfo, 2011).

If the prime minister makes the CED Policy Framework a government priority, then housing it within the CCPP would make good sense. First, ministers on this committee are in a position to ensure the framework is implemented within their departments. Second, they can also encourage its implementation within the Cabinet committees they chair, which will help ensure that the framework becomes horizontally integrated across government. Third, the CCPP provides strategic direction on government priorities and expenditure management, which includes ratifying committee recommendations (Parlinfo, 2011, p. 2). It is not likely that the committee would ratify the recommendations of other committees unless they demonstrated a commitment to meeting CED objectives.

A potential challenge with housing the framework within an existing committee is that CED goals would have to compete with other committee objectives and might be neglected, which often occurred in Manitoba's Community and Economic Development Committee of Cabinet (Sheldrick & Warkentin, 2007, p. 213). To mitigate this risk, someone in an influential leadership position must prioritize CED objectives, or at least ensure they receive the same consideration as other government objectives. In the case of the CCPP, that leadership would come from the prime minister.

Third, a CED Secretariat should be created within the Privy Council Office to assist the Committee on Priorities and Planning in co-ordinating the development and implementation of the policy framework across government. To effectively fulfil that responsibility, the secretariat would need to be comprised of staff with expert knowledge in CED and its relevance to the various policy issues that go to Cabinet (S. MacKinnon, personal communication, 2010). Further, the secretariat would need to be supported by a CED policy research unit with enough resources to explore existing barriers and innovative opportunities regarding government support for CED. The CED Secretariat would pull together staff from existing secretariats of Cabinet committees that consider policy issues relevant to CED. These would include the Economic and Regional Development Policy Secretariat and the Social Development Policy Secretariat. The CED Secretariat would also need sufficient resources to develop an internal communication and education strategy and deliver

it across government. Finally, it would need the authority to direct departmental activities towards the development of initiatives that support CED (S. MacKinnon, personal communication, 2010).

Fourth, an interdepartmental CED Working Group should be created, comprised of CED Secretariat staff and senior management from all government departments that deal with concerns relevant to CED. The working group would meet regularly to discuss programs supportive of CED that are being pursued within departments and to identify opportunities for collaboration (S. MacKinnon, personal communication, 2010).

Implementing the Federal CED Policy Framework

Cross-departmental implementation of the CED Policy Framework will require an effective internal communication and education strategy. The CED Secretariat would be responsible for developing this, in partnership with the CED Working Group. The strategy would include an education component that would ensure all government personnel had a basic, consistent understanding of the policy framework, the rationale behind it, their role in implementing it, and how they can fulfil their role by using the CED Lens. A good strategy would have two advantages: it would build awareness of the framework across government and also send a strong message that the prime minister has prioritized its implementation.

The CED secretariat would deliver the communication and education strategy to the rest of the Privy Council Office. It would be responsible for preparing ministers and senior management to oversee implementation of the policy framework within their respective departments. This would require specific education components tailored for ministers and senior management to ensure they understand how the CED principles are relevant to, and could be integrated into, their particular departmental mandates. Senior management would then be responsible for disseminating that knowledge and ensuring that the framework is implemented. CED Secretariat staff would be expected to provide ongoing expertise and advice (S. MacKinnon, personal communication, 2010).

Enforcement Mechanisms

The Manitoba experience suggests that an enforcement mechanism to hold departments accountable for their contributions to CED is critical to ensuring implementation of the framework. This report recommends that the federal government make it mandatory for the CED Lens to be applied to any initiative submitted to the Cabinet and Treasury Board. Departments would be responsible

for applying the CED Lens to their initiatives. The Privy Council Office, supported by the CED Secretariat, would ensure that departments apply the CED Lens when they review submissions going to Cabinet. Ministers on the Cabinet Committee on Priorities and Planning would advise other ministers on the committees they chair regarding the application of the CED Lens. The Treasury Board Secretariat would work with the CED Secretariat to ensure that departments apply the lens when they review Treasury Board submissions (S. MacKinnon, personal communication, 2010). Cabinet and Treasury Board submissions would be subjected to a cost-benefit analysis that accounts for economic, social, and environmental factors using the CED Lens as a framework. Submissions that do not adequately apply the lens would be returned to departments with recommendations from the Treasury Board Secretariat and/or CED Secretariat staff. Finally, this report recommends that all departments, as part of their annual reporting requirements, provide details on the integration of CED principles into their undertakings and on how this has contributed to achieving the CED objectives (S. MacKinnon, personal communication, 2010).

Ongoing Co-construction of Public Policy

Implementation of the CED Policy Framework will require a mechanism to co-ordinate a sustained dialogue among CED leaders and practitioners from multiple sectors on the development of a shared vision and an action plan for engaging in an ongoing dialogue with government. This report recommends that the federal government create and invest in that infrastructure to facilitate the ongoing co-construction of initiatives that support CED.

Second, this report recommends that the federal government create an ongoing roundtable that brings together representatives of the community and the government to engage in co-construction of initiatives that support CED. This would provide the infrastructure for involving the community in the development and evaluation of government programs, and in reshaping them to meet the government's CED objectives (M. Toye, personal communication, 2010).

Towards a Federal Neighbourhood Revitalization Program

The federal government can play a catalytic role in poverty reduction and community development across Canada by developing and implementing a federal Neighbourhood Revitalization Program (NRP) that commits multi-year, project-based, and core funding to organizations that employ the CED model in designated urban communities. A federal NRP can be modeled after that in Manitoba and

developed within the context of a federal policy framework. Like the Manitoba program, it would take a long-term, comprehensive, community-led, and flexible approach to neighbourhood revitalization.

There are a number of ways to deliver a federal NRP. This report suggests two alternatives. The first would see a national community-based organization (CBO) funded by the federal government delivering the NRP across Canada (G. Loewen, personal communications, 2010). The second would see the federal government funding and delivering the program through regional development agencies across Canada. In either case, this report recommends that the federal government create a national roundtable to co-ordinate the design and delivery of the program. The roundtable would include representatives from relevant federal government departments and the community who have an expertise in community-led development initiatives that employ the CED model (G. Loewen, personal communications, 2010).

Designated Neighbourhoods

Community-based organizations across the country could apply to the Neighbourhood Revitalization Program to have their neighbourhood designated for federal funding. This report recommends that the national roundtable be responsible for developing a set of eligibility criteria for prioritizing neighbourhoods. Criteria would include, but not be limited to, demonstration that the neighbourhood is in need of support based on existing socio-economic conditions. It would also require assurance that the community is ready to participate in developing and implementing a five year neighbourhood revitalization plan. Finally, there must be a group of individuals representative of the community to act as an interim advisory committee.

The interim advisory committee in a designated neighbourhood would receive start-up funding to develop a comprehensive, five-year, neighbourhood revitalization plan through community consultation. The committee would be responsible for establishing a local, democratic structure governed by a board of directors who represent the interests of the community. The board would consist of, and be elected by, neighbourhood residents. That structure would act as a neighbourhood renewal corporation (NRC) and co-ordinate ongoing revitalization efforts in the neighbourhood. The advisory committee and the NRC would receive ongoing support from regional project officers hired by the local regional development agency or the local office of the national CBO, depending on how the plan is delivered.

Support might include assisting with community consultation processes, helping with the development of the five year plan, and/or supporting the establishment of

an NRC. It might also include providing NRC staff and board members with access to education, training, and other professional development opportunities, including those related to understanding and employing the CED model. Once a designated neighbourhood has its five-year plan and a co-ordinating structure approved by the national roundtable, it would become eligible for accessing all the other funding components of the Neighbourhood Revitalization Program.

Funding Programs

The Manitoba experience suggests that CED organizations need access to multi-year, project-based, and core funding to effectively fulfil their mandates. This report recommends that the federal government create a fund modeled after the Neighbourhood Development Assistance Program offered by Neighbourhoods Alive! to provide NRCs in designated neighbourhoods with flexible and renewable five-year core funding. All NRCs would be eligible for a base level of core funding each year to cover their facility and office expenses. This funding would also cover the cost of conducting evaluations and hiring an executive director and an administrator. Remuneration for these positions would need to be sufficient to attract and retain qualified individuals. Wherever possible, NRCs would be encouraged to leverage additional funding from other sources. The fund would need to be flexible enough to allow the national roundtable to allocate more than the base level of core funding to individual NRCs, depending on their unique contexts and needs. Regional project officers would be expected to pass on core funding recommendations to the national roundtable based on their inside knowledge of the local neighbourhoods they oversee.

This report also recommends that the federal government create a second pool of money modeled after Neighbourhoods Alive!'s Neighbourhood Renewal Fund to provide organizations in designated neighbourhoods with project-based funding that would allow them to pursue a broad range of projects based on the unique priorities, goals, and actions identified in their neighbourhood plans. The fund should allow for multi-year support for projects, with a minimum of three years (Independent Blue Ribbon Panel, 2006, pp. 26-28). The national roundtable would establish broad categories under which projects would need to fall to be considered for project-based funding. It would also set other eligibility criteria that would include, but not be limited to, demonstrating that the project is consistent with the five-year neighbourhood plan; that it involves local resources and the local community in its development and implementation; and that it integrates the CED principles. Applicants would be encouraged to demonstrate leveraged funding from other sources. Regional project officers would assist NRCs and other CBOs with developing their proposals, monitoring their projects, and reporting.

Proposals would be reviewed by local NRCs and regional project officers and then passed on with their recommendations to a local steering committee for a final decision. The committee would be comprised of local stakeholders and established by the national roundtable with the advice of the local regional development agency or the local office of the national CBO, depending on who is delivering the NRP.

In addition, this report recommends that the federal government provide neighbourhood renewal corporations with a Small Grants Fund, modeled after that offered by Neighbourhoods Alive! Each board of directors would allocate project-based financial support from the fund to CBOs in their neighbourhoods. This gives decision-making authority to stakeholders with the greatest knowledge of the local context and is likely to lead to a more effective allocation of funding throughout the neighbourhood (M. Toye, personal communications, 2010).

The federal government could make its funding through the Neighbourhood Revitalization Program conditional on applicants demonstrating that they have commitments (financial or in-kind) from provincial and/or municipal governments. This could encourage them to contribute support when they might not otherwise have done so and could create greater potential for ongoing engagement by provincial and/or municipal governments in neighbourhood revitalization. The risk with this arrangement is that neighbourhoods with the greatest needs might not receive any funding if their provincial and/or municipal governments are unable to contribute. This report recommends that the federal government encourage applicants to demonstrate leveraged funding when they apply to the program, rather than make it a condition for funding. Local regional development agencies or local offices of the national community-based organization could be responsible for assisting communities in their efforts to leverage funding from other sources (G. Loewan, personal communication, 2010).

Summary of Recommendations

Federal CED Policy Framework

1. The prime minister should take the lead in announcing and in ensuring the development and implementation of a federal CED Policy Framework modeled after that in Manitoba.
2. The development and implementation of this policy framework should be coordinated by the existing Cabinet Committee on Priorities and Planning. The prime minister should prioritize CED objectives, or at least ensure that they are given the same consideration as other government objectives within that committee.

3. The federal government should create a CED Secretariat within the Privy Council Office to assist the Committee on Priorities and Planning to co-ordinate the development and implementation of the policy framework across government. It should be comprised of staff with expert knowledge in CED and its relevance to the policy issues that go to Cabinet. Staff should come from existing secretariats that support Cabinet committees concerned with policy issues relevant to CED, including the Economic and Regional Development Policy Secretariat and the Social Development Policy Secretariat.
4. The CED Secretariat should have sufficient resources to develop and take the lead in delivering an internal communication and education strategy on the policy framework across government. The secretariat should be supported by a CED policy research unit with enough resources to explore existing barriers and innovative opportunities regarding government support for CED. Finally, the secretariat should have the authority to direct activities towards the development of initiatives supportive of CED and to co-ordinate programs that support it.
10. The CED Secretariat should create and co-ordinate an interdepartmental CED Working Group comprised of secretariat staff and senior management from all government departments relevant to CED. The group should meet regularly to discuss initiatives supportive of CED being pursued within departments, and to identify opportunities for collaboration on the development and implementation of programs that take the CED approach.
11. The federal government should make it mandatory for the CED Lens to be applied to any initiatives submitted to the Cabinet and Treasury Board. In particular, the Privy Council Office, supported by the CED Secretariat, should ensure that departments have applied the CED Lens when they review submissions going to Cabinet. Likewise, the Treasury Board Secretariat should work with the CED Secretariat to make certain that departments have applied the CED Lens when they review Treasury Board submissions. Ministers on the Cabinet Committee on Priorities and Planning should advise other ministers on committees they chair regarding the application of the CED Lens before Cabinet decisions are taken.
12. The federal government should mandate all departments, as part of their annual reporting requirements, to provide details on the integration of CED principles into their undertakings and how this has contributed to achieving the CED objectives.
13. The federal government should create and invest infrastructure that can co-ordinate a sustained dialogue among CED leaders and practitioners from

multiple sectors towards the development of a shared vision and action plan for engaging in an ongoing dialogue with government.

14. The federal government should create and invest in an ongoing roundtable that brings together community and government representatives to engage in co-constructing initiatives.

Federal Neighbourhood Revitalization Program

1. The federal government should develop and implement a national Neighbourhood Revitalization Program (NRP) that commits multi-year, project-based, and core funding to organizations that employ the CED model in designated urban communities.
2. The federal government should ensure that the delivery of the NRP is carried out in one of two ways—either fund a national community-based organization (CBO) to deliver it across Canada, or fund and deliver it through regional development agencies across the country. In either case, the federal government should ensure that sufficient resources are available to enable regional project officers to carry out their mandate. This should include, but not be limited to:
 - providing ongoing support to interim advisory committees, neighbourhood renewal corporations, and other CBOs.
 - providing core funding recommendations to the national roundtable based on their unique knowledge of the neighbourhoods they oversee.
 - reviewing project-based funding proposals and providing funding recommendations to local steering committees.
 - assisting communities in their efforts to leverage funding from other sources, including provincial and municipal governments.
3. A national roundtable should be created to co-ordinate the design and delivery of the Neighbourhood Revitalization Program. It should include representatives from relevant government departments as well as community members with an expertise in community-led development initiatives that employ the CED model.
4. The roundtable should be mandated to develop a set of eligibility criteria for prioritizing neighbourhoods to be designated for funding. Eligibility criteria should include, but not be limited to, a demonstration that the neighbourhood is in need of support based on existing socio-economic conditions. The community must also be ready to participate in developing and implementing a five-year neighbourhood

revitalization plan. And it must identify a group of individuals representative of the community to act as an interim advisory committee.

5. The federal government should create a fund modeled after Neighbourhoods Alive!'s Neighbourhood Development Assistance Program to provide neighbourhood renewal corporations in designated areas with flexible and renewable five-year core funding. All NRCs should be eligible for at least a base level of core funding annually to cover their facility and office expenses. This would also need to cover the costs of conducting evaluations and hiring an executive director and an administrator. Remuneration for these positions would need to be sufficient to attract and retain qualified individuals. The national roundtable should be mandated to allocate more than the base level of core funding to individual NRCs, depending on their unique contexts and needs.

6. The federal government should create a second fund modeled after Neighbourhoods Alive!'s Neighbourhood Renewal Fund to provide NRCs and other community-based organizations in designated neighbourhoods with project-based funding that allows them to pursue a broad range of activities based on the unique priorities, goals, and actions identified in their neighbourhood plans. The fund should allow for multi-year funding, for a minimum of three years, where projects are multi-year in nature. Eligibility criteria should be developed by the national roundtable and include, but not be limited to, demonstrating that the project is consistent with the five-year neighbourhood plan, that it involves local resources and the local community in its development and implementation, and that it integrates the CED principles.

7. The federal government should facilitate the creation of local steering committees comprised of community stakeholders. These should be established by the neighbourhood renewal corporations with a Small Grants Fund, modeled after that offered by national roundtable in consultation with the regional development agency in the area or the local office of the national CBO, depending on who is delivering the program. Project-based funding proposals should be reviewed by local NRCs and regional project officers, and then passed on with their recommendations to the local steering committee for a final funding decision.

8. The federal government should provide neighbourhood renewal corporations with a Small Grants Fund, modeled after that offered by Neighbourhoods Alive! Each board of directors would be responsible for allocating project-based support from the fund to community-based organizations in their neighbourhoods.

9. The federal government should encourage applicants to demonstrate leveraged funding when they apply to the Neighbourhood Revitalization Program, rather than

make it a condition for funding. Local regional development agencies or local offices of the national CBO should assist communities in their efforts to leverage funding from other sources, including provincial and municipal governments.

List of Acronyms

- API..... Aboriginal Procurement Initiative
- BEEP..... Brandon Energy Efficiency Program
- BUILD..... Building Urban Industries for Local Development
- CBC..... Community-Based Organization
- CCPP Cabinet Committee on Priorities and Planning
- CDS..... Co-operative Development Strategy
- CED..... Community Economic Development
- CED..... Community and Economic Development Committee of Cabinet
- NAC Neighbourhoods Alive!
- NDAP Neighbourhood Development Assistance Program
- NRC Neighbourhood Renewal Corporation
- NRF..... Neighbourhood Renewal Fund
- NRP..... Neighbourhood Revitalization Program
- WPA Winnipeg Partnership Agreement

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CHAPTER TEN

Converging Agendas for the Social Economy and Sustainable Development

Rupert Downing, Rachele McElroy, Crystal Tremblay, and Sarah Amyot

Abstract: This paper proposes future directions to strengthen the use of the social economy in enhancing social, economic and environmental sustainability in Canada. It highlights the findings of research by the Canadian Social Economy Hub and Research Partnerships and other literature and analysis to suggest the significant recent trends in combining environmental sustainability objectives with the production of goods and services in the economy through actors in the social economy. A series of case studies are provided based on interviews with key informants in urban, rural, northern and Aboriginal settings across Canada. Through dialogue with representatives of environmental and social economy organizations, challenges and solutions are examined to better integrating and “converging” the knowledge and action of the two movements. Finally some directions are suggested for strengthening practice, policy and knowledge mobilization for a more integrated approach to environmental and socio-economic sustainability in Canada.

Keywords: social/solidarity economy, community-economic development, civil society, non-profit sector, co-operative development, mutual associations, public policy, socio-economic development, environmental and ecological sustainability.

Introduction: Converging Agendas for Socio-Economic and Environmental Sustainability?

Canada's social economy has been the subject of study and debate about its potential to contribute to a more people-centred economy that integrates social, economic, and environmental objectives. In practice, social economy initiatives are often seen as innovative strategies to address environmental needs and issues. At the same time there is substantial discussion of the need to make the economic system more responsive to environmental and ecological sustainability objectives. In the face of climate change, peak oil and environmental degradation this has become a major focus across sectors and at all levels of government. "There is no doubt a global acknowledgement that the environmental problems we face today are very serious, requiring solutions based on significant social and economic change. Humankind must change so as to emphasize the interdependence and interaction between social, economic and environmental issues, from the local to the global scale, both currently and in the future" (Davies, 2009; Tremblay, 2010, p. 3). Despite this, there has been relatively little work to explore the points of convergence between the social economy and environmental sustainability initiatives. This chapter aims to begin bridging this gap by examining the state of the field in knowledge, policy and practice in integrating social economy objectives with environmental sustainability. We ask the question: Is there convergence between these two movements and fields of policy and practice? We also engage practitioners or "actors" in environmental sustainability and the social economy in sharing lessons from their initiatives in a series of case studies. Finally, we suggest some future directions to strengthen the integration of knowledge and action from environmental and social economy perspectives to better respond to the challenges facing Canada and its communities.

The Demand for a More People-centered Economy

Over a six-year period the Canadian Social Economy Hub and its regional research centres have, with funding by the Social Science and Humanities Research Council, been conducting an analysis of the state of the social economy in Canada. This far-reaching research program has identified significant trends and demands for the use of the social economy in generating both social and economic outcomes for Canada's people and communities. In short, the research findings have indicated a strong demand for building a more people-centred economy, among actors in the state, private, and social sectors that make up Canada's pluralistic economy. Whilst the social economy itself makes up about 8% of GDP (Quarter, Mook, & Armstrong, 2009, p. 28) (in co-operatives, charities, non profit organizations, credit unions and land-based informal economic activities) its linkages to the state (governments at all

levels) and the private sector (corporate social responsibility, social purpose business, ethical business) add up to a significant trend driven by consumer demand and public interest in purchasing goods and services in a way that contributes to community and public well-being. In a series of public policy papers by the Hub, an analysis has been provided at the global and national level of the potential of the social economy to contribute to meeting the social and economic challenges facing Canada in the twenty-first Century. In the final paper of this series Amyot, Downing, and Tremblay (2010) suggest that:

Despite advances at municipal, provincial/territorial and federal levels of government over time, Canada still lags behind many other jurisdictions, with which it competes in global labour and economic markets in recognizing and supporting the Social Economy. This presents a potential disadvantage in Canada now, and in the future, as evidence continues to mount about of the need for policies to lessen socio-economic inequality and invest in social, economic and environmental sustainability to improve overall prosperity and social condition. While the Social Economy provides a unique infrastructure to deliver on these public policy goals, it remains largely ignored in government policies and public discourse. (p. 44)

Apart from the lack of recognition of the social economy in public policy the research has also highlighted the lack of coherence within the sector itself. Much of the research has highlighted the importance of building a “big tent” of actors concerned with building a more people-centred economy to improve their own impact, outcomes, and interrelated interests. This is seen as particularly important in addressing complex and severe socio-economic issues affecting Canadians, such as poverty and homelessness. These issues are systemic in nature and, to be addressed effectively, require a holistic approach that integrates social, economic and environmental values.

Another emergent finding of the research has been the unique role that the social economy plays in addressing environmental sustainability. Social economy organizations are playing a major role in waste management, water management, renewable energy production, sustainability planning, eco-system based resource management, and sustainable agriculture. These organizations are purposefully seeking to integrate environmental objectives with social and economic ones.

Social economy (SE) activities have been identified as archetypal examples of sustainable development (Davies, 2009). They are often aimed at creating greater

social and economic equality and opportunity for people and communities most disadvantaged in the economy. The social economy provides a means for addressing sustainable development at the community level. It enables communities to initiate and generate their own solutions to economic problems, thereby building long-term community capacity and fostering the integration of economic, social and environmental objectives (Roseland, 2000). Although definitions abound, this paper adopts the definition used by the National Hub of the Canadian Social Economy Research Partnerships. It defines the social economy as “consisting of association-based economic initiatives founded on values of: service to members of community rather than generating profits; autonomous management; democratic decision making; primacy of persons and work over capital; based on principles of participation and empowerment.”¹ The social economy can be conceptualized as consisting of a range of entities and activities, including non-profit and voluntary organizations, mutual associations, co-operatives, and social enterprise, that address social and environmental objectives through economic action (Tremblay, 2009). Increasingly, studies are associating these types of plural business models with poverty reduction, the creation of employment, the social inclusion of marginalized populations (Gutberlet, 2009), improved quality of life and enhanced citizenship (McNurty, 2009) and environmental conservation (Franks & Gloin, 2007). Evidence from around the world is proving that the social economy is playing a pivotal role in promoting inter-sector initiatives to address economic and social challenges in both depressed and developed regions and communities (Squazzoni, 2009; Bradshaw, 2000), as well as providing key public services in almost all sectors of society. This, it is argued, is often because these organizations are rooted in their communities and they have the capacity to provide solutions to social issues that meet the needs of local people, protect the environment, and help produce social capital (Di Domenico et al., 2009).

Such inter-sectoral initiatives are of paramount importance for regions and communities. They allow them to go beyond the limits of markets and government institutions and engage in innovative solutions for socio-economic problems utilizing bottom-up approaches (Squazzoni, 2009). They are able to mobilize assets and people to invest resources in connecting economic, social, and environmental issues, and to develop the kind of broad-scale vision that can grasp the complexity and interdependent nature of problems. (Tremblay, 2010, pp. 4-5)

However, these strategies, initiatives and activities are still emergent. There are still substantial silos between actors focussed on the social economy and those mainly concerned with environmental sustainability.

¹ <http://socialeconomyhub.ca>

The Demand for Sustainable Development

There is growing evidence of global undermining of sustainability, from data on climate change to growing inequality. “The world’s urban cities as currently planned and developed are not sustainable. A typical North American city of 100,000 inhabitants imports 200 tons of food, 1,000 tons of fuel, and 62,000 tons of water every day; it exports 100,000 tons of garbage and 40,000 tons of human waste each year (Roseland, 2000). Indeed, it is cities that produce most of the world’s solid and liquid wastes, consume most of the world’s fossil fuels, emit the majority of ozone depleting compounds and toxic gases, and give economic incentive to the clearing of the world’s forests and agricultural lands” (Tremblay, 2010, p. 18). In popular literature and debate, as well as in scientific research, there is growing consensus on the need for a new framework integrating human, social, and ecological sustainability.

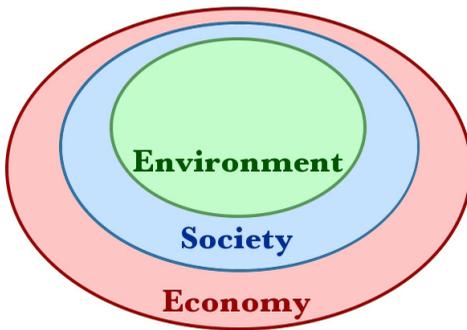


Figure 10.1. This image shows the relationship between the three pillars of sustainability where both the environment and society are constrained by economic limits

Traditional economic and development theories establish a hierarchical relationship between the spheres of natural capital (the ecosystem), human capital (society), and economic or financial capital, in which the economy is dominant (Figure 10.1). The critique of our current situation is that the economy is in fact operating in the reverse mode. It is not operating efficiently to nurture the ecological means of survival and is in fact driving modes of growth and development that undermine that survival and leave much human need unmet. Addressing these issues is imperative.

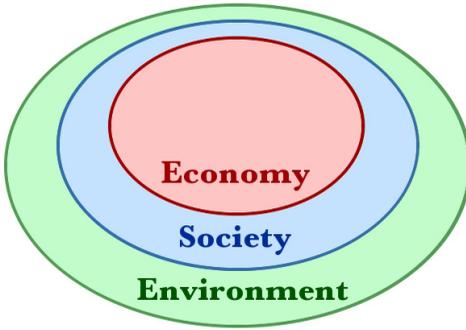


Figure 10.2. This image shows the relationship between the three pillars of sustainability where both the economy and society are constrained by environmental limits

However, social economy and ecosystems-based approaches posit a different model in which the interconnectedness of these spheres is emphasized and prioritizes in relative order of necessity the sustainability of human life (Figure 10.2). These models share a recognition of the importance of the ecosystem and its determination of our ability to meet human needs and survive.

In addition to evidence driving a renewed search for socio-economic reform that addresses ecological sustainability, there is public demand for both products and strategies that demonstrate ethical and environmental objectives and also a growing social movement for ecological and human justice around the globe. Internationally, the dialogue generated at the recent World Climate Conference in Bolivia and contributions at the World Social Forum are important examples of this type of thinking and analysis. One of the significant findings from this brief tour of initiatives around the globe and within Canada is the importance of joined up approaches to the social, economic and environmental challenges that we face. Brazil is perhaps an important signpost to these efforts. The Solidarity Economy Network there purposefully uses evidence and science to inform policy and action (through its partnerships with the post secondary sector), mobilizes an inclusive range of social and environmental movements, co-produces knowledge for action and policy with a range of media, influences public understanding, promotes increased markets for environmentally and socially responsible products and services, and co-constructs policies with all levels of government to move systemic change forward (Brazilian Forum of Solidarity Economy, 2006). Outcomes in Brazil from this strategy and these ingredients for success in transformational change are still emergent but there are some indicators apparent. There are, however, major challenges to unity on this agenda as disparities in wealth and the quest for better living conditions by the global majority are a major “push” factor in environmental degradation associated with growth and resource extraction from finite and often non-renewable components of the planet.

A key question facing those involved in these movements is therefore how common interests amongst social, human, and ecological actors can be systemically advanced as integrating strategies. Without an answer to that question it is difficult to see how systems change can be achieved in such a way and in time to address the very real challenges to human survival.

Why Integrated Development Models?

There is overwhelming evidence that the linear growth models of the traditional capitalist economy are no longer viable for social equity and ecological sustainability (Spangenberg, 2010; Schneider et al., 2010).² Perkins (1996) points to the fact that “neoclassical economics treats most environmental factors (such as pollution, biodiversity, and forest preservation) as “externalities,” and because there are no markets in which their prices can be set, simply underscores the inadequacy of neoclassical theory for dealing with economy-environment interactions—and these are increasingly critical in importance” (p. 1). Thus, the critique of growth becomes a critique of capitalism, for which an alternative would have to find new, one that takes greater account of non-market-based means of providing employment and of meeting welfare needs (Roseland, 2000). There is undeniably a need to approach conservation and development through an alternative lens. The emerging literature on the concept of economic *de-growth* for example is based on the principles of responsibility, participation, cooperative solidarity and re-localization (Schneider et al., 2010). Within this paradigm a sustainable economy is inherently linked to a sustainable environment, where economic opportunity improves rather than degrades social and environmental conditions and would include “multiple scales for measuring value, respect for social and natural diversity, concern with ethics and justice, and methodological pluralism” (Perkins, 1996, p. 2). (Tremblay, 2010, pp. 9-10)

It is increasingly apparent that environmental sustainability can only be achieved by addressing issues of social and economic sustainability (Brown, 2003; Brown et al., 2006). The interdependence of these three spheres is increasingly evident and critical, especially with mounting social and environmental challenges such as climate change, pollution, resource depletion, poverty and inequality (Hart, 1996). Indeed, case studies from around the world suggest that the conservation and sustainable-use approach can provide significant economic and social benefits at all scales (Kremen et al., 2000; Dixon & Clifford, 2007). Conservation has to focus on solving underlying social problems. If local communities are to succeed in maintaining protected areas, economic development must find ways to ameliorate poverty and illiteracy, allocate

² Soots and Gismondi (2010) term the current global crisis an ‘eco-social’ one that requires new integrated and cross-disciplinary approaches.

resources equitably among all community members, and stabilize populations in regions surrounding the protected areas (Sinclair et al., 2000). As identified by Agyeman and Evans (1994), “whether it is subsidiarity, decentralization, empowerment or participation, some component of democratization is widely viewed as being integral to the achievement of an environmentally sustainable future” (p.14). Indeed, for communities to prosper they must participate in the decisions and processes that affect their lives. Sustainable development is thus about the “quantity and quality of empowerment and participation of people” (Roseland, 2000, p. 105).

The sustainable development movement holds to the belief that a sense of identity associated with a physical place and a strong community awareness of environmental issues are key precursors to sustainable community development (Brady, 2006). The connections through identity to place are important, as communities must have a strong identity before they can undertake effective sustainable development (Escobar, 2001). Within this framework, individual participation and sense of community—both vital components of social capital—can provide the empowerment and communication tools for improving one’s livelihood and quality of life. Building social capital and positive social networks, important concepts in understanding community-based enterprises, are seen as necessary components for economic development (Peredo & Chrisman, 2006). It is within these networks that “communities are able to build strong relationships, which, over time, allow trust, cooperation, and a sense of collective action to develop among members” (p. 314).

Squazzoni (2009) defines social capital as a set of relations, beliefs, and institutions promoting information flow and collaboration among individuals so that collective action and the social production of collective goods can take place. Social capital creates economic opportunity, builds political activity, and promotes social, cultural and environmental goals. MacGillivray (2004) conceptualizes social capital as ‘creative trust’ and represents the “stock of networks, stakeholder relationships and shared rules that help organizations and their surrounding communities work more effectively” (p. 121). Squazzoni (2009) also emphasises the role of social capital as a catalyst for establishing inter-sector initiatives and strengthening collaboration between participants and across sectors. It is through these self-development strategies that communities can gain greater potential for improving local economic vitality.

Social economy initiatives seek to encourage the participation of community members, including those who are often marginalised, in planning and decision-making (Markey et al., 2005). Hence the goal of the social economy is not only

economic and social development but also empowerment through participation (Tremblay & Gutberlet, 2009). Empowerment facilitates a grassroots and sustainable path for socio-economic development by including the voices of various stakeholders necessary for appropriate legislative changes. Providing marginalized communities with the tools they need to improve their quality of life builds stronger and healthier communities. It is the enhancement of community capacity to support entrepreneurship and other forms of economic development, as pointed out by Korsching and Allen (2004), that are the key elements often missing in local development efforts. Brown (2003, p. 90) also identifies the need for “more pluralist understandings of different knowledges, values and worldviews to inform conservation; for the adoption of deliberative inclusionary processes to decide and implement conservation; and for the need to transform conservation institutions to support a more dynamic, adaptive and integrated approach to conservation and development” (Tremblay, 2010, pp. 5-7).

2. State of the Field

“Although the ideas of ‘ecological-economics’ (Rees, 2002), ‘conservation economy’ and ‘community-based conservation’ (Berkes, 2007; Campbell & Vainio-Mattila, 2003) are not new and closely mirror related social economy concepts, there have been limited studies that demonstrate adequately the impact and potential of the social economy for environmental sustainability and conservation. There has been much debate on the merits of community-driven conservation, particularly within the commons literature, but there has been little discussion on pluralistic approaches, such as through the social economy” (Tremblay, 2010, p. 8). Soots and Gismondi (2010) argue increased dialogue between the sustainability and social economy schools of thought and practice will improve the level of discourse and practice in these areas. They trace the origins of each movement and find considerable overlap, citing green political thought, social ecology and eco-socialism as key foundations of the contemporary sustainability movement with strong social components. However, as the idea of sustainability has become increasingly more mainstream and integrated as a policy priority among governments, the risk of losing sight of these social roots runs high (Ibid.). Increased collaboration with the social economy will strengthen these aspects of sustainability.

Foundational Ideas and Conceptual Frameworks

Sustainable Development: Weak and Strong Approaches

In 1987, the seminal Brundtland Commission report defined sustainable development as “development that meets the needs of the present without

compromising the ability of future generations to meet their own needs” (WCED, 1987). “Sustainable development must to be based on a balanced approach between social demands and environmental limits—an approach so far hardly reflected in the classic growth discourse typical of development practices (Spangenberg, 2010). Traditionally, what has been termed economic development has simply meant creating markets for, cutting down, digging up and/or selling natural and human capital that was formerly not part of the market system” (Perkins, 1996; Tremblay, 2010, p. 3).

Since the Brundtland report, debates about the meaning and application of sustainable development have proliferated. Such debates have prompted further refinements to the concept. It is useful to differentiate approaches to sustainable development along a spectrum ranging from weak sustainability to strong (Roseland, 2000). Weak sustainable development does not differentiate between natural and other forms of capital and reflects a belief that destroyed natural capital can be replaced with other forms of human or technical capital (Ibid.). Weak sustainable development relies on technological advances and market mechanisms to promote ‘eco-efficiency’ (e.g., carbon offsets, carbon capture) without challenging the economic growth imperative or requiring broader social or structural change (Roseland, 2009).³ Strong sustainable development, on the other hand, argues that natural and other forms of capital are not interchangeable. This approach believes that natural capital should be protected regardless of the levels of other forms of capital and natural assets used only at a rate equal to their ability to naturally replenish (Roseland, 2000). Strong sustainable development advocates argue for low, no, or even economic de-growth (Schneider et al., 2010). Strong sustainable development is focused on social and structural change required to achieve sustainability and advocate for strong citizen involvement in policy making and community building, heightened levels of democracy, reduced inequality, and a shift to increasingly re-localized economies.

Weak Sustainable Development: Does not differentiate between natural and other forms of capital; environmental protection through technological and market mechanisms; only slightly limited economic growth; no social/structural change.

³ The issue of economic growth is central to debates about sustainable development, economic equality, and social justice. The heart of the growth issue is that “underlying the social democratic advocacy of economic expansion is the fact that within a capitalist market framework, ‘growth’ is indeed the prerequisite of much else: especially, of the provision of welfare services and the creation of jobs, and of national economic status vis-à-vis other capitalist powers. Thus, the critique of growth becomes a critique of capitalism and the market... “an alternative would have to find new, non-market-based means of providing employment and of meeting welfare needs” [emphasis added]. (Ryle as cited in Roseland, 2000)

Strong Sustainable Development: natural and other forms of capital are not interchangeable; environmental protection achieved through fundamental attitudinal, social and structural change including reduced inequality and increased democracy; limited, no, or economic de-growth

Social Economy: Weak to Strong Approaches

The social economy is a similarly broad and highly debated concept. In Canada, Quarter (1992) was one of the first outside of Quebec to use the term social economy. He argued that while in Canada the concept lacked definitional clarity (at the most general level referring to the realm of activities that are neither exclusively private nor exclusively public) in the European experience the social economy consists of a more limited set of organizational forms including: co-operatives, mutuals, non-profit corporations, and unincorporated associations. Since this attempt, there has been a proliferation of writings that attempt to define the social economy in the Canadian context. The Government of Canada, for example, has adopted a definition of the social economy that is very focused on its strictly entrepreneurial aspects. Human Resources and Skills Development Canada defines it as “grass-roots 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” (HRSDC, 2005). On the ground, organizations have generally adopted broader definitions. Notably, the Chantier l’économie sociale defines the social economy as consisting of association-based economic activities founded on values of:

- Service to members of community rather than the accumulation of profit;
- Autonomous management (not government or market controlled);
- Democratic decision making;
- Primacy of persons and work over capital;
- Based on principles of participation and empowerment.

The Social Sciences and Humanities Research Council of Canada defines the social economy as characterized by organizations “based on principles of community solidarity, that respond to new needs in social and health services, typically at the community or regional level...[and organizations that] provide goods and services to the wider community as part of a commitment to sustainable development” (CSERP, 2007, p. 3). Social economy organizations operating within these principles have developed in two areas: to respond to urgent social needs, and in areas of new opportunity (e.g., organic farming, etc.). Further, social economy organizations

can have predominantly market or non-market characteristics (Laville, Levesque, & Mendell, 2005). The social economy consists of a wide range of practices and organizational forms and includes: social assets (housing, childcare centres, etc.) of community organizations; social enterprises including co-operatives and revenue-generating programs of non profit groups; credit unions and social financing organizations like community loan funds; training and skills development enterprises; and sectoral and regional organizations e.g., renewable energy associations.

Recently in Canada there has also been growing interest in a uniting social economy movement, linked by common values, to address the public good of all Canadians. The movement represents the pluralistic nature of Canada's economy (private, state and social economy) and plays a unique role in addressing the social, economic, environmental and human development needs of people, communities, nations, and the world at a time when the challenges of increased poverty, climate change, social inequality and the failure of many economic policies require new approaches and models, those that contribute to a people-centered economy. This sees the social economy as a set of social and economic practices and organizational forms, linked by a normative commitment to improving the lives of people, the well-being of communities, and the health of the environment (McMurtry, 2009). The movement further expands on understandings of the social economy forefronting the need for strong coalitions with other movements for social, economic and environmental justice.

With all these definitions and practices about, it is again useful to think of the social economy along a spectrum of weak to strong approaches or, as Smith and McKittrick (2010) suggest, a spectrum of Reformist-Inclusive-Transformative approaches. Weak social economy approaches prioritise its market rather than social change functions, largely focusing on creating "marginal enterprises for marginalized people" (Roseland, 2009) or a form of "poor man's capitalism" (Loxley, 2007). The focus is on economic 'gap-filling' without challenging the socio-economic structures that have led to negative social, economic and environmental outcomes. Democracy, participation and community building are subsumed to market concerns. Weak social economy approaches are often characterised by limited cooperation within the social economy and with other social movements. At this end of the spectrum we find (some forms of) local economic development, micro-businesses and corporate social responsibility initiatives, to name a few. At the other end of the spectrum, the transformative or strong social economy is "defined by its potential as an alternative and...challenge to the status quo of neo-liberal capitalist expansion and neo-conservative socio-political policy" (Smith & McKittrick, 2010, p. 35) rather than a tool to mitigate the ravages of neoliberal policy. Strong social economy approaches

pay direct attention to inequality and redistribution (Roseland, 2009) and work in tandem with other movements for social justice. In this view the social economy is seen as a driver of large-scale social and structural change.

Weak economy: market functions prioritized over social ones; economic gap-filling; focus on organization form or legal status rather than aims and processes; limited interaction with each other and other social movements.

Strong social economy: transformative; an alternative and challenge to current system; focus on equality and distribution; emphasis on democratic structures and participation; works in tandem with other social movements.

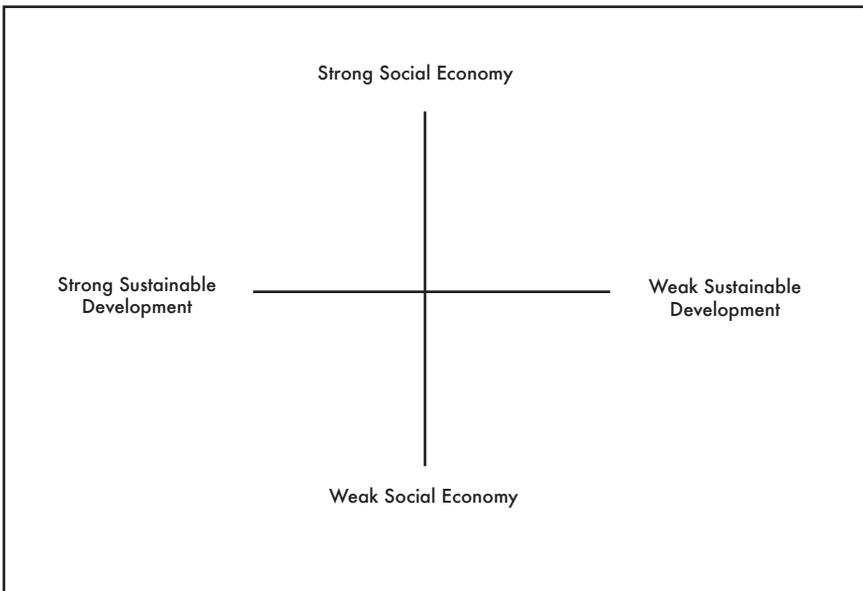
Smith (2005) argues that within green political thought, discussions of the economy have tended to focus on technological innovations and modernisation. The social economy can help surmount this limitation by “invigorating and advancing the social dimension of sustainability—an area we feel is been neglected in the rush to advance the ‘green economy’ under the rubric of sustainability” (Roseland, 2009, p. 2). Barry and Smith (2005) also address the potential of the social economy to contribute to sustainable development. They argue that the ‘structure’ and ‘ethos’ of the social economy make it a natural partner for sustainable development (see also Youge, 1997). The social economy has the potential to promote democratic participation and green citizenship, support non-monetary forms of labour, foster community involvement, and raise awareness of the connection between production conditions and consumption. As they write, “it is our contention that the different forms of organization found within the social economy can contribute to central concerns within green politics, in particular environmental protection, social justice (including poverty alleviation/reduction in socioeconomic inequality), the reconceptualization of work and democratic participation” (Ibid., p. 249). Smith (2005) further notes that the social economy, as a collection of unique economic organizational forms may be an important site for the cultivation of green citizenship. Roseland (2000) also notes that ‘community civic-ness’—a key concern within the social economy—is “key to maximizing the potential of communities as agents of sustainable development” (p. 85). The integration of priorities helps move current sustainability thinking along the spectrum toward strong sustainability. Soots and Gismondi (2010) summarise the potential thusly,

We see the operational practices of co-operation, mutuality, and trust at play in coops, social enterprises, and non-profits as key components in the actualization of eco-social sustainability. The social economy provides an approach to socio-economic activity that is not only consistent with sustainability, but that can also

provide alternative ownership and control models for animating the values of democracy, participation and co-operation, while engaging and involving people in the processes of local social change and community building. Furthermore, because the social economy works to mobilize people in the interests of social justice and the development of relationships based on reciprocity and co-operation, it plays an integral role in the process of community mobilization for the building of community capital. (p. 14)

However, the social economy is not necessarily ‘green’—worker’s co-operatives, for example, may feel a stronger obligation to their membership than to the surrounding community or environment. Barry and Smith (2005) note “the record of social economy organisations in adopting environmental policies and practices has been patchy at best; often working with limited resources and poor information, environmental considerations have been secondary to what many organisations consider to be their primary social purpose” (Ibid., p. 257). Indeed, it is our contention that a better understanding of the points of connection between the social economy and sustainable development will also serve to strengthen the social economy, especially as green jobs and green economy emerge as significant policy priorities.

Figure 10.3. Sustainable Development and Social Economy Intersecting Approaches



Models and Approaches

Within the broad categories of sustainable development and the social economy there are a myriad of models, approaches, and tools and significant points of convergence across sectors. Soots and Gismondi (2010) argue the importance of reflection on a middle ground level of analysis that considers the “organizational and operational forms and practices needed to move toward regulating ecological resources, reinstating democracy, and reclaiming sustainable futures” (p. 1).

Development Approaches

Lapierre-Fortin (2010) argues that Community Economic Development organizations play an important role in supporting Green Enterprise (or Economic) Development and transitioning to a green economy. Green economic development “describes the movement away from reliance on fossil fuels and towards economic development that minimizes its impact on the environment and creates jobs that mitigates and avoids environmental damage and provides for quality of life for everyone rather than a few. Investment in certain industry sectors will facilitate meeting these needs; alternative energy supplies, transportation, energy efficient buildings, materials management, manufacturing, and agriculture” (Welch, 2009, p. 8).

Community Economic Development, on the other hand, works in a wide range of sectors to foster economic development. CED is considered a “process by which communities can initiate and generate their own solutions to their common economic problems and thereby build long-term community capacity and foster the integration of economic, social, and environmental objectives (Markey, 2005). CED is a strongly participative and place-based approach to economic development. While CED is more explicitly connected to a specific place, much Green Economic Development also emphasises the importance of re-localizing the economy.

Sustainable Community Development or Sustainable Community Economic Development is the point of intersection between the CED and GED, with an explicit focus on sustainable development (Lapierre-Fortin, 2010, p. 7). Soots and Gismondi (2010) note that Sustainable Community Development (SCD) is a “conceptual framework and a field of practice that brings the abstract notion of sustainable development to the local level where the identification of problems, priorities and planning can take place in the context of local realities. Sustainable community development emphasizes the integration of social, economic and ecological imperatives in the context of community development” (p. 5). For Roseland (2000) sustainable community development involves a simultaneous emphasis on the

“efficient use of urban space, on minimizing the consumption of essential natural capital, on multiplying social capital, and on mobilizing citizens and their governments toward these ends” (p. 105). He identifies a number of examples of sustainable community development including: car co-operatives (Montreal, Victoria) to reduce the necessity of car ownership, recycling community enterprises (Vancouver) providing employment and social inclusion to marginalized populations, green-sector employment (California) creating jobs in fields such as energy conservation and audits, and community supported agriculture to preserve farmland and generate employment (Vancouver, New York).

Sustainable community development is dependent on a number of supportive practices and tools including: a strong policy environment, access to finance, sustainable community planning and education, alternative accounting methods (e.g., social or ecological accounting), awareness campaigns, and networking practices, and more.

Transition Towns

A new grassroots upwelling of sustainable community development is sweeping the country. “With increasing energy prices as a driver,”⁴ mentions Emanuelle Lapierre-Fortin, a graduate student with the University of Guelph, the Transition Town movement ‘brand,’ which is representative of “re-localization ‘powerdown’ and building resilient communities,” (Ball, 2010, p. 43) is catching on. In 2009, Guelph, Ontario became Canada’s second official transition town after Peterborough, Ontario and now, two years, there are officially 20 in the Country and 300 worldwide.

At the heart of the Transition Town movement is the open-source multi-level networking that occurs on the ground and through multiple social media communication. The Transition Town movement provides the framework to organize diverse networks. *The Twelve Ingredients to Transition*⁵ provides the guidebook for getting started and the transition website provides free resources for everything and anything to do with transition. The web-based open source forum ensures no one transition town has to re-invent the wheel, keeping the momentum flowing globally.

Beyond the guidebook, it is the core principles and vision, or the ‘brand,’ (Ball, 2010) that get’s a wide base of people enrolled in this movement, notes Lapierre-Fortin. “Building awareness around the Transition Town movement through volunteer based working groups and workshops aimed at ‘retooling’ for a local economy,”

⁴ E. Lapierre-Fortin, personal communications, October 25, 2010

⁵ Transition Network, *The Twelve Ingredients to Transition*. Retrieved from <http://www.transitionnetwork.org/support/12-ingredients>

has been keeping this community busy. Having a wide umbrella allows for smaller grassroots movements to join forces and invite others to participate.

For the community of Guelph, the *Prosperity Guelph 2020*⁶ vision document provides a clear picture and a compass to guide the community beyond peak oil. It also speaks to its future local market. “Awareness building under a common agenda can be an economic driver in generating demand and support for green products, services and jobs” mentions Lapierre-Fortin. An outcome of this has been the *Mid-West Ontario Regional Green Job Strategy*⁷ prepared by the Bruce Community Futures Development Corporation, which is working to grow the green economy and glean some of the moneys coming out of the *Ontario Green Energy and Economy Act*. This activity is a response to labour shortages in rural areas paralleled with the momentum build from the Transition Town movement coupled with the current Ontario policy environment. The region that includes Perth, Huron, Middlesex, Bruce, Wellington-Waterloo and the Saugeen economic development region are working together to grow the regions sustainable ‘green’ economy through Green Economic Development (GED). Features that include enterprise and organization development, an abundant natural environment and a vibrant social capital all represent the outcome of GED.

Storytellers’ Foundation⁸

A localized example of sustainable community development and mobilization of a local citizenry, triggered by an awareness of the ecological limits that surround them can be found in the Upper Skeena Valley, a small, predominantly First Nations community located near Smithers British Columbia. Besides gathering momentum towards a community ‘beyond peak oil’ characteristic of the transition town movement, members of the community of the Upper Skeena Gitksan First Nations are strengthening their traditional understanding of sustainable salmon harvesting. Their approach is distinct in that they recognize the synergistic benefits of applying Community Economic Development (CED) tools with an awareness of ecological limits.

What that looks like for this community is quite unique and innovative. Acknowledging the socio-economic and environmental importance of fish and the communities traditional connection to it, Storytellers’ a non-profit society whose aim is to nurture civic literacy and to decrease their over-dependence on global

⁶ City of Guelph. *Prosperity Guelph 2020: 10Year Economic Development & Tourism Strategy*. Retrieved from <http://guelph.ca/business.cfm?smocid=2711>

⁷ Bruce Community Futures Development Corporation, *Mid-West Ontario Regional Green Job Strategy*. Retrieved from <http://www.bruce.on.ca/green.php>

⁸ See Appendix I for the full profile

systems through community capacity is building together with some members of the community a brand “Fish Nation.” The brand recognizes and celebrates the protection of fish and their habitat (e.g., clean air, clean water, intact ecosystem, sustainable land and road development); the economic reward associated with the selling of fish; and the social and cultural benefits associated with the fishing, trading, canning and preservation of fish. By launching this campaign the acknowledgement of the subtle interconnected conditions associated with both the survival of fish and the community are celebrated. In addition, “Fish Nation” provides a vision for the future and an identity for the youth of today to rally around, shape and live into.

Organizational Types

Among both environmental and social economy organizations there are a diversity of approaches and tools. Our research highlights that many organizations operate along two intersecting spectrums, with the social economy at one end and the environmental movement at the other. In practice, we find that many organizations generally consider their primary allegiance to one or the other of these movements, but often integrate the tools and perspectives of the other (for example, a social economy organization with a green focus or an environmental organization that employs the tools of the social economy). For the purpose of this chapter, we will call these primary organizations.

The research indicates that there are many examples of primary organizations in Canada at each end of the social economy and environmental sustainability movements. We also find that within both the social economy and environmental movements there are often both “primary organizations” and enabling organizations. Enabling organizations are those that bring together organizations and initiatives in a number of ways to strengthen their respective movements. The co-operative sector provides an apt comparison as it is made up of both primary co-ops (e.g., consumer, producer co-ops) and co-operative federations that provide networking opportunities between co-operatives and provide services to their members, including financing. These first and second tier organizations exist in both the environmental and social economy movements in Canada

Primary and Enabling Organizations in Environmental Sustainability

The David Suzuki Foundation⁹

The David Suzuki Foundation (DSF) is a *primary environmental organization*

⁹ See Appendix VIII for the full profile.

known for bringing attention to serious environmental issues affecting Canadians. Recognizing the need for more broad-based engagement to issues affecting us, DSF is informing more people to make better decisions within ecological limits.

DSF engages a larger sector of the population by adopting economic indicators to advocate for environmental protection. By speaking a language more traditionally used by decision makers, politicians, planners, corporations and being more inclusive they are reaching more Canadians. In turn decision makers are more readily able to assimilate scientific information and facts, associated with environmental protection into existing equations and board room conversations, leading to collaboration on solutions about the way communities are planned, buildings are built, and agricultural lands are managed and so on.

Although DSF began firmly on the environmental side of the spectrum, their work increasingly includes the use of social economy tools and approaches to achieve a great impact.

The Canadian Environmental Network

The Canadian Environmental Network (RCEN) is an example of an *enabling environmental organization*—with eleven caucuses and 600 grassroots members from across Canada—with a strong environmental mandate and recognition of the role the social economy can play in addressing our unsustainability. “It is hard to do environmental work without bringing in the social and economic” explains RCEN Executive Director, Susan Tanner, for example, “if alternative energy is what we want, jobs have to be created to execute it” pointing to the green collar jobs that have the potential to lead the revitalization of social and environmental capital.

For the RCEN that conversation occurs under the umbrella of Corporate Social Responsibility. “Corporations were set-up to avoid liability and responsibility” and not directly to address the destructive nature of our current economic model explains Tanner, “it is a bit of an oxymoron.” Tanner especially referring to the environmental impact of resource extraction, waste, transportation and the production of chemicals, all tied to big business and associated environmental destruction.

At the international level, RCEN caucus that contributes to that conversation is their International Program Caucus (RCEN-IP), which is a network of Canadian environmental non-governmental organizations (ENGOs) that do international work. The RCEN-IP provides a forum to work together on policy issues as well as national and international environmental issues.

Primary and Enabling Social Economy Organizations

Momentum

Momentum is an example of a *primary social economy organization*. Reducing poverty has been the principal concern for this Calgary based non-profit since it opened its doors in 1991. Momentum provides a number of different services centred predominately around employment and skills development for those that are most marginalized in Calgary's economy. They recognize how low income can contribute to crime and homelessness and are finding unique ways to help people rise out of poverty. They have identified five key areas of growth that can help to lead one towards a sustainable livelihood:

- **Personal Assets**
Intangible resources such as personal and cultural identity, values, beliefs, self-confidence and motivation.
- **Physical Assets**
Basic material goods and services such as food, clothing, shelter and transportation.
- **Social Assets**
Relationships and networks.
- **Human Assets**
Skills, knowledge, education and health.
- **Financial Assets**
Income, savings and sources of financial security (including government income security programs).¹⁰

Momentum was also instrumental in creating *Thrive*, Calgary's Community Economic Development Network, which is acting as an *enabling social economy organization* within the community. While Momentum has also proven itself to be an innovator in creating green job development programming, its primary function continues to be within the social economy sector.

Canadian CED Network

The Canadian CED Network has been active for over a decade in building a movement around community economic development. It has members all across Canada who are engaged in a wide variety of activities to create economic opportunities and better social conditions for disadvantaged members of their communities. This strong and dynamic membership base of practitioners, researchers,

¹⁰ <http://www.momentum.org/about-momentum/our-approach>

and organizations has helped to drive the core work of the network: contributing to important research partnerships, sharing innovative community practices, and fuelling policy dialogues on how government can further support community-based initiatives. In this way the Canadian CED Network is a prime example of an *enabling social economy organization*.

The interdependence of economic, environmental and social challenges is highlighted by the diversity of the membership, many of which, like Momentum, have developed green initiatives to compliment their existing programs, and others who have always carried a strong environmental focus (e.g., promoting local food systems, helping communities address climate change, etc.).

The Canadian CED Network itself has been adopting a green lens to their projects. Their national CED work experience program, *CreateAction*, recently placed priority on internship experiences that demonstrated a commitment to environmental sustainability and the development of green initiatives.

Bridging Organizations

While the research indicates that there are many primary or enabling organizations in Canada at each end of the social economy and environmental sustainability movements, very few organizations and networks are working specifically to help bridge both movements. We are seeing traditional CED organizations piggyback on the rapidly growing environmental movement to access new funding dollars or make use of the popularity of the green movement as an entry point to bring-in and to address socio-economic issues. Similarly, we are also seeing more environmental organizations adopt an entrepreneurial spirit to stay afloat during tough economic times or shifting funding priorities. What is missing, however, is a bridging organization, network, or group that can strengthen the natural convergences between these movements.

In the absence of one unifying network equally balanced between both movements to head-up the charge, there are a few examples of pioneering bridging organizations that are working to educate individuals, organizations, businesses and governments of the benefits of an integrated approach and are providing unique tools and approaches to that end.

Vancity

What is unique about Vancity, besides being Canada's largest credit union with over 400 members, is their commitment to grow the social economy and address

climate change. Moreen Cureton, Vancity's Green Business Manager, confirmed they have been very successful at "advance community well-being"¹¹ by marrying these two approaches.

Vancity is an innovator in bringing green ideas into the financial and social economy sector. Known for their innovative community investment programs and the first in Canada EnviroFund VISA—which donates five per cent of profits to environmental organization chosen by cardholders' through a democratic process—Vancity has taken profit sharing and environmental conservation to a new level.

In 2008, Vancity became the first carbon neutral financial organization. Acknowledging that climate change cannot be addressed in isolation, and at the same time staying true to the co-operative principles of service to members and promoting education it is through their climate solutions program that they support environmental organizations and invest in leaders that are implementing solutions to climate change.

Vancity is pioneering the financial sectors towards sustainability and taking their members with them. They recognize that the economy is a means of fulfil on the well-being of communities and they are doing it in an inclusive, transparent, empowering and democratic way. Maureen Cureton is reminded "in the beginning Vancity wanted to help people that couldn't get access to financing get access, now we are looking at how we can use our assets to support communities, help build their capacity." Currently, Vancity uses "30% of their net profits" to that end, in addition to offering free advice and coaching to social economy actors.

Vancity is very good at distinguishing what motivates people and using that as an entry point to incorporate economic, social and environmental imperatives through their various programs, Cureton notes, leveraging the strength within communities.

The Natural Step

There are many examples of organizations that are working to help individuals, private enterprise and communities to transition to more sustainable practices. The Natural Step (TNS) organization, for example, offers a unique approach by offering The Natural Step Framework (TNSF), developed in Sweden in 1989 by Dr. Karl-Henrik Robèrt, TNS founder, together with over fifty top Swedish scientists. TNSF is a comprehensive framework based on four principles to guide individuals and groups through this transition towards a sustainable society. Strategic Sustainability advisors from The Natural Step assist groups to 'backcast' from the society or community they

¹¹ M. Cureton, personal communication, October 29, 2010..

want to see to the present situation. This process helps groups visualise the steps they need to take to achieve their vision of the future.

In Canada, The Natural Step has worked with many communities including Whistler, Wolfville, and Canmore; private enterprises, including the mining company Rio Tinto, and; social economy organizations including the Co-operators and the non-profit Santropol Roulant in Montreal to support their sustainability planning efforts. Internationally, The Natural Step has supported commercial giants including ICA Paints, Nike, and IKEA in developing sustainability strategies.

Karl-Henrik Robert argues that “the greatest unsustainability of all time is the incompetence of leaders to understand what sustainability means” and highlights how “everyone talks about sustainability but no one knows what it is.” Addressing these two statements is at the heart of the Natural Step Framework, a tool to conceptualize a sustainable society and strategically plan towards it.¹² One could argue that a weakness of the social economy is the lack of a comprehensive definition. However, the social economy players could adopt the TNSF providing a strong rudder to guide the transition towards a more people centred economy.

Natural Step—Four Principles of Sustainability

- Eliminate our contribution to the progressive build-up of substances extracted from the earth’s crust (for example, heavy metals, and fossil fuels).
- Eliminate our contribution to the progressive buildup of chemicals and compounds produced by society (for example, dioxins, PCBs, and DDT).
- Eliminate our contribution to the physical degradation and destruction of nature and natural resources (for example, continued over-harvesting forests and paving of critical wildlife habitat).
- Eliminate our contribution to conditions that undermine people’s capacity to meet their basic human needs (for example, unsafe working conditions and not enough pay to meet basic human needs).
- Eliminate our contribution that undermine people’s capacity to meet their basic needs (for example, unsafe working conditions and not enough pay to meet basic needs).

¹² *TNS for Business: Wealth, Ecology and the Evolution of a Corporation* by B.F. Natrass and M. Altomare

Sustainability Solutions Group

Similarly to TNS, Sustainability Solution Group (SSG) is bridging the social economy and environmental sustainability movements; however as a worker co-operative, SSG is guided by co-operative principles, written directly into their bylaws in addition to adopting a holistic view of sustainability—the economy, within society, within the environment—similar to TNS.

Democratic participation and member economic control are examples of SSG's guiding principles, as a co-operative. What that looks like according to Yuill Herbert, one of SSG's founding Directors is, "they use consensus decision making," amongst their six members and 20 associate members and "have an equal work environment, everyone get's paid the same across the organization."¹³

The same principles are reflected in the work they do for organizations, transfer to the work they do and how they select projects. Recently, SSG moved away from their more profitable work, green buildings to community planning. The reasons behind this shift, notes Yuill Herbert, speak to the impact they want to make. Herbert mentions "we want to focus on the elements of society we want to influence;" mega, green developments that SSG has been previously involved in, although lucrative, only select members of society could potential afford. Which does not reflect co-operative values of economic justice SSG abides by. Conversely, "we would rather focus on how can we green co-op housing or affordable housing and look at how we can green that within economic limits" mentions Herbert.

Community planning, SSG's current focus "provides the opportunity to influence the environment that surrounds buildings, much more meaningful work for members" concludes Herbert. Other ways SSG contributes to social justice and sustainable development is through charitable contributions and through their 'think tank.' Innovating new approaches to dealing with our current unsustainability are drafted and submitted as white papers on the SSG website. Most of SSG's success has come from this approach, of identifying gaps or areas of potential leverage and "then we go and build potential partnership to move forward" explains Herbert. Surprisingly they have had more success at securing contracts this way then by bidding on competitive contracts.

Conclusion

Evidently, both primary environmental and social economy organizations are moving towards the opposite axis. More specifically, environmental organizations are

¹³ Y. Herbert, personal communication, November 24, 2010.

incorporating more social economy tools and including the social economy in their organizational mandate and vice-versa. This is partly the influence of policy makers and funders who are increasingly prioritizing environmental sustainability, which is forcing some social economy organizations to include a green lens in their work. Similarly, funders are looking more for financial sustainability planning in the funding proposals they receive and are prioritizing collaborative projects with multiple returns on their investment, which is in turn pushing environmental organizations to become more entrepreneurial/business oriented and even more connected to their local communities. But, much of the motivation for the shift towards either end of the spectrum comes from within the organizations themselves as more evidence of the interconnectivity between the environment and social and economic well-being becomes available. Regardless if an organization has a primary alliance to one of the movements, our research indicates there is migration towards more of a middle ground. Each side of the spectrum recognizes the need to include the economy or the environment in their work. Noticeably, long standing organizations that began at one end of the spectrum now recognize the benefit of using tools and approaches from the other side of the spectrum; in Susan Tanner's words, "you can't effectively do one without the other anymore." What is clear, however, is that there is a need for more bridging organizations to help develop greater understanding and co-operation between the two movements. Enabling organizations, like the Canadian Environmental Network and the Canadian CED Network, may be well situated to increasingly take on this kind of role.

Emerging Initiatives

Analysis of the state of the field of socio-economic and environmental sustainability research and initiatives is difficult, because of the very fragmented nature of research and knowledge mobilization. However some of the following initiatives and findings are important to at least a portrait of some key components.

The social economy is often looked upon as a tool for addressing a multitude of issues effecting Canadians such as: environmental sustainability, poverty-reduction, social inclusion, employment-creation, and as a mechanism to address the needs of marginalised populations. The opportunity of a social economy to address many of these time bound issues synergistically is what has attracted many of our interview respondents to this approach. Further, there is a curiosity and enthusiasm for this type of policy by Canadians, one that addresses social, environmental and economic issues together. In the section that follows we provide an overview of some of the key literature on how the social economy works to address these areas.



Figure 10.4: Integrated Approach

Role of the Social Economy in Creating Green Jobs

Job creation and business development: are rapidly emerging policy priorities but remain highly contested. Green businesses/jobs can refer to:

- Traditional businesses where through personal choice, public pressure, or commercial imperative choices are made to reduce the environmental impact of the business;
- Businesses/jobs that are 'greener' than other businesses working in the same sector (e.g., alternative energy);
- Businesses/jobs whose mandate is to improve environmental conditions;
- Businesses/jobs that have little to no environmental impact (e.g., knowledge sector jobs);
- Secondary businesses supported through a shift to a greener economy (e.g., business supported through increased economic localization).

Further it is important to differentiate between high and low-tech green jobs, short and long-term green jobs (e.g., green building retro-fits are one-time, short term jobs), and newly created jobs versus transitioned jobs. Both new job creation and re-training to assist communities' transition from resource dependent jobs are considered an important part of green job creation. Lastly, Peyman (2010) notes there is debate about the inclusion of social criteria in defining green jobs. Within Canada two recently offered definitions of green jobs that align with the social values of the social economy are:

that address or improve environmental quality, provide a living wage with opportunity for advancement, and generally support all aspects of sustainability. Green jobs have varied skill level requirements, support the local economy and environment, and exist in emerging sectors or areas of growth. (Welch, 2009, p. 4).

The Canadian Centre for Policy Alternatives defines green jobs as

well-paid, decent jobs that contribute to a reduction in greenhouse gas emissions, produce no or low environmental impact, and/or help the economy or society adapt to the impacts of climate change.” (Lee & Carlaw, 2010)

Until recently, policy attention has focused on high-tech green job creation, while less attention has been paid to the potential of green jobs to support people with barriers to employment. The emergent movement for “environmental justice” is a promising concept that helps focus attention on the need to pay attention to environmental affects across all populations. Green job creation with marginalized populations must be additionally attentive to the providing the flexibility, resources and support needed to ensure that participants' success (Welch, 2009). However, if properly supported, green jobs with marginalized populations can have additional social benefits, fostering a sense of pride and community involvement.

BUILD Manitoba

Building Urban Industries for Local Development (BUILD) Manitoba is a great example of a social enterprise that has proven the power of marrying green jobs within a community economic development framework and the sense of empowerment and community pride that can result.

BUILD was incorporated in 2006 as a non-profit, community-based social enterprise. In 2009, BUILD retrofitted 16 of Winnipeg's poorest neighbourhoods and successfully help some hard to employ citizens turn their lives around. The federally

funded ecoEnergy program unfortunately left out some of the poorest citizens, the ‘renters’ living in the low-income housing stalk in Winnipeg. However, thanks to a partnership between Manitoba Hydro and BUILD, low-income residents of these now retrofitted homes benefit too with lower utility bills and saving of up to \$700 per house, at no cost to them. The training is provided by the Government of Manitoba, in partnership with incentives from Natural Resource Canada. Contrary to other provincial conservation and resource efficiency incentives, the funding, just covering the building materials for BUILD’s program comes from the utility, in this case Manitoba Hydro’s gross revenue and was set-up by the regulators, legislated under the *Winter Cost Control Heaters Act*.¹⁴ Affordable Energy Fund, aimed at making ‘warm homes’ in winter more affordable.

In the last four years, 122 marginalized people have gone through the program and currently, BUILD employs 45 people. “The ticket out of poverty is work,”¹⁵ exclaims Builds’ Executive Director, Shaun Loney; however BUILD provides more than just a job, it also provides participants with life skills training. After work, employees have the opportunity to learn various life skills, like budgeting and financial management, cooking, parenting, improve their English and take drivers training (with the use of the company car for learning). So far 80 people have gained their drivers licence this way.

As William Bushie, one of BUILD’s graduates, who now works full time for the community-based agency. “I’m thankful for this opportunity,” he said. “This program helped me be a better person and be able to support my family. I’m glad to be giving back to my community.” Not only has the program helped to turn around the lives of marginalized people like William Bushie, but with the added green aspect, associated with energy efficiency and conservation he is making a difference in this community and for the future of his children—now that is empowerment!

Momentum¹⁶

For many CED organizations, sustainability refers primarily, if not exclusively, to financial sustainability. This was the case for Momentum when, in 2005, they first began to include sustainability in their strategic planning and visioning. Now, however, its understanding of sustainability has expanded to include social and environmental indicators. They have even recently formed a Sustainable Audit Group (SAG), whose mandate is to improve environmental performance of the organization. “Originally

¹⁴ <http://web2.gov.mb.ca/laws/statutes/2006/c00506e.php>

¹⁵ S. Loney, personal communication, October 20, 2010.

¹⁶ See Appendix II for the full profile

the focus was on improving the recycling” says Jeff Loomis, Programs Director with Momentum, “now we are taking it to the next level and assessing if the organization can go carbon neutral with support from the Pembina Institute.”

For Jeff, the potential for the social economy and the environmental movement to converge is evident. “CED organizations and environmental organizations are already values based and experienced at measuring their performance beyond just financials; bringing in ‘green’ or CED is a natural and opportunistic move given Canada’s commitment towards addressing climate change and addressing poverty.”

And so it is no great surprise then that Momentum has been working hard to incorporate green jobs into their business development curriculum. One of Momentum’s most recent partners is Respect for the Earth and All People (REAP), an association of locally owned and operated sustainable small businesses. Including a non-profit in their membership is a new experiment for REAP, but the connection is clear. Graduates of Momentum’s Green Business Development Program will receive a trial membership through Momentum’s membership. As a trial member, they will have access to many of the benefits of a full member at a low cost. This innovative partnership will be key in supporting the success of these emerging green businesses as they grow.

In partnership with SAIT Polytechnic and aimed at initiating the underemployed and un-employed to the green sector, Momentum will be launching a green workforce in 2011. This will be Momentum’s first true Green CED initiative.

However, Jeff Loomis points out “there are not a lot of companies that only do green retrofits in the Calgary area.” As a result, it is important for the success of the program, in terms of meeting it’s employment objectives, to provide general trades training beyond just the ‘green’ training. This is indicative of one of the real barriers to completely melding the objectives of the social economy with the environmental movement. However, Momentum is optimistic that while they must focus on helping people find jobs today, the jobs of tomorrow will be increasingly more focussed on the environment.

This perspective is backed up by a recent research report that Momentum produced with steering committee support from members of *Thrive. Green Collar Jobs: New Workforce Development Opportunities in Alberta*¹⁷ shares the results of a labour market

¹⁷ <http://www.thrive.sitesollabs.com/wp-content/themes/thrive/Green%20Collar%20Jobs.pdf>

analysis of entry level, green jobs¹⁸ located in Calgary and Alberta and an environmental scan of promising green workforce development programs in North America.

The Role of the Social Economy as a Catalyst for the Alternative Energy Sector

Ontario Sustainable Energy Association (OSEA)¹⁹

The role of the social economy in producing sustainable energy is also significant. Community-based social economy organizations stabilize long-term energy prices and contribute to the creation of jobs and a culture of energy conservation. One example is the Ontario Sustainability Energy Association (OSEA), representing 75 community non-profit organizations involved in developing green power. Community-based power is locally owned, generating renewable energy that optimizes local benefits (economic, social, environmental) that is accessible, democratically controlled and economically viable. The *Green Energy and Economy Act* in that province supports the development of community-owned, renewable energy projects through a Feed-In Tariff program that provides resources, creates an ‘obligation to connect’ and provides small scale producers with a guaranteed rate of return on the energy produced. According to Kristopher Stephens of the OSEA, the *Act* has amounted to a complete “re-vamp” of the energy sector. Because it unites the dual focuses of environmental protection and economic development the *Act* has significant widespread appeal. In Stephens’ words, it is effective because “everyone can play” and because of its’ potential to create new jobs. There are successful social and economic development models for sustainable energy production around the world (particularly in Brazil, US, Germany and China) employing over 2.3 million people.

The Role of Co-operatives in Making Solar Power Profitable and Affordable

Toronto Renewable Energy Co-operative (TREC)²⁰

Communities are at the centre of many green initiatives; “sustainable communities meet the economic needs of their residents, enhance and protect the

¹⁸ Momentum defines green collar jobs as having the following criteria: entry level, paying a living wage, equivalent tasks to blue collar jobs, contributes to environmental sustainability and provides opportunities for career advancement.

¹⁹ See Appendix III for the full profile

²⁰ See Appendix IV for the full profile

environment, and promote more humane local societies” (Bridger & Luloff as cited in Soots & Gismondi, 2010).

Environmental Sustainability: There is overwhelming evidence that global challenges such as climate change, peak oil, and environmental degradation require significant economic transformation, “from a globalised growth economy... to a federation of decentralized, social, and ecological economies.” (Lewis & Conaty, 2009; Amyot, Downing, & Tremblay, 2010; p. 15)

Communities, it is argued, must radically shift economies to become more locally and regionally self-reliant and resilient. Local and national governments around the world and in Canada are embracing the dynamic and interconnected social and ecological nature of the social economy, producing new models for development and sustainability. The social economy is contributing in areas such as the reconstruction of local food systems, forging energy solutions, and promoting sustainable water and waste management.

The opportunity of the social economy, as a contribution to sustainable development is huge. When social economy organizations bring in sustainable development into the fold they are helping to lift that individual beyond their immediate selves to a larger view, one that includes their community and the globe. This is when leaders are born.

Once their basic needs for subsistence and protection are satisfied, they can start to address other needs, like their need for identity within their families and communities, their need for affection, connection to a movement and each other and so on. In addition, living within ecological limits puts a boundary around economic “wants” that are infinite and insatiable, compared to fundamental human needs, which are satisfiable and finite. (Max-Neef, Elizalde, & Hopenhayn, 1991, p. 18).

The Role of the Social Economy in Rebuilding Food—Food Security: Think Like an island!

Diversity Foods²¹

One of the critiques of the local food movement from those working within the social economy is that local and organic food is not accessible to the poorest in our communities. As long as local food is sold at a premium price, those who most need

²¹ See Appendix V for the full profile

access to fresh, nutritious food will be left out. Diversity Foods, however, is proving that it is possible to prioritize both affordability and local procurement—while also making the venture economically viable.

Diversity Foods isn't just providing affordable food, however. A social enterprise, co-owned by two local non-profits (the University of Winnipeg Community Development Corporation and SEED Winnipeg), Diversity Foods understands the socio-economic impact of employment by having 70 percent of approximately 40 staff be new Canadians or Aboriginal people. All new employees go through an intensive four-week training program that includes customer service, time management skills, hygiene, kitchen equipment usage, safe food handling, cashier duties as well as meal preparation, all of which are highly transferable skills. Successful trainees become employees and eventually owners of the worker co-operative.

Diversity Foods is also involved in various community initiatives including providing in-kind or community funded food through a partnership with the after-school learning program at the University of Winnipeg; donating time and food to fundraisers that help address poverty, like the recent Share our Strengths (SOS) Taste of the Nation event where 100 percent of ticket sales help ensure 'no kid in Canada grows up hungry;' to offering their catering on a sliding scale to make it accessible to the community. All of this while simultaneously being committed to environmental sustainability and supporting local food systems by reducing food miles through local procurement, prioritizing organic or low-input produce and meat, and reducing waste through recycling, composting and cooking food from scratch (instead of using processed foods which come with excessive packaging).

Transition Towns

Some would argue we are approaching a global food crises, marked with concerns about poverty and hunger, food safety and food-borne illness, and the effect of increasing energy prices on food costs (Brown et al., 2009). The social economy plays an important role in rebuilding community food security. Brown et al. (2009) argue that secure food systems need to be created by people to meet their own needs, and that this requires heightened public awareness of the social economy, food security and effective policies. "This commitment to people's exercise of some degree of control over decisions that impact their food supply is critical to the concept of community food security" (Ibid, p.12). Many organizations that support local food systems are already part

of the social economy including: farmers' markets, Community Supported Agriculture arrangements, local food marketing co-operatives, community gardens, Fair Trade organizations, food security networks, and municipal food policy councils. A research scan of the Canadian Social Economy Research Partnerships (CSERP) projects reveals food security to be a significant theme. This research has revealed how social economy organizations and communities are addressing community food security in the short and long-term. Some of these projects include a 'Community Supported Agriculture (CSA) manual,' an educational tool developed by members of the Northern Ontario Node, the 'Harvest Moon Society Local Food Initiative' in Manitoba integrating co-operative local marketing, and the exploration of 'Fair Trade procurement policies' in Canada by the Southern Ontario node. (Amyot, Downing, & Tremblay, 2010, pp. 15-16)

Applying the Social Economy to Ecosystem Based Management

The social economy plays an important role in ecosystem management by engaging communities to be active participants in the management of local resources. In New Brunswick, watershed management groups that are solely volunteer run and mostly funded by the New Brunswick Environmental Trust Fund (ETF) have been "offering services to communities such as educational and communication activities, habitat restoration, water quality monitoring, beach sweeps, environmental monitoring and others,"²² explains Omer Chouinard, professor at the Department of Sociology and Director of the Master's Program in Environmental Studies at the Université de Moncton of New Brunswick who has been an active facilitator between the Government of New Brunswick and the community actors in carrying out these programs. Evidently, Chouinard notes "this approach is more cost effective to government, as they [watershed management groups] rely heavily on local partnerships and voluntary work to achieve their goals." Many community benefits exist from this approach as well because, "groups go beyond program objectives with their involvement in many public awareness and educational activities. Also, since they involve many stakeholders from the forestry, fishery, agriculture, tourism and other sectors, they act as agents of change and innovation for the promotion of sustainable development."

²² O. Chouinard, personal communication, November 19, 2010.

Great Bear Rainforest

Ecosystem based planning and the role of the social economy in sustainability is a key issue, producing local sustainable economies in response to environmental challenges including climate change and environmental degradation. The Great Bear rainforest initiative in British Columbia is an example of the role of the social economy in conservation-based economic development. The Great Bear Rainforest Sustainable Development Initiative is a \$116 million fund overseen by Coast Opportunity Funds. Initial funding was made available by the Province of British Columbia, the Government of Canada, and six private foundations. \$60 million of this remains in a perpetual endowment that contributes \$2-2.5 million/year toward to conservation efforts, the other \$60 million is made available through the Economic Development Fund that supports projects that are compatible with this ecosystem-based management regime. According to Scott Rhemus of the Coast Opportunities Fund, this initiative represents a significant rethinking of how economic development is undertaken in resource dependent communities; the initiative is trying to undermine the “the split in many communities of conservation versus development. We think there is a way forward here that is building an economy based on a healthy environment” (Amyot, Downing, & Tremblay, 2010, pp. 17-18).

Upper Skeena and Gitksan First Nations’ “Fish Nation”²³

For the members of the Upper Skeena and Gitksan First Nations the presence of a healthy and abundant salmon run in the Skeena River is indicative of wealth, for this community, whose socio-economic system and culture is based on harvesting, preserving and trading of fish. As the Storytellers Foundation’s Executive Director, Anne Docherty, explains, “when a community is dependent on Salmon for economic gain and subsistence, the salmon become, in effect an essential currency in creating and or strengthening the social bonds that enable resilience in tough economic times.”

Healthy and abundant salmon stalks point to an economically resilient and culturally rich community and “like a canary in the mine, it [the salmon] is telling us how the environment is doing,” explains Docherty. A healthy and abundant wild salmon is indicative of a healthy ecosystem; a healthy ecosystem can only exist if the

²³ See Appendix I for the full profile

community that surrounds it respects it and takes measures to lessen its impact on that ecosystem overtime. In the case of the community of the Upper Skeena, Gitksan First Nations it is their traditional right to harvest fish and have been doing so for generations. Continuing this tradition strengthens them as a people and connects them to the very ecosystem they are trying to safeguard for future generations. It takes strong social ties, strengthened through activities akin to fish production, including the fishing, distribution and preservation of fish to keep their shelves stocked. As a local food source, wild salmon plays a large role in food security in the region and decreases the communities' dependence on food from far away; further supporting their stated goal of decreasing their dependence on global systems and reducing greenhouse gas pollution associated with the transportation of goods from far away, thereby protecting salmon ecosystems.

Acknowledging the socio-economic and environmental importance of fish and their connection to it, Storytellers' together with some members of the community have declared themselves a "Fish Nation." *Fish Nation* celebrates who they are as a community, unique to place and gives the community an identity, a sense of ownership and with that a sense of responsibility to rally together to protect it. This is especially important for the youth who are forming their identity, by having a place to stand within the community and a vision to pull them forward; they have the opportunity to shape what *Fish Nation* will look like in perpetuity.

Fish Nation is not a common model, nor is the science of fish and how to protect it. Recognizing this, the Storyteller's Foundation has created café style forums that have a dual purpose to provide an open forum for learning about salmon and fish science, while at the same time building local engagement. Fish 101 they call it. Recognized community organizing approaches are used to deliver the forums, including a focus on plain language and free writing. A whole spectrum of people from the community attend the Fish 101—Literacy Café, mentions Docherty, "from local government officials, people at the margins, doctors, youth, PhD's, to both Gitksan and non-Gitksan people."

Economies of Place

An important strategy in both the environmental sustainability movement and the social economy is the adoption of place-based approaches to economic development to help address the root causes of unsustainability by moving "from a globalised growth economy...to a federation of decentralized, social, and ecological economies" (Lewis & Conaty, 2009). By shifting focus to place, opportunities are created for citizens who are marginalized within the mainstream economy towards environmental

sustainability to become active participants in impacting policy decisions, influencing program development, and creating change in their communities. “Sustainable community development requires action to create viable local economies that are just, peaceful, resilient and eco-efficient. In order for these objectives to be achieved, a political culture of community involvement, stakeholder participation and consensus-building must be created and maintained” (Otto-Zimmermann, 2002). (Roseland, 2009)

The City of Edmonton and the Edmonton Social Economy Fund²⁴

Edmonton is a unique example in Canada of how a municipality can provide financing support to the development of a local social economy. Kain, Sharkey, and Webb (2010) note that local governments can play a variety of roles in supporting the social economy; they can draft expressions of intent/support, provide financial or in-kind support; contribute to planning, research, and advising; support human and social development; land use planning; and develop supportive procurement policies. They further identify Edmonton as an example of a ‘partnering’ municipality. Municipal ‘partners’ “contribute internal resources and/or expertise and partner with external stakeholders to achieve desired outcomes. This type of approach is found most commonly when there are strong and trusting relationships between local government representatives and community partners” (Ibid., p. 14).

Support to the Edmonton Social Enterprise Fund is a main element of this partnership that the City of Edmonton has leveraged to support social enterprise and the social economy.

Municipal governments are confronted with increasingly complex issues. Support to social enterprise development is one tool in addressing these issues. Social enterprises can create reciprocal benefits for local governments and communities, contributing to local government priorities such as:

- enabling communities to take a more active role in shaping their local environments.
- developing people-led services.
- creating employment and embed skills and wealth at a local level.

(Local Government Improvement and Development, 2008)

Green social enterprise development is a growing niche and opportunity within

²⁴ See Appendix VI for the full profile, including descriptions of some of the green enterprises that have been supported by the Fund.

the social economy—as opportunities in this sector develop ‘facilitating’ organizations, like the Edmonton Social Enterprise Fund, will need to have access to the resources and skills necessary to evaluate proposed green social enterprises, and leverage additional policy and financial support for their purposes. Continued and heightened networking and communication between the social finance sector and environmental groups (e.g., the Canadian Environmental Grantmakers Network) will be necessary to achieve the full potential of this important sector.

Ecotrust²⁵

Ecotrust Canada is an enterprising non-profit organization whose mission is to integrate conservation and development by building on the cultural and economic traditions of local communities. Ecotrust’s Natural Capital Fund uses mission-based lending to “make investments in key sectors, businesses and projects that significantly enhance the capacity of communities for the appropriate development and conservation in the coastal temperate rain forest region. The Fund is intended to serve as a catalyst, leveraging other investments through partnerships, joint ventures and other collaborations” (Ecotrust Canada, 2002). Since Ecotrust Canada began their work fifteen years ago, the range of financial tools available to community entrepreneurs has widened allowing Ecotrust to re-envision their role in supporting communities.

Ecotrust Canada works with resource dependent (e.g., forestry, fisheries, energy) rural, remote, and primarily First Nations communities to develop conservation-based alternatives so that they can be resilient in facing economic challenges. These land and resource-use practices aim to support production while maintaining natural capital and continuing to provide ecosystem services at local and global scales (van Noordwijk et al., 2001). A conservation economy is one in which “economic opportunity improves rather than degrades social and environmental conditions... [and] provides meaningful work and good livelihoods, supports vibrant communities and the recognition of Aboriginal rights and title, and conserves and restores the environment.”

According to Ian Gill, former president of Ecotrust Canada, “the environmental problems here in the Pacific Northwest, and the rural poverty, were often the result of these kind of boom-bust economies that you see in the natural resource sector. We felt that the environmental community didn’t respond to the economic needs of communities, so we thought there was a lot of space there. Really, it was to use capital in a more democratic way and that’s really the fundamental premise.”

²⁵ See Appendix VII for the full profile

Ecotrust uses a Reliable Prosperity framework, which works from the three Es: Ecology (nature), Equity (social), and Economy (capital) to overcome apparent conflicts between work, nature and community. The framework helps people to see that reliable prosperity is achieved when economic arrangements of all kinds are gradually redesigned so that they restore—rather than deplete—nature and society.

The basic unit at the centre of this model is the bioregional economy. Bioregions are areas that are defined by natural characteristics such as watersheds and land or water characteristics. Bioregional economies operate within the capacities and limitations of their particular ecosystem and cultural region and import goods and services only when necessary and then, only products that are produced in an ethically and ecologically sound manner. The Reliable Prosperity framework identifies shifts in social and cultural values as key developing bioregional economies and focuses on cultivating the value of self-sufficiency. Support to local and community institutions (including green businesses) is of key importance.

Providing the necessary capacity for individuals and communities to undertake business ventures is just as important as the financing. As Gill states, “Just throwing money at something doesn’t necessarily solve anything, what we try and do is understand what community needs are. Really the art is in understanding capacity and the people, what the strengths of the community are, what the niches are and the market. They don’t have a lot of the same access to information that people in big cities do, so we help bringing resources to people. We do a lot of capacity building on the mapping side of things. Understanding what they have to work with, as well as in governance. For us it is enabling communities to succeed in a way that is reflective of community needs and respect for the environment.” In other words, community-based conservation requires governance that starts from the ground up and involves networks and linkages across various levels of organization. This takes time, and the success needs to be measured over long-term goals.

4. Key Challenges

Soots and Gismondi (2010) note several obstacles in bridging the fields of sustainability and the social economy:

- There is a sense of urgency to the work in both fields that can make it easy to be dismissive of the concerns of one another. In the context of limited public imagination and resources organizations and movements can be compelled to focus inward rather than on the larger long-term task of movement building.

- There is a sense that the sustainability movement is a lifestyle movement targeted at those who can afford it, while the social economy largely works with marginalized populations.
- In both sectors there can be an overreliance on market-based or consumerist solutions—speaking to the need for ‘strong’ and mutually reinforcing approaches from each sector.

Enabling a Supportive Policy Environment for Sustainability and the Social Economy

With the critical issues facing the environment, there needs to be a radical shift in the way business is valued and the way society is an integral part of that economic system. There is no doubt a critical need for governments to recognize the value of the social economy in providing multiple benefits for community and the environment. At the moment, there is very limited government support for this sector in Canada, and the minimal support that does exist is not sufficient. Rhemus highlights that in Canada “there is a very unhelpful regulatory environment in government around these things that doesn’t allow us to grow our program to anywhere near self sufficiency. We are not in it for profit but it’s costly to do this kind of work and what we found eventually is that we could not raise sufficient capital to bring our cost down to a point we could support it.” Short-term support in this sector does not work. Long-term commitments to support long-range planning and permanent programs are essential.

One organization that is providing support and advocacy for strengthening the social economy is enterprising non-profits²⁶ (enp). This organization supports social enterprise development through grants and resources for technical assistance, as well as by advocating for public policy initiatives and dialogue that will enhance and strengthen the social enterprise sector. There are four pillars to their policy program; 1) building awareness and demonstrating the value of the social economy, 2) enhancing enterprise skills, 3) ensuring access to capital and investments, 4), and expanding market opportunities. David LePage, programme manager of enp, describes their framework within a systems approach, “so the grants provide technical assistance, but if we aren’t doing access to capital and increasing the market it doesn’t do us much value to build all these businesses if they don’t have the capacity to be successful.” Government awareness of the value of integrated development models is essential to enable a supportive environment, but without. As LePage mentions, “one of the hurdles has been the inability on the part of governments to even see where they impede social enterprise and social change.” In order to realize an enabling environment for this sector, governments need to first acknowledge its potential

²⁶ enp: <http://www.enterprisingnonprofits.ca/about>

and to collaborate with its actors in co-creating effective and sustainable policies that respond to their socio-economic and environmental goals. LePage continues by stressing “the need for radical reform...the government needs to reform some key components of the economy to make the financial service sector more responsive to communities and more responsible in terms of how it raises money and distributes [it], and to recognize non-profits that are very business like and very capable of

delivering products and services much more efficiently than government and in some cases more efficiently than private companies. We need a radical rethink of how the financial service industry works and how services are delivered on the ground.”

Examples in other parts of the world are demonstrating that effective policy instruments are significantly strengthening this sector (Tremblay, 2010). In the United States, for example, the *Community Reinvestment Act* stipulates that banks need to pay some portion of their profits towards a community development fund, thereby creating significant pools of capital (Mendell, 2008). In the United Kingdom, changes in some of the charitable laws and the creation of Community Development Finance Institutions (CDFIs) have created a more favourable environment for the development of this sector (HRSDC, 2006).

Gill stresses that “Canada is far behind...to do this work out of a charitable organization is very difficult. There are all sorts of new instruments out there, like tax instruments, and Canada is behind so we can only get so far and then stall.” New legislation for tax credits that can be used to support social economy organizations, for example, would significantly improve the sustainability of this sector.

Being able to disseminate and build on ‘best practices’ for sustainable development in Canada and elsewhere is essential for coping with the dynamic nature of the world’s current and complex challenges. Creating collaborative networks among communities, practitioners and governments working in conservation and economic development is an important part of this process. The social economy organizations presented in this paper are spearheading new and innovative models that can be replicated to other areas and contexts. According to Gill from Ecotrust Canada, “this model has never been done before, we have yet to find a fund that combines the conservation and development in one operating unit and so we are very much focused on getting this model working properly, and in a year or two we will be likely much more engaged globally on this.”²⁷ Although these models respond specifically to rural and remote development, the basic framework has great potential to be replicated and supported in urban settings. (Tremblay, 2010, pp. 15-18)

²⁷ See Appendix VII for a more in-depth profile of Ecotrust

Future Directions

Despite the number of challenges to bridging the fields of environmental sustainability and the social economy there is considerable growing interest to find ways to work together across movements, and to further combine efforts to create healthy, sustainable, and inclusive communities. While it seems there is a natural convergence happening there is much work that can be done to further help facilitate this process.

Potential Research Projects

Building a knowledge and evidence base is an essential component to fostering deeper relationships between the social economy and environmental movements. The Canadian Social Economy Research Partnerships saw a number of research projects that involved representative organizations from both movements working in collaboration on research of common interest. Further research partnerships between sectors would help to foster these two movements in coming together around shared interests and challenges.

One shared challenge is the navigation of international trade treaties. These treaties can sometimes be supportive of green initiatives and fair trade, but are often seen as barriers to developing place-based economic development and as contributing to the rapid consumption of fossil fuels. A possible research endeavour would be to investigate the ways that international trade treaties support or hinder social economy and sustainability initiatives (e.g., *Green Energy and Economy Act*).

How Both Movements Can Support Each Other

Both movements are well established within Canada, but each has different lessons and resources to share. The social economy has a strong record of grassroots mobilization and has established robust systems of governance, which can be employed to greatly enhance the impact of environmental sustainability efforts. At a time when the idea of sustainability is criticized as being a lifestyle movement where those most marginalized cannot afford the lifestyle, shifting towards a community-led approach could see the movement gain more traction among the poorer populations in Canada and in fact lead to greater sustainability. The social economy has an important role to play in building awareness and leading democratic action on this front.

Enabling organizations on both sides are well positioned to help bridge the social

economy and environmental movements and need to be looking at ways to do so. They can accomplish this through collaborating around research projects as suggested above, but also through partnering on projects where there is a lot of opportunity for convergence. Developing a clear understanding of the different challenges facing primary and enabling organizations on both sides will be critical for bridging organizations in developing public policy recommendations and suggested support mechanisms that would assist a coming together of actors and organizations.

Also, it is important for these potential bridging organizations to understand what kind of support is required to help members or partners to develop either along both a social economy model and environmental sustainability model. This means adopting new practices in programming and organizational policy, which will no doubt present unique challenges. Cross-pollination will also need to happen around the various conferences and events that occur across the country every year. Ensuring that these activities are inclusive of both movements will be critical to ongoing convergence.

Policy Recommendations

There are a variety of ways in which government can play a role in supporting the social economy approaches to environmental sustainability. Here are a few approaches that have been identified.

Provide tax incentives, program support and procurement advantages to social enterprises that contribute to reducing carbon emissions, enhancing waste management and water safety. Expand legislation (as in the Ontario Green Energy Act) that advantages social and community enterprises in the production of renewable energy to other jurisdictions. Adapt the US Green Jobs Initiative to the Canadian environment to invest in social enterprises that create niche opportunities to create jobs in new environmentally sustainable technologies, products and services. Support “Transition Towns” initiatives that mobilize community ingenuity in reducing carbon impacts and climate change. Expand models like the Coast Opportunity Funds and Eco-Trust Canada’s program in BC to marry private and government investment in integrated models of conservation, eco-system based resource management and planning, and sustainable community economic development. (Amyot, Downing, & Tremblay, 2010, p. 18)

The organizations presented in this paper provide evidence of the role of social economy activities as carriers of economic development and environmental sustainability at a community level. This evidence conforms to the recent debate on the emerging patterns of economic development at a community level according to which market and public government planning cannot be considered as the only development institutions (Squazzoni, 2009). Thus, as highlighted by Austin (2000), economic innovation needs to come from horizontal alliances between profit and nonprofit, mixed partnerships, and inter-sector initiatives at a community level.

These experiences suggest that the conservation-based approach to development can provide significant economic and social benefits at all scales. Decision-makers would benefit to look at the trade-offs and simultaneous social, economic, and ecological outcomes that can be achieved and maintained over time. Sustainable development requires that we envision the world as a system, and to understand the problems in a holistic, multi-layered approach combining economic, social and environmental considerations. Brown (2003) recommends that for a 'people-centered conservation', there needs to be a more "pluralist approach to understanding knowledge and values of different actors, greater deliberation and inclusion in decision-making, and a re-modeling of institutions to support conservation" (p.89). Policy reform needs to establish local experience and needs as the basis to inform local, regional, provincial, and national government regulations. Policy reform also needs to focus on building the social capital of communities, a crucial component to community-based development. Social economy organizations provide an excellent vehicle to bridging the gap between government and communities, particularly since in many instances they are already embedded and have established trust and long-term commitments.

Some of the key findings of this research indicate that that the conservation-based social economy is working to advance sustainable development by:

- recognizing the unique cultural and local assets of communities, particularly First Nations communities;
- providing meaningful work, sustainable livelihoods and enterprises;
- supporting community capacity and governance; and
- conserving the natural integrity of eco-systems.

Some of the main barriers for actors in the social economy working in conservation and sustainable development include a general lack of government recognition and limited financial instruments supporting this sector. To enable a strengthened environment for this sector there needs to be:

- greater awareness on the part of government of the interconnection and multi-layered dimensions of economic, social and environmental challenges;
- increased government recognition towards the value of a conservation-based social economy, for both rural and urban development;
- greater collaboration and decision-making between governments and actors in the social economy working in conservation; and
- supportive financial instruments, including a tax incentive scheme to increase access to capital for social economy organizations working in conservation. (Tremblay, 2010, pp. 19-21)

Conclusion

Environmental awareness is growing in every area of society, including the economy. As public pressure increases we are seeing more private sector companies adopting green strategies in their sourcing, production, packaging, and distribution—despite a relative lack of new legislation to promote this change. However, the public perception is still that this change is too slow and not enough while the economic bottom line continues to be dominant.

The social economy, in the meantime, has demonstrated that it is possible to manage a double bottom line (social and economic) and, like the mainstream economy, has also been adopting a third bottom line. The social economy is in a unique position to be able to model the way for how business can operate effectively while maintaining this triple bottom line. Many of the profiled organizations in this chapter demonstrate this. The community concerns around the environment are very real and unlikely to disappear and so it is essential that community-based organizations maintain a commitment to sustainability and build bridges with the environmental movement. Enabling organizations (networks and associations) need to play a pivotal role in facilitating this convergence through networking opportunities, research, and policy advocacy. There are undoubtedly distinct challenges that need to be overcome. However, the desire to create healthy, equitable, and sustainable communities is strong throughout the social economy and environmental movements and provides the impetus for actors in both fields to work together.

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APPENDICES

APPENDIX I – Storytellers’ Foundation and the Learning Shop



Background²⁸:

The Storytellers’ Foundation is a registered non-profit society whose aim is to nurture civic literacy and to decrease their over-dependence on global systems through community capacity building. “We want to increase our skills as active citizens to ensure that socioeconomic solutions and actions are rooted in local knowledge and led by local people,” says Anne Docherty, Storytellers’ Executive Director and co-founder. As Docherty describes, “what is central to our work is that we are building relationships and communities where people care about each other and know how to work together.”

Storytellers’ Foundation opened their doors in 1993 to support local people within the Upper Skeena to take action, collectively, to improve social and economic conditions in their communities. Storytellers’ has been working together since after the first set of Treaty talks ended with the Gitksan, First Nations. Recognized for bringing Gitksan and non-Gitksan people together to dream about a culturally diverse community that could work together to increase both social economic assets while sustaining healthy ecosystems.

Mission Statement:

To foster personal and political mobilization through the development of an active citizenry so that the Upper Skeena and Gitksan nation can further define its social and economic destiny.

²⁸ A. Docherty, personal communication, October 31, 2010 and information from the Storytellers’ Foundation Strategic Plan 2010 – 2013 and the Storyteller’s website: <http://www.upperskeena.ca>

Model and Approach: Community Economic Development in an Ecological Context

What is distinct about the Storytellers' approach to CED is that it is situated within an ecological context and "recognizes diversity as essential for survival and connectedness of people to the land they live on as a cornerstone of sustainability." By acknowledging the interconnectivity of people, economy and environment and the hierarchy that exists between these nested spheres, an economy unique to place can exist and new indicators of success can flourish.

For the members of the Upper Skeena and Gitksan First Nations in partnership with Storytellers' what that looks like is unique to the social economic assets that exist and have existed for generations, in this case salmon.

The presence of a healthy and abundant salmon run in the Skeena River is indicative of wealth, for this community, whose socio-economic system and culture is based on harvesting, preserving and trading of fish. As Storytellers' Executive Director explains "when a community is dependent on Salmon for economic gain and subsistence, the salmon become, in effect an essential currency in creating and or strengthening the social bonds that enable resilience in tough economic times." To illustrate this, Docherty points to a comment made by a Gitksan elder during a conversation on what wealth means to them. When asked, one elder mentioned, "having fish put away," is wealth; referring to the sense of security she experiences when her shelves are stocked with preserved salmon. Salmon can also be used for bartering according to the Storytellers' co-founder "people pay with salmon for haircuts, lawyer expenses, workshop facilitation."

This isn't the first community to have their own local currency, the Island of Salt Spring in British Columbia, for example, has Salt Spring Dollars to drive island commerce and identity by keeping local dollars local. In comparison, the community of the Upper Skeena, are taking economic development one step further, rather than creating a local currency, similar to Salt Spring Island they are acknowledging the currency that exists, unique to place, one that already speaks to the communities identity and sense of wealth; and at the same time the community is rallying to protect it.

Healthy and abundant salmon stalks point to an economically resilient and culturally rich community and "like a canary in the mine, it [the salmon] is telling us how the environment is doing," explains Docherty. A healthy and abundant wild salmon is indicative of a healthy ecosystem; a healthy ecosystem can only exist if the community that surrounds it respects it and takes measures to lessen its impact on

that ecosystem overtime. In the case of the community of the Upper Skeena, Gitksan First Nations it is their traditional right to harvest fish and have been doing so for generations. Continuing this tradition strengthens them as a people and connects them to the very ecosystem they are trying to safeguard for future generations. It takes strong social ties, strengthened through activities akin to fish production, including the fishing, distribution and preservation of fish to keep their shelves stocked. As a local food source, wild salmon plays a large role in food security in the region and decreases the communities' dependence on food from far away; further supporting their stated goal of decreasing their dependence on global systems and reducing green house gas pollution associated with the transportation of goods from far away, thereby protecting salmon ecosystems.

Acknowledging the socio-economic and environmental importance of fish and their connection to it, Storytellers' together with some members of the community have declared themselves a "Fish Nation." *Fish Nation* celebrates who they are as a community, unique to place and gives the community an identity, a sense of ownership and with that a sense of responsibility to rally together to protect it. This is especially important for the youth who are forming their identity, by having a place to stand within the community and a vision to pull them forward; they have the opportunity to shape what *Fish Nation* will look in perpetuity.

Already, *Fish Nation* has been self-organizing to attend community talks to share information, rally support and protest against large industrial development (e.g., Royal Dutch Shell's coal bed methane project) that poses a threat to the wild salmon ecosystem. For 2012, in partnership with Storytellers' Anne Docherty boasts, they will be publishing a 2012 calendar with the "Fish Nation theme" demonstrating the economic progress they want as a *Fish Nation*.

Initiatives: Mobilize an Active and Diverse Citizenry around Fish Nation

Fish Nation is not a common model, nor is the science of fish and how to protect it. Recognizing this, the Storyteller's foundation has created a number of community learning and capacity building opportunities, accessible to all levels and sectors of the community in support of "mobilizing an active and diverse citizenry."

For instance, they have created café style forums that meet once per month and have a dual purpose to provide an open forum for learning about salmon and fish science, while at the same time building local engagement. Fish 101 they call it. Recognized community organizing approaches are used to deliver the forums, including a focus on plain language and free writing. A whole spectrum of people

from the community attend the Fish 101–Literacy Café, mentions Docherty, “from local government officials, people at the margins, doctors, youth, PhD’s, to both Gitksan and non-Gitksan people.”

The literacy Café takes place at the Learning Shop, a separate yet linked NGO to Storytellers,’ which provides a storefront for both organizations and is used as a community space for safe dialogue, learning and for promoting community diversity; and came out of a need to support the youth population. “People know that going in there might be uncomfortable, but it’s safe,” Anne Docherty mentions. Nurturing a diverse community with a diversity of thought and opinion is an important value to the community of the Upper Skeena and Gitksan First Nations, according to Docherty, and the Learning Shop is the space they can gather for colourful expression. Once per month Storytellers’ brings the community together to talk about wild salmon, in doing so, building local residents critical analysis skills and capacity, supporting community members in advocating for the wild salmon they are trying to protect.

Initiative: Youth Works

Storytellers’ approach also centres on “give[ing] people the tools to live sustainable livelihoods,” mentions Docherty. For communities to the south this might mean a livelihood based on financial prosperity; however for this community where 60-70 percent of the community lives off social assistance (SA) and the average age of SA recipients is 21 years old, cash and getting up for work is not a big part of their daily reality explains Docherty. “Massive unemployment can hinder creativity” mentioned Anne Docherty, “a lot of the work we do is to mobilize people and pull-out the oppressive system that we are trying to change.” Working to address youth’s overdependence on monthly social assistance, the Storytellers’ Foundation is providing the experience of work to First Nations Youth through a Job shop. Storytellers’ ‘Youth Works’ sustainable lively hoods model is based on the ‘solidarity co-op model from Italy,’ which pools resources and a multi-stakeholder group (service providers, professionals, community and the youth themselves) together to deliver services. Storytellers’ might not be able to secure full-time or even part-time work for youth, however this is not their intention, mentions Docherty; “we are providing the experience of work to first Nations Youth.” Short-term jobs available to youth at the job shop include picking rocks, doing yard work, gardening and local food curing, “providing a chance for them to see what it is like to make money” Docherty explains.

Initiative: Sustainable Backyards

The *Building Sustainable Backyards* program began in the spring of 2007 as an initiative to reduce local dependence on fossil fuel, curb people's over-dependence on goods from far away, increase local food security, develop food skills and spark new job opportunities.

Recognizing that it isn't unusual for residents of the Upper Skeena to drive 300 km to Wal-Mart, Storyteller's foundation hired a team of local youth to help community members get backyard gardens started and give local youth the opportunity to gain work experience. At the same time, Storytellers' Foundation staff talk with local residents about local food procurement policies and provided an exciting opportunity for local families to grow their own food.

Ingredients for Success/Lessons Learned

Storytellers' like many not-for-profit organizations have struggled with securing reliable funding to do the work they do and at times have turned away funding to stay true to their mission and this is not unique. However, what is unique to Storytellers' is their approach to CED and sustainability, unique to place. Re-orienting the communities' perspective of the economy and what it means to them within an ecological context provides the sense of identity and restorative leadership from where local, resilient economies can blossom.

However unique in their approach, they do not work in isolation "we see ourselves being part of a movement—solidarity—it keeps our souls alive" says Anne Docherty, pointing to the importance of partnerships. Keeping a pulse on the larger community economic development movements is the cornerstone to the work of Storytellers.' "If we only work at the local level we only help people deal with the injustice [they deal with in their daily lives] but by working with allies like Canadian CED Network," the Storytellers' is better positioned to affect the oppressive system that they are trying to change concludes Docherty.

In closing, communities from across Canada could learn from Storytellers' restorative and integrated approach to CED and sustainability, unique to place.

APPENDIX II - Momentum



Background²⁹

Reducing poverty using Community Economic Development (CED) approaches has been the key to Momentum's success since it opened its doors in 1991. In the beginning it offered employment program from Mennonite Central Committee Alberta, now this non-profit charitable organization has dramatically expanded its services. Today, they offer a diversity of programming from business development, including micro-lending, financial literacy and asset building, to skills training. In 2006, in an attempt to conduct broader CED work in the community, Momentum created *Thrive*, Calgary's Community Economic Development Network—lead by a steering committee of 16 CED leaders—that has quickly become a hot spot for CED sector development and networking.

What makes Momentum distinct from other CED organizations is their commitment to sustainability. Since 2005 sustainability has been a value, written right into the organizations' strategic plan and visioning document. Interestingly, the meaning of that value has changed over time. In the beginning, sustainability meant financial sustainability of the organization and now that definition has expanded beyond the finance department to how Momentum conducts its business. As articulated in the 2009–2011 Business Plan, Jeff Loomis, program manager explains, "Now when we talk about sustainability, we mean social, environmental and economic sustainability." In other words, Jeff distinguishes, "the value changed to business plan activities" beyond the balance sheet to "how we impact the community and the environment" operationally and through our service offerings.

They have recently formed a Sustainable Audit Group (SAG), whose mandate is to improve environmental performance of the organization. "Originally the focus was on improving the recycling" said Jeff Loomis, "now we are taking it to the next level and assessing if the organization can go carbon neutral with support from the Pembina Institute."

²⁹ J. Loomis, personal communication, November 24, 2010 and information from Momentum's website: <http://www.momentum.org>

Mission: Reduce Poverty using Community Economic Development.

Model and Approach: Cross Fertilization of CED and Environmental Sustainability

As Jeff Loomis highlights the social economy and CED organizations are well positioned to “use the three [social, environmental and economic imperatives] in an integrated way,” he points out. He goes on to explain that “CED organizations and environmental organizations are already values based and experienced at measuring their performance beyond just financials, bringing in ‘green’ or CED is a natural and opportunistic move given Canada’s commitment towards addressing climate change and addressing poverty.”

Evidently not many environmental non-profit organizations or socially mandated non-profits address the triple bottom line as part of their operations, “we do” exclaims Loomis. Part of their role, as Jeff sees it, is to connect these two worlds—“a huge opportunity for Momentum.”

Initiative: Green Business Development Program

Recently, Momentum started looking at ‘greening’ their Business Development curriculum. “Not only are we helping clients launch businesses that are financially viable into the future but foundationally committed to triple bottom line” Jeff explains, launching a whole new breed of business into the Calgary marketplace.

To catch these triple bottom line businesses as they emerge into the Calgary market place is REAP a local non-profit organization—Momentums’ newest partner. REAP stands for Respect for the Earth and All People and is a local small business association populated with locally owned and operated sustainable businesses. Momentum is one of two, non-profit members. Once launched, graduates of the Green business development program will receive a trial membership through Momentum’s membership. As a trial member, they will have access to many of the benefits of a full member at a low cost. This innovative partnership will be key in supporting the success of these emerging green businesses as they grow.

Thrive is also lending a hand in converging green and CED by holding networking events and training opportunities that combine environmental sustainability and social sustainability programming. Due to the popularity of these events and to continue to encourage cross-fertilization, *Thrive* is keen to play a key role in facilitate future opportunities.

Initiatives: Green Collar Jobs

Momentum's first Green CED initiative is currently being developed and will be set to launch its first pilot in 2011. In partnership with SAIT Polytechnic and aimed at initiating the under employed and un-employed to the green sector, Momentum will be launching a green workforce.

Interestingly, "providing jobs that benefit the environment can create a longer term resiliency" said Jeff Loomis, as the green industry is a growing sector. An important point to consider in building this program, as Jeff Loomis points out "there are not a lot of companies that only do green retrofits in the Calgary area" so he cautions about being too idealistic as to the 'greenness' of the jobs they identify for their clients. It is important for the program's success for clients going through the program to get 'green' training but mostly to receive training in the general trades because that is where most jobs are today. Training in today's job market together with some 'green' training will ensure they get a job today and the same time be trained for jobs of tomorrow.

The impetus of this initiative came out of a "Green Collar Jobs: New Workforce Development Opportunities in Alberta" (RDA Global, 2010) project developed in 2010 by Momentum in partnership with a steering committee made up of members from Thrive. The paper includes results of a labour market analysis of entry level, green jobs³⁰ located in Calgary and Alberta and an environmental scan of promising green workforce development programs in North America. The paper provides the market research to support Momentum's green job initiative.

Ingredients for Success: Environmental Sustainability and Small Business are Natural Ingredients of CED

At Momentum "we have a common triple bottom line understanding throughout the organization" echoes Jeff Loomis, "both vertically and horizontally, from the Board to the administrative staff." It is clear that throughout the organization staff understand not only what they can do to be 'green' but understand why the organization is driving in this direction; as articulated in their Business plan, "Integrate greater triple bottom line to operational decisions and community initiatives."

Another key ingredient of Momentum's success in this arena is "their non tradition allies" explains Jeff Loomis, "small business allies." Most definitions of the

³⁰ Momentum defines green collar jobs as having the following criteria: entry level, paying a living wage, equivalent tasks to blue collar jobs, contributes to environmental sustainability and provides opportunities for career advancement.

social economy in academia exclude profit-generating enterprises regardless of size or mandate. Loomis argues that the focus of the social economy is too narrow in comparison to Community Economic Development, which sees small business as part of the sector.

Momentum self-identifies as a CED organization for this reason. “We try our best to make them [small business] feel like they are part of the tent,” said Jeff Loomis, and this makes sense given the types of services Momentum offers. Specifically, programming that support the unemployed or under employed to start for profit businesses and find jobs in local small businesses. “They also provide that extras Policy push” according to Loomis, advocacy in favour of poverty reduction and financial literacy.

To encourage further connections with small business, Momentum has partnered with REAP, A local, membership based business-networking group made-up of local small business owners. REAP is also a member of Edmonton’s Business Alliance for Local Living Economies (BALLE), which connects local businesses committed to building local living economies.

Evidently in addition to helping to bridge the divide between social and environmental sustainability, Momentum is also playing a role in bridging the social and environmentally businesses and the non-profit worlds under one umbrella.

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APPENDIX III—Ontario Sustainable Energy Association



Background³¹

The Ontario Sustainable Energy Association (OSEA) is a dynamic member-based, non-profit organization that represents a membership of more than 1,500, made up of: private citizens, co-operatives, farmers, First Nations, businesses, institutions and municipalities, who are engaged in or supporting community power projects and renewable energy. OSEA’s inspiration for the development of the community power sector in Ontario stems from experiences in Germany and Denmark, where community power projects have spurred the development of the renewable energy sector throughout Europe.

OSEA’s vision is ambitious, that “Every Ontarian [be] a conserver and generator of sustainable energy either through a household or through a local community owned business, contributing to the transition to 100% sustainable energy.” To get there, they’ve set out four main goals:

- Achieve an Ontario Green Energy Act by 2010;
- Support Community Power project development with more than 50 per cent community ownership;
- Assist the development of 500 megawatts of Community Power in Ontario by 2012;
- 100 per cent renewable energy powering Ontario by 2025.

The early passage of the *Ontario Green Energy and Economy Act* in 2009 suggests they are on track to meet all of these goals. It’s not hard to buy into the energy and excitement of OSEA; community power is a burgeoning sector and growing policy priority throughout communities and states in North America and Europe. Kristopher Stephens, the Executive Director of OSEA makes a compelling case for his work, “we need to take action to address climate change. We can’t just sit on our hands anymore. At the same time this is going to drive the economy.” According to Stephens

³¹ K. Stephens, personal communication, November 30, 2011 and information from OSEA’s website: <http://www.ontario-sea.org/>

their work is about “creating a province of green energy entrepreneurs and that means deriving social, environmental and economic benefit from the sustainable and renewable resources in Ontario. We don’t need someone else to do it for us, we can do it right here.”

The Approach: Harnessing the Power of Community

Community Power is about creating a resiliency at the local level by local residents by connecting people in their communities to where their energy comes from and how they use it (French, 2011).

Community power refers to renewable energy projects that are owned, developed, and controlled (50 percent or more) by residents of the community in which the project is located.³² Community power projects include local residents, landowners, citizens, collaboratives, co-operatives, First Nations, municipalities, and other institutions working to develop local sustainable energy projects. Projects tap into a variety of renewable sources: wind, solar, biogas, bioamass, and small-scale hydroelectric. Community power projects commonly work through organizational forms (not-for-profits, neighbourhood collectives, residents associations, mutual aid societies, and co-operatives) that make up the social economy.

Community power projects are catching on throughout the world as innovative, citizen-led initiatives that are achieving positive social, economic and environmental outcomes. In Germany, for example, farmers own 10 percent of wind turbines, and an additional 40 percent are owned by communities, according to a study by David Toke from the University of Birmingham. In Denmark farmers own 64 percent of the turbines while communities own an additional 24 percent (OSEA, 2009). Community power is widely acknowledged for its potential to generate local income and employment, lower energy costs and ensure a reliable power supply, support social cohesion and community capacity building, and reduce the environmental impacts of energy production. Experience has shown “community energy projects foster harmony within communities and empower local citizens to make a difference in fighting climate change” (CEPP, 2010). According to Stephens the goal of community power is to create “sustainable communities,” environmentally, socially and economically sustainable, making it an important part of the social economy.

- According to the Rocky Mountain Institute and the Federation of Canadian Municipalities, “in conventional energy systems...at least 75 cents of each energy dollar leaves the local economy” (OSEA, 2009).

³² Based on definitions provided by OSEA and CEPP

- A report by the Iowa Policy Project on the economic advantages of local wind projects has shown that “Locally owned wind generation creates up to 10 times more economic activity in the local community and state than does wind generation owned by out-of-state companies.” (OSEA, 2009).
- Community power promotes conservation through education, by exposing local residents to how power is produced.

Eco-economic Benefits:	Socio-economic Benefits
<ul style="list-style-type: none"> • sustainable green job creation • improved quality of life • improved energy efficiency • reduced GHG emissions • improved natural environments 	<ul style="list-style-type: none"> • enhance civic & social engagement • optimized community forum • improved quality of life • resilient communities • economic benefits

Source: <http://www.ontario-sea.org>

Community Power: A Social Economy Model That is Good for the Renewable Energy Sector

The introduction of renewable energy projects into communities, in particular wind farms, has often met significant local opposition who fear changes to the landscape and noise pollution. Community power projects help counter this NIMBY-ism (Not In My Back Yard-ism) by drawing on key social economy values such as increased local participation and control, multiplied the local economic benefit to the community, and increased social capital. This is helping to reshape attitudes not only toward wind energy but all forms of renewables.

The Ontario Sustainable Energy Association: Supporting and Connecting Community Power

According to Stephens, OSEA’s approach is modeled on three actions: researching, enabling, and networking; a role Stephens likens to that of a ‘general contractor.’

OSEA’s research supports best and innovative practices in the community power sector and informs capacity building efforts. Their research helps build bridges between communities, community and commercial proponents, government and other important stakeholders to ensure broad-based participation as partners rather

than as mere clients, members or opponents. Their current research efforts are focused on capacity building, engagement and partnership practices in the sector, and renewable energy storage and financing.

As an enabler of community power, OSEA engages in education campaigns and government relations and has developed an in-house consultancy, 'Community Power Solutions.' Community Power Solutions (CPS) draws on OSEA's deep knowledge about the community and renewable energy sector to support organizations, communities and municipalities make the shift to community power. Their services include community engagement, identification of energy use integration opportunities, research on municipal best practices, feasibility assessments, and implementation planning for renewable energy projects. This level of service is critical to ensuring smooth transition to and community support for renewable community power. Originally seeded with money from the Trillium Foundation, Community Power Solutions is on track to serve a key function within OSEA as a social enterprise providing a new source of revenue within the organization.

OSEA organizes an annual Community Power Conference to facilitate networking among actors in the community power sector. Over 600 delegates from across Canada attended the 2010 conference along with a number of international delegates and partners. The conference is key to helping interested community members become green community entrepreneurs and is an important opportunity for established community power projects to learn about best practices and innovative approaches from partners across the globe. As Stephens notes, demystifying renewable and community energy is an important part of OSEA's work.

Ingredients for Success: The Nuts and Bolts of Community Power

Policy Environment: Ontario is, in many ways, a leader in supporting renewable energy and community power. The *Green Energy and Economy Act* reformed the energy sector, setting out the legal framework to support green energy development. A centrepiece of the legislation was the establishment of a Feed-in-tariff system that provides guaranteed prices for renewable energy projects, with a related focus on helping companies, farmers, co-ops and other groups navigate the approvals process. The legislation established an 'obligation to connect' and a structure that offers fixed term contracts of twenty years that guarantee local, small scale renewable energy owners will recoup their costs and see a reasonable return on investment. The legislation further enabled changes to the Co-operative Corporations Act allow co-operatives to sell energy back to the grid.

However, the legislation continues to face challenges, particularly in the run-up to the next provincial election, as opponents and entrenched interests argue that the legislation pays artificially high rates for renewable energy. This led to attempt by the government to retroactively reduce the rates paid to farmers for solar production. While the resulting backlash resulted in a compromise of sorts, an agreed upon rate without the retroactive clawback (Radwanski, 2010), these upsets undoubtedly affect the public's perception of the developing sector. Stephens acknowledges that the politicization of the issue is troubling and argues that the need now is for a "real discussion with real facts" about renewable energy. The legislation is also facing challenges from international interests who argue that the FIT program violates Canada's WTO obligations (Berkow, 2010). Despite the challenges, the McGuinty government seems to remain committed to green energy and recently launched a 20-year energy plan called Building Our Clean Energy Future. The plan will increase Ontario's power supply coming from clean renewable sources by up to 13 per cent by 2018.

Financing: Access to financing is another key issue for small-scale renewable energy projects. The Community Power Fund was first established by OSEA in 2007 to support the development activities of community power projects through the provision of a number of financing instruments to support community power, including grants, loans and investment equity. The Community Power Fund now manages two programs: the Community Energy Partnerships Program and Community Power Capital. The Community Energy Partnerships Program (CEPP) is a new grant program, launched in 2010, to support community power projects in Ontario in the form of grants of up to \$200,000. Community Power Capital is a community investment fund vehicle designed to maximize community investment in the sector. Other financing programs supported by the CMHC and the Canadian Federation of Municipalities are providing low-cost loans to support community and municipal level green energy development. The \$250 million Aboriginal Loan Guarantee program, in place since 2009 to support the participation of First Nations and Metis communities in developing renewable energy projects, is an example of government backed loan guarantees that Stephens argues are necessary to realize the full potential of the sector.

Community capacity: community capacity building is key to the development of the community power sector. OSEA is a facilitating social economy organization (similar to second tier co-operatives in that sector) that plays a key role in supporting, educating and networking the sector. OSEA works to educate communities about renewable energy and helps people navigate what can be quite complex projects. Another important aspect of this is working with communities to develop projects

at the appropriate scale to ensure their manageability. Stephens reflects that existing community networks can be an important support for developing community power projects. He notes that some of the most successful projects have been those that worked with existing groups: church congregations, mutual aid societies, etc. Lastly, Stephens reflected on the importance of bringing new people into the 'movement'. Many of those who were key champions for the *Act* are now out doing the hard work of building and operating power projects; a new generation of champions are needed.

Community involvement: One of the key strengths of the community power model is its focus on community involvement throughout all aspects of the project. The value of citizen control is one shared with social economy organizations and is important to help overcome negative 'consultation' practices in the commercial power sector.

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APPENDIX IV—Toronto Renewable Energy Co-operative (TREC)



Background: A Social Innovator with a Green Touch³³

Established in 1998, the Toronto Renewable Energy Co-operative (TREC) is a non-profit environmental co-operative, famous in Ontario for opening the iconic commercial wind turbine at Exhibition Place in 2002, the first urban-sited turbine in North-America and first community-owned wind power project in Ontario. TREC emerged out of the North York Green Communities neighbourhood environmental group, inspired by the Danish Middlegrounded co-ops. TREC has been instrumental to the formation of Ontario Sustainable Energy Association, the Community Power Fund and the Community Energy Partnership Program. TREC's vision is one where "inspired citizens work together, pooling their resources, to realize a sustainable, fair and accountable energy economy" (TREC, 2010). Its mission consists of "creat[ing] a world in which everyone is fully aware of the link between their energy habits and environmental impacts and all people have a clear and easy choice for participating in renewable energy and conservation activities." It sets to accomplish that mission with a two-pawned approach: building community-based and owned renewable energy projects and educating Ontarians and visitors about renewable energy, energy efficiency/conservation and the community power model (TREC, 2010).

Approach: A Co-operatives Incubator

Scaling up the number of co-operatively-owned renewable energy projects through supporting other groups is an important strategic direction for TREC, whose ambitious and transformative approach has, according to Joyce McLean, Director of Strategic Issues at Toronto Hydro, "changed the ways utilities think about community endeavours" (Lipp, 2009). In fact, TREC functions as an incubator of community-owned renewable energy projects. For example, in the case of the Exhibition Place turbine, TREC developed the proposal, took care of lease agreements and marketed shares to the community. After members were found, the WindShare co-operative, an offshoot of TREC, took over the project with its own Board of Directors and Annual General Meeting, with continued support from TREC in the form of meeting space,

³³ J. Lipp, personal communication, December 15, 2010 and information from TREC's website: <http://www.trec.on.ca/>

a hosted phone line as well as technical and administrative support. It is foreseen that this type of collaborative arrangement between TREC and its offspring will continue with new co-ops; other strategies to help emerging projects include selling co-op management and feasibility tools on a cost-recovery basis and sharing expertise on due diligence, feasibility, site assessments, etc. Those contribute to the innovative and efficient character of the business model of WindShare/TREC, which was awarded the “Organization of the Year” award by the Canadian Wind Energy Association in 2004 for its role in advancing the wind industry in Canada.

TREC’s capacity development mandate takes various forms. In addition to acting as a technical advisor to other co-ops, TREC has led workshops on green energy at “Skills Work” Summer Camps, been a part of Green City Bike Tours and held the annual Kid’s World Energy Festival, an event that has allowed over 4,500 grade 5,6 and 7 students to learn about energy issues in a fun, interactive way. TREC has also completed the energy curriculum taught at various school levels within the Toronto District School Board (TDSB) by providing hands-on, on site learning activities through the EcoPod program and, together with the TDSB, it has launched the Green Collar Career Program to expose high school students to the green energy sector through work placements and a career fair.



Figure 10.5. The Exhibition Place Turbine in Toronto
Source: Girvitz and Lipp

TREC has a highly collaborative outlook on partnerships. In fact, it hosts a monthly meeting of the Toronto Solar Roundtable to discuss all facets of solar development including opportunities and barriers to further development. So far, TREC has mobilized support from TD Friends of the Environment, Toronto Hydro Energy Services, Exhibition Place, Portland’s Energy Centre, LiveGreen Toronto, Canadian Wind Energy Association, Enbridge, Alterna Savings, Toronto Real Estate Board, Dairy Farmers of Ontario and Cobs Breads.

TREC continues to be a pioneer into the new decade with its exciting new program, SolarShare, which stands to become the first solar co-operative in Ontario. More details on SolarShare and on how TREC has mobilized the co-operative model to create participation-enabling projects are presented in Table 1.

Projects	Description
<p>Wind Share</p>	<ul style="list-style-type: none"> • First green energy co-operative in Canada. Founded in 1999, WindShare develops locally owned wind projects scaled to the size and characteristics of the host community. • Existing Project: Exhibition Place Turbine. 50 percent owned by WindShare, 50 percent by Toronto Hydro. \$800,000 in community equity was raised in three months from 421 members, with an average investment of \$1900 (shares are sold in blocks of five \$100 shares, and the maximum individual investment is \$5,000). • New Project: LakeWind Power Co-operative Inc, will develop and own the project near the village of Bervie, just east of Kincardine in Huron County, Ontario. Consisting of 10 2W turbines, the LakeWind project, pending approval of its FIT application, is expected to start generating power in early 2012.
<p>Solar Share</p>	<ul style="list-style-type: none"> • A co-operative that will build, finance, develop, maintain and operate multiple rooftop solar-electric projects of up to 250 kW in size. Hopes to have 6 projects running by the end of 2011, with a return of up to 8 percent for member investors. Site assessment, due diligence and legal matters finalized for 20* 10kW PV systems have been approved in Huron County and Manitoulin Island, for which construction has started. Landowners having entered in lease agreements with SolarShare also have the opportunity to invest in the co-op and get an additional source of income while owning part of the system at no risk to them. Shares will be selling by April 2011. • These will be supplemented by a commercial solar PV project (agreement will be signed before the end of 2010) • Those are both \$2 million projects using 30 percent equity from the community totalling over \$1million in shares from the community.
<p>Our Power</p>	<ul style="list-style-type: none"> • Supports individuals (through a community approach) who wish to understand and install solar energy systems (hot water and photovoltaic) for residential application. Periodic solar home tours and round table discussions are held to enable participants to view solar installations and share their experiences.

Table 10.1. Description of Projects by the Toronto Energy Co-operative

Ingredients for Success: A Collaborative Outlook

Those projects support TREC's commitment to having the economic value of renewable energy benefit to the local community. This is notable since energy is a prime example of a *leaky bucket*; it is estimated that 70 to 90 cents of every dollar spent on energy leaves the community and never returns (Perry & Colussi, 2000). In the words of Judith Lipp, TREC Executive Director, "we want the profits to stay local and we want the people to participate because it is a local resource, and we think those benefits should be local and should be something we all participate in." Harnessing the co-operative and community power model has been one key success factor identified by TREC to bring that model to life in Ontario. Community ownership literally contributes to having the community identify the turbines as "their own," and to avoid the common pitfall of reverting to NIMBY behaviour in reaction to foreign industrial players becoming absentee owners of wind turbines. TREC hopes to create positive noise around green energy and has taken on a movement building and advocacy role in a contentious political and public opinion context around the *Green Energy Act (GEA)* which is aggravated by poor communications by the government on the causes of rising electricity prices in Ontario.

In fact, in the past year, the policy framework provided by the *GEA* has been a key ingredient for success for TREC. Before it was passed in 2009, TREC had focused on education projects because small-scale renewable energy projects were not financially viable under the *GEA*'s predecessor, the Renewable Energy Standard Offer Program (RESOP). The *GEA* integrates environmental, economic and social benefits by paying an extra cent per kWh for community and Aboriginal-owned projects. This step makes a difference for the co-op's bottom line. This is important because the shares are marketed to members on the basis of a 7-8 percent financial return.

Institutional players have been crucial to TREC's success. The McGuinty government has funded the Community Power Fund grant program to build capacity in the sector. Exhibition Place has also been a proud landlord for the Toronto turbine. David MacLeod, past president of WindShare, refers to the working relationship with Exhibition Place as a "stroll in the park." He adds: "It's a lot easier to work with someone who wants to do this, instead of looking for obstacles to put into your way" (Grivitz & Lipp, 2005). This is in contrast with TREC's relationship with their previous prospective site at Ashbridges Bay.

Challenges: Dange-Electrical Hazard

This is not to say that community-owned renewable energy projects always happen hurdle-free. In fact, the electricity sector comes with its share of

complications. The LakeWind project is encountering delays because of grid connection issues, and the Our Power program, which has nevertheless managed to install 110 grid-feeding systems and channelled \$2 million in business to solar installers in three years, has not taken off as it was hoped due to high costs of solar arrays and uncertainty associated with rates under the microFIT (Feed-In Tariff) program. Furthermore, the high capital costs necessary to build renewable energy systems lead to cash flow being a big problem for TREC. The time lag between when the works needs to be done and when the money arrives can be large, and as a co-operative TREC is limited in the ways it can raise equity, generally because energy co-ops and community groups are very new within this sector.³⁴

The nature of the grid itself also poses challenges to co-ops. The regulatory agency asks that 50 percent of TREC's business be done with members for the project to be eligible for the price premium. However, since everybody is connected to the grid, directly linking co-op members' investments with the consumption of renewable electrons produced by TREC is impossible unless the utilities changed their billing and distribution systems, which is not financially warranted for the current scale of TREC's operations. This situation was addressed through marketing shares as a socially and environmentally responsible investment and not as a direct purchase of co-op-produced power.

The complications of the sector translate at the government level, with an imperfect and evolving policy framework. As a new policy, the *GEA* is not supported with the kinds of structures that were developed throughout the years in Denmark and Germany. As a result, "every week or couple weeks there's something that comes up that hasn't been thought through with the government agencies that we're dealing with so there's so much time spent almost educating some of the bureaucrats who don't come from the renewable energy world" (Lipp, 2010).

Future Directions—An Electrifying Sector

There is no doubt that 2011 will be a keystone year for TREC, seeing new projects sprout across the province. Notwithstanding the current uncertainty around the *GEA* associated with the upcoming provincial election, environmental and energy co-ops can be an incredible source of social innovation in the future and can contribute greatly to forming new partnerships (between private, public, and NGO sectors) at the community level to handle complex socio-economic and environmental challenges and transition to a low-carbon economy. The role of co-ops

³⁴ This issue is explored in this CBC article on the Ontario Sustainable Energy Association (OSEA), http://www.cbj.ca/associations/ontario_sustainable_energy_association.html

at large in that transition can be enhanced in any co-op; there is room for “institutional intrapreneurs” to push for environmental change in the co-op sector at large.

In closing, there are emerging ways to integrate the social economy and renewable energy, which hold great potential for upcoming years. Social economy organizations owning buildings can follow the example of Burlington Green and the Mount Carmel Monastery and install photovoltaic systems on their rooftops and offer shares to the community. Solar rooftop systems, which can be paid for by capital campaigns, can become a long-term stable income source for non-profits and foundations alike. This is the route chosen by the Boys and Girls Club of the London Foundation, which has also taken the opportunity to develop a job-training program on solar installation for the disadvantaged youth they serve (Ferrari, 2010). As “everybody and their grandmother” is getting into renewable energy, there is great potential for social economy organizations to invest in that sunrise sector and create local green jobs.

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APPENDIX V—Diversity Foods



Figure 10.6. Staff at Diversity Foods

(Source: <http://www.uwinnipeg.ca/index/food-services-index>)

Background^{35G}

The newest kid on the block since the 2009-2010 school year began at the University of Winnipeg is Diversity Foods. Co-owned by two local non-profit organizations the University of Winnipeg Community Development Corporation³⁶ and SEED Winnipeg³⁷ this joint venture has been providing “excellent food services to the University of Winnipeg while providing meaningful employment and ownership opportunities for the community.” The Diversity Foods model is changing the industry from the traditional model of a multi-national, ‘maximizing profits’ at the expense of healthy communities to taking local and global responsibility of people and planet.

From an environmental sustainability and social economy lens, what isn’t interesting about Diversity Foods? Not only do they have an Iron Chef leading the kitchen bringing with him abundant network of local farmers to the table—that is within itself changing Manitoba’s supply chain; but they are also providing a 4-week

³⁵ B. Kramer, personal communication, October 20, 2010 and information from the University of Winnipeg’s website: <http://www.uwinnipeg.ca/index/news-diversity-fast-facts>

³⁶ The University of Winnipeg Community Renewal Corporation is a University created non-profit, charitable organization whose board of directors is drawn from both within and outside the University community. The UWCRC’s mandate is to support the University by developing a sustainable University community that promotes the attractiveness of the University to its faculty, staff, students, and the greater community.

³⁷ SEED Winnipeg, Inc. is a non-profit agency whose mandate is to combat inner-city poverty by aiding people in their efforts to save money and to start small sustainable ventures.

training program for people with barriers to employment to help address poverty and integrate new Canadians and Aboriginal people into the community. Plus, the food they prepare and serve is made from scratch, tastes great, is affordable and nutritious. No wonder, in less than one year, they are already the recipients of three awards; Chef Ben Kramer, was voted best Chef in the city at the 2010 Winnipeg Iron Chef Award; recently, Diversity Foods was presented with the Manitoba Excellence in Sustainability Award by Manitoba Round Table for Sustainable Development; and, in October 2010 Food Matters Manitoba honoured Diversity Foods with the Golden Carrot award for “helping to revolutionize campus food services at The University of Winnipeg, by providing sustainable, affordable, fair and delicious foods!” (University of Winnipeg, 2011) They aren’t stopping there, now to top it off; they are looking at shared business ownership amongst their staff. The goal is to give half of the shares and creating a worker coop.

The University of Winnipeg is located in the inner city and in one of the most diverse neighbourhoods’ in Canada and Diversity Foods is a signature venture to help dissolve the lines between the university and the community.

Mission:

“to provide food services that demonstrate the desire to meet the goals of sustainability at the University within a work environment that reflects a high level of training for the diverse group of employees.” (University of Winnipeg, n.d.)

Model and Approach: Integrating Social, Environmental and Economic Sustainability

What makes Diversity foods unique said Chef Ben Kramer “is that we aren’t an initiative but a business!” exclaims Chef Ben Kramer. “We have to make a profit to be sustainable so we don’t have to be reliant on funding.” This is where Chef Kramer’s expertise comes into play. “Determining the price-point for food that is being served and other priorities for economic success are important to define at the onset,” mentions Chef Kramer. A big part of determining the price is knowing the cost of doing business (including labour costs) and the cost of your ingredients. Another factor that supports Diversity’s success is reliable and abundant customer base. Serving a regular population of 10,000 students and having a successful catering business can translate into easier accounting and more purchasing power when it comes to security high quality local ingredients from farmers.

Being economically sustainable does not come at the expense of the community;

on the contrary, service to community is a priority and is written directly into Diversity's business plan. What makes Diversity Foods successful is its ability to use economic means (generating surplus) to address social and environmental sustainability or as Chef Kramer put's it "using buying power for good."

Promoting Food Security:

Diversity Foods use their purchasing power and abundant network of local farmers as a catalyst for moving Manitoba towards sustainability through its supply chain. DF serves a population of 10,000 students. DF provides farmers, predominantly local pork, beef farmers and vegetable farmers with a guaranteed sale. Chef Ben Kramer and the farmers meet in the fall to plan for the spring harvest. Diversity Foods also acts as a broker for other restaurants that want to start buying local food by piggy backing on Diversity's food orders; consequently, smaller restaurants have access to local food without having to purchase large quantities.

After 10 years of building relationships locally with farmers, Chef Kramer's role in the community has also evolved. As more people see him "being political with food," as he puts it, people want him part of the Policy agenda at the provincial level. He has now joined others with Food Matters Manitoba³⁸ to forward a Food Policy at the provincial level.

From an environmental sustainability perspective Diversity Foods help to address climate change by purchasing local food through reduced travel miles from farm to plate; and, they discourage the production and dispersion of chemicals from intentionally purchasing organic food. They help to reduce waste through recycling, composting and cooking food from scratch (instead of using processed foods which come with excessive packaging).

Addressing Poverty:

Employing the 'hard to employ,' Diversity Foods has a staff of 40 employees, 70 percent are new Canadians or Aboriginal people. Providing many new Canadians with their first Canadian work experience and at the same time learn new skills benefiting them in the local job market. All new employees go through an intensive four-week training program that includes customer service, time management skills, hygiene, kitchen equipment usage, safe food handling, cashier duties as well as meal preparation. If successful, they are then asked to be employees and eventually owners, through a worker co-operative model.

³⁸ Food Matters Manitoba engages Manitobans towards healthy, sustainable, and fair food for all by cultivating community capacity, public education, and networks and partnerships across the Province of Manitoba, <http://foodmattersmanitoba.ca/>

Initiatives: Creating Community around Food

The word “community” has a whole new meaning at Diversity Foods. Responding to the diversity of the community outside of the UW, to the community found on campus, to the community located in the kitchen. Diversity Foods is involved in all aspects of creating community. Food has always been a reason to come together and what a great medium for ‘blurring the lines between community and university!’ “Often the university will come to us or the community will come to us,” said Chef Kramer, referring to the many initiatives they get involved in. Diversity is involved in various community initiatives including providing in-kind or community funded food through a partnership with the after-school learning program at the UW; donating time and food to fundraisers that help address poverty, like the recent Share our Strengths (SOS) Taste of the Nation event where 100% of ticket sales help ensure ‘no kid in Canada grows up hungry;’ to offering their catering at on a sliding scale to make it accessible to the community.

Ingredients for Success:

How did this kitchen get to where it is today, in less than one year, one might ask? And how does it keep getting better? “Desire and commitment to over-come roadblocks and dead-ends,” explains Chef Kramer, is what transformed the traditional cafeteria food service at UW into today’s community hub. “Thinking outside of the box and providing a business that is not solely eco-driven” also made a difference according to Kramer. In other words, Ben Kramer suggests with any new initiative that goes beyond the traditional business model to start with one initiative at a time. If it is successful, then take-on more, slowly transitioning to a sustainable business model. In the beginning, Ben shared that they started with too many employees that were new to the working in a kitchen. The impact, employees could not take advantage of mentoring, leadership development and comradely that usually happens when you bring together experienced and none experience workers together. Now there is a greater diversity of skills in the kitchen, now that the newbie’s are trained and experienced they can provide mentoring and training to a new batch of employees and at the same-time develop supervisory and leadership skills.

Collaboration is another reason for Diversity Foods success. Diversity is made up of a partnership between UW Community Renewal Corporation (52%) and Seed Winnipeg (48%). At the same-time, Diversity Foods acts as an independent and is run like a business, as it doesn’t receive external funds. Keeping a close eye on the price-point of food and putting accounting skills to work, ensure this business runs smoothly into the future.

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APPENDIX VI—The Edmonton Social Enterprise Fund



Background³⁹

The Edmonton Social Enterprise Fund is part of the growing social finance movement in Canada and an example of how local governments can support the expanding social economy for positive social, economic and environmental outcomes. The Fund was developed to address the need for non-profit organizations to access patient capital to develop and expand revenue-generating activities and to access interim (bridge) financing for social housing development. The Fund is a partnership between the City of Edmonton, the Edmonton Community Foundation and the United Way—it is governed as a separate corporation, jointly owned by the City of Edmonton and the Edmonton Community Foundation. The goal of the fund, currently valued at \$5 million, is to “help not-for-profit organizations or co-operatives develop their social enterprises, or social or affordable housing projects” (Edmonton Community Foundation, n.d.) through a focus on patient capital loans, valued between \$50,000 to \$500,000 for the former, and interim financing up to \$1 million for the latter. Loans are near prime and repayable over a term of up to ten years. The Fund also offers a small number of Path to Loan Grants meant to provide for the initial costs of business development and planning. Additionally, the Fund directly engages with potential social enterprises to assist them in the process of business planning and start up.

The Fund was initially capitalized with a \$3 million grant from the City and a \$500,000 contribution from the United Way. The City has provided operating funding to the Fund in its first two years. The Edmonton Community Foundation is now seeking to leverage matching funds to bring the Fund to its stated goal of \$10 million over 10 years.

The Approach: Social Finance

Interest and excitement in Social Finance is quickly growing; the recently

³⁹ M. Garber-Conrad, personal communication, November 30, 2010 and information from the Edmonton Community Foundation’s website: <http://www.ecfoundation.org/> and the Edmonton Social Enterprise Fund website: <http://socialenterprisefund.ca>

released report of the Canadian Task Force on Social Finance (2010) calls it an “unprecedented opportunity for Canada’s charities, non-profits, and social purpose businesses (collectively referred to as social enterprise) to open new sources of financing.” Social finance can help non-profits break the cycle of short-term grant funding by helping them to develop a stable alternative revenue stream.

A Role for Municipal Governments

Edmonton is a unique example in Canada of how a municipality can provide financing support to the development of a local social economy. Kain, Sharkey, and Webb (2010) note that local governments can play a variety of roles in supporting the social economy; they can draft expressions of intent/support, provide financial or in-kind support; contribute to planning, research, and advising; support human and social development; land use planning; and develop supportive procurement policies. They further identify Edmonton as an example of a ‘partnering’ municipality. Municipal ‘partners’ “contribute internal resources and/or expertise and partner with external stakeholders to achieve desired outcomes. This type of approach is found most commonly when there are strong and trusting relationships between local government representatives and community partners” (Ibid., p. 14). Support to the Edmonton Social Enterprise Fund is a main element of this partnership that the City of Edmonton has leveraged to support social enterprise and the social economy.

Municipal governments are confronted with increasingly complex issues. Support to social enterprise development is one tool in addressing these issues. Social enterprises can create reciprocal benefits for local governments and communities, contributing to local government priorities such as:

- enabling communities to take a more active role in shaping their local environments;
 - developing people-led services;
 - creating employment and embed skills and wealth at a local level.
- (Local Government Improvement and Development , 2008)

Why Green Social Enterprise?

As pointed out elsewhere in this paper, not all social enterprises are inherently green, however, green social enterprise is an emergent and important part of the social economy. Green social enterprises combine the social outcomes of social enterprise with the green objectives of green businesses. In marrying social and environmental goals, green social enterprises can help maintain the democracy and accessibility of the burgeoning green economy. Green social enterprises can have a

multiplier effect in the local economy by simultaneously creating job opportunities for marginalized people, making better use of local goods, keeping money and resources in the local economy, and protecting the natural environment. Green social enterprises operate in a diversity of sectors, including: furniture repurposing and recycling, supporting local food systems, energy retro-fit programs, job training and retail, and community-education and development activities. Social finance is a key tool to support these unique business forms. As the case of the Edmonton Social Enterprise Fund demonstrates relatively small amounts of funding can leverage significant environmental and social gains.

The Initiatives: Green Social Enterprise

The goal of this section is to provide the reader insight into the diversity of initiatives that can be supported through social finance.

Furniture Recycling Project

Key partners: Habitat for Humanity, Bissell Centre, Edmonton John Howard Society, the United Way Alberta Capital Region, and Homeward Trust share ownership of a stand alone, not-for-profit, social enterprise to consolidate, rationalize and scale the receipt, distribution and sale of donated bulky furniture. The owners will contract habitat for Humanity as the general manager of the social enterprise.

The business model is constructed on the foundation of a streamlined process for the handling and sorting of bulky furniture in a manner that facilitates quickly selling high volumes of quality pre-owned furniture, at very affordable prices, while, at the same time, distributing furniture to those in urgent need and without resources. Longer term, it is imagined that the social enterprise will evolve to include the refurbishing and deconstruction of furniture.

Environmental Benefit: recycles furniture, keeping it out the waste stream.

Social Benefit: job creation and training with marginalised people; provides needed resources in the form of furniture to those who can't otherwise afford it which contributes to housing tenure and stability, positive living situations, and related outcomes.

Sustainable Works

Sustainable Works provides a “one stop shopping” service for homeowners, community institutions and businesses seeking to improve the energy efficiency of their homes, offices and buildings. Sustainable Works helps customers complete

government-approved eco-audits, evaluate suggested improvements based on financial and environmental returns on investment, and select licensed, bonded and insured contractors through a competitive bid process. Sustainable Works' project management services reduce the complexity, time, cost, and frustration associated with typical eco-retrofits. Building on a network of pre-qualified contractors, and an understanding to the options available to consumers in a rapidly changing, highly technical sector, Sustainable Works will help convert good intentions into cost savings and reduced carbon footprints. The bundle of services offered includes:

- Eco Audit Scheduling, Interpretation of Results, and Options Review;
- On-Site Inspection;
- Request for Bid (RFB) Process;
- Owner's Permission & Release to Proceed with Scope of Work;
- Oversight, Inspection, Completion & Payment of Contractors;
- Assistance with Grant Applications;
- Access to Financing, if required; and
- Suggestions for behavioural changes and/or devices that will maximize the benefits of eco retrofit.

The types of modifications that will be offered include: Improvements to the Building Envelop, Heating and Cooling Options, Electricity Reducing Options, Water Saving Opportunities.

Environmental benefit: reduces energy usages, green business/enterprise

Social benefit: supports the local economy and job creation

Live Local Edmonton

The aim of the Good Food Box program is to increase the amount of food grown, purchased and eaten locally by providing an avenue for industry to connect with consumers, restaurants, and institutions. It will facilitate the growth and distribution of locally grown and processed food by creating an on-line purchasing portal that matches suppliers of local, healthy food with people and institutions that wish to purchase local product.

Building on the success of a 2009 pilot project, this social enterprise will begin operations by providing a "box" of locally grown fruit and vegetables as one of its key offerings. A modest number of add-on items such as meat, dairy, eggs, and coffee, will also be available in the first year. As the supply of fruit, vegetables and other value

added products expand the basic box will grow as will the diversity of the product mix.

Environmental benefits: supports local agriculture and food production thereby reducing the distance-to-table that food travels, supports and rewards 'green' farming and sustainably grown food; supports local food security.

Social benefits: local citizens will be able to access locally and sustainably grown food; low income community members who will be able to reduce the amount they spend of food while increasing the quality of the food they consume; support to farmers and food processors who can supply a larger local market and (ideally) expand the amount of land used for the cultivation of food; potential for the development of additional related social enterprises.

Sustainival

Sustainival's is a community celebration and education event that brings the accessibility of sustainable products and practices to the mainstream of popular culture. The project combines an exciting weekend of fun and festivity with an innovative platform where people from all demographics get to see what is happening in the emerging movement towards long-term sustainability. Sustainival is a community-based showcase of educational exhibits highlighting sustainable practices and technologies and will include entertainment, entertainers and attractions. The objective is to facilitate awareness of the products, services, technologies and organizations committed to sustainable innovation within the green economy.

Environmental benefits: promotes green alternatives, educates about local green businesses.

Social benefits: supports and promotes the local green economy with multiple benefits: food and resource security, job creation, widespread economic enhancement, civic involvement and consideration of the natural environment; enhances community building and awareness of sustainability issues.

Echo Wear

The Echo Wear project is a unique business model that trains and supports immigrant women in the Edmonton area to operate a women's clothing studio. The woman produce funky and socially conscious women's clothing made from natural and organic fabrics. The garments are offered for sale at their studio, on-line, and in area boutiques. The fabrics are sourced from environmentally responsible intercontinental manufacturing partners.

The ECHO team operates all aspects of the studio/storefront. The team is comprised of six to eight immigrant women, who are the direct beneficiaries of the program. The women are disadvantaged and dealing with financial, social, cultural, and/or educational barriers to living a fulfilled life. In the projects, they will be trained and provided with the holistic supports necessary to produce, manage, market, and report on the business and social returns of the projects. ECHO Wear also leverages partnerships with the local design community and university students who are invited to contribute to the project.

Environmental benefits: sources green fabrics and increases the availability of eco-friendly clothing; supports other green businesses.

Social benefits: job training (including business training and experience) and creation for immigrant women.

Ingredients for Success: Next Steps

Green social enterprise development is a growing niche and opportunity within the social economy—as opportunities in this sector develop ‘facilitating’ organizations, like the Edmonton Social Enterprise Fund, will need to have access to the resources and skills necessary to evaluate proposed green social enterprises, and leverage additional policy and financial support for their purposes. Continued and heightened networking and communication between the social finance sector and environmental groups (e.g., the Canadian Environmental Grantmakers Network) will be necessary to achieve the full potential of this important sector.

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APPENDIX VII–Ecotrust Canada



Background⁴⁰

Ecotrust Canada is an enterprising non-profit organization whose mission is to integrate conservation and development by building on the cultural and economic traditions of local communities. It operates through the efforts of a small internal staff, a dense network of volunteers, a board of directors composed of leaders belonging to different sectors, and a body of investors, coming from business, private foundations, and the public sector. Ecotrust Canada houses both a non-profit and for-profit arm, the latter operates a revolving loan fund that is leveraged to support entrepreneurs in coastal British Columbia interested in developing conservation-based businesses. Ecotrust's *Natural Capital Fund* uses mission-based lending to "make investments in key sectors, businesses and projects that significantly enhance the capacity of communities for the appropriate development and conservation in the coastal temperate rain forest region. The Fund is intended to serve as a catalyst, leveraging other investments through partnerships, joint ventures and other collaborations" (Ecotrust Canada, n.d.). As the ventures mature and are able to access other sources of funds, such as bank financing, the Fund investment will be recovered and redeployed.⁴⁰ Since 1999 they have provided over \$7 million in debt financing through 71 loans to communities and enterprises.

Since Ecotrust Canada began their work 15 years ago, the range of financial tools available to community entrepreneurs has widened allowing Ecotrust to re-envision their role in supporting communities. According Brenda Reid-Kuecks, Executive Director of Ecotrust Canada, they are currently re-focusing their approach away from small scale lending and enterprise development to focus in on a smaller number of initiatives that "challenge traditional behaviour in the economy by putting new innovations on the street that do business differently. [Ecotrust Canada] is interested in how we can create a conservation or mission-based economy, one that marries social interests, environmental interests and wealth generation." To do this Ecotrust Canada is works in three key sectors: forestry, fisheries and energy.

⁴⁰Information from the Ecotrust website: <http://www.ecotrust.ca>

The Approach: Developing the Conservation-Based Economy in Remote and Rural Communities

Maintaining economic and social vitality is difficult in many rural and remote communities (Korsching & Allen, 2004). Integrated conservation-based development models are increasingly being recognized as an innovative strategy for poverty alleviation. Ecotrust Canada works with resource dependent (e.g., forestry, fisheries, energy) rural, remote, and primarily First Nations communities to develop conservation-based alternatives so that they can be resilient in facing economic challenges. These land and resource-use practices aim to support production while maintaining natural capital and continuing to provide ecosystem services at local and global scales (van Noordwijk et al., 2001). A conservation economy is one in which “economic opportunity improves rather than degrades social and environmental conditions...[and] provides meaningful work and good livelihoods, supports vibrant communities and the recognition of Aboriginal rights and title, and conserves and restores the environment.”

A conservation economy is one which:

- Protects or restores natural capital
- Preserves cultures
- Promotes economic diversity
- Practices information democracy
- Engages people in decision-making
- Considers issues of adjacency, local benefit, community capacity, consensus and resilience. (Reid-Kueck, 2010)

According to Ian Gill, former president of Ecotrust Canada, “the environmental problems here in the Pacific Northwest, and the rural poverty, were often the result of these kind of boom-bust economies that you see in the natural resource sector. We felt that the environmental community didn’t respond to the economic needs of communities, so we thought there was a lot of space there. Really, it was to use capital in a more democratic way and that’s really the fundamental premise.” Brenda Reid-Kuecks, Executive Director of Ecotrust Canada expands, noting that Ecotrust “marries the project orientation of traditional philanthropy with the market orientation of business” and seeks to support local communities by working in the ‘gap’ between these two approaches. By leveraging the assets of traditional philanthropy to develop and innovate project ideas and then working with groups to carry these projects to market, Ecotrust Canadian is helping create sustainable conservation-based economies and businesses. Reid-Kuecks notes that

traditional philanthropy is key to supporting initial project development, community consultation and engagement efforts but is limited by its short-term, project focus, Ecotrust Canadian takes the learnings gained through project funding and seeks to bring them to scale, ensuring that they can survive on their own.

The Framework: Reliable Prosperity

Ecotrust Canada uses integrative economic tools in developing and supporting the conservation economy. With over fifteen years of experience, it has developed a dynamic Reliable Prosperity framework that integrates ecological restoration, social equity and economic prosperity within its projects.

The Reliable Prosperity framework works from the three Es: Ecology (nature), Equity (social), and Economy (capital) to overcome apparent conflicts between work, nature and community. The framework helps people to see that reliable prosperity is achieved when economic arrangements of all kinds are gradually redesigned so that they restore—rather than deplete—nature and society.

We believe that individuals and businesses flourish best by aligning their interests with the communities and ecosystems around them. In the long-run, this involves getting price signals right by instituting true cost pricing. In the short-run, this means creating new business models, adopting new strategies (e.g., resources efficiency), transforming legal or institutional frameworks (e.g., fair trade), or looking at multiple benefits in a synergistic manner (e.g., green building).

The basic unit at the centre of this model is the bioregional economy. Bioregions are areas that are defined by natural characteristics such as watersheds and land or water characteristics. Bioregional economies operate within the capacities and limitations of their particular ecosystem and cultural region and import goods and services only when necessary and then, only products that are produced in an ethically and ecologically sound manner. The Reliable Prosperity framework identifies shifts in social and cultural values as key developing bioregional economies and focuses on cultivating the value of self-sufficiency. Support to local and community institutions (including green businesses) is of key importance.

The Reliable Prosperity framework recognizes the conflicts arise when one realm: nature, society, or the economy is neglected. The framework focuses on identifying potential conflicts and mitigating them by helping individuals and

organizations transition to activities that are restorative rather than destructive. ‘Just transitions’ focuses on ensuring that no one is left behind in the transition to reliable prosperity and focuses on job re-training and compensation and righting the historical wrongs committed against First Nations.

The Framework employs a variety of tools, including true cost pricing, which “assigns prices based on actual social and environmental costs...[to create] immediate economic incentives to maintain nature.” Within this framework, capital is used to invest in sectors and activities consistent with reliable prosperity and that meet fundamental needs. In this framework green businesses are the ‘economic engines’ of reliable prosperity and shared wealth is favoured over narrow accumulation.

Gill highlights the unique and important support this gives to groups and communities by providing funding “to sectors that traditional financial institutions are leery of like forestry and fisheries in particular—most banks won’t lend to fishermen so we would—and also in regions that were dramatically underserved by normal channels of credit, so geographically dispersed communities in British Columbia, primarily First Nations communities which historically have been avoided by traditional banks.” Through small to medium-sized loans, individuals and communities are able to start or expand a business, purchase equipment, or expand marketing opportunities.

Key Actions To Achieve Reliable Prosperity

Reliable Prosperity

“Over the long-term, decrease economic dependence on activities that deplete natural or social capital. In the shorter-term, make investments with triple bottom line—economic, social, and environmental—returns. Harness both market forces and changes in laws, taxes, and policies that favor reliable prosperity”.

Society

“Invest in the community institutions and green businesses that build social capital. Support ownership strategies that meet needs more broadly and fairly. Seek policies that properly account for social capital. Allow household economies to find a better balance between society and economic capital.”

Nature

“Apply ecological land-use planning, implement sustainable materials cycles, seek a redefinition of social capital towards sufficiency rather than excess, and work towards a tax shift which fully values environmental costs and benefits. Seek new business models and ways of managing commons that broadly and equitably distribute responsibilities toward—and benefits from—nature.”

Capital

Find ways to finance the just transition of economic capital from sunset industries to the sectors of reliable prosperity. Root capital in place and make it much more broadly distributed.

The Initiative: Pacific Coast License Bank–Not Business as Usual

The Pacific Coast License Bank (the ‘Bank’) is an innovative conservation-based business model that challenges traditional economic relations and achieves positive environmental outcomes by supporting local conservation businesses, creating new business models through the collective pooling of financial resources, and strengthening the connections between producers and consumers.

The existing fisheries quota and licensing system, (often referred to as Individual Transferable Quotas) was originally put in place to protect depleted fisheries stocks, but has had disproportionately negative effects on small-scale fishermen. Under the current system a Total Allowable Catch is determined and quotas for portions of that catch sold to individual fishermen and companies. The system has several drawbacks for small-boat fishermen as many of the quotas are owned by absentee people or companies who ‘lease’ them to individual fishermen at an inflated price. As Ecotrust notes, “working fishermen are increasingly becoming ‘tenants’ who pay exorbitant rents to landlords, or ‘sealords,’ who own the quota. The lucrative leasing has, in turn, driven up the price of purchasing quota, making ownership prohibitively expensive for many fishermen” (Ecotrust Canada, 2009, briefing note). Further, artificial price inflation for quotas can lead fishermen to engage in unsustainable or even dangerous practices as they seek to recoup their costs. The cost of purchasing quotas are now overvalued, driving up the cost of product for everyone while benefiting only a few large quota holders. As the price of quotas has skyrocketed, many small-scale fishermen risk being run out of business.

An additional challenge for small-boat fishermen comes from the system that requires fishermen to anticipate the level of catch and purchase quotas in that amount. For small-boat fishermen this process represents a high level of risk as often have to they take on debt to purchase the quota. They are also disadvantaged when the fisheries don’t yield the anticipated quota, forcing the fishermen to sell back their quota, often to large corporations, at a much lower price.

The Pacific Coast License Bank pools the financial risk by jointly purchasing quotas and allowing the fishermen lease quotas from the ‘Bank’ as they need them. The Bank is owned by the fishermen themselves, each of whom invested a small amount of personal capital in its start up, which was then used to leverage additional

financing from Ecotrust Canada. Traditional philanthropy supported the initial development and feasibility planning for the Bank and venture capital the provided \$300,000 for the initial purchase of quota. Through social finance, Ecotrust was able to act as the bridge between these two approaches.

Setting up the Bank has had positive financial implications for the member fishermen. In addition to less costly quota purchasing, the fishermen now market themselves collectively, allowing them to access larger markets and sell more 'live catch' fish. The Bank has also generated positive environmental and social outcomes. Small-boat fishing is a greener approach to commercial fishing. Small boat fishermen operate closer to shore, travel less distance to deliver their product; they also return money to the local communities, and depend on other local businesses for services. Happily the Bank has also generated an unexpected layer of resource management. As the fishermen pooled their financial risk they began communicating with each other while out fishing, alerting each other to bad conditions or areas with high levels of other species. In communicating the fishermen have significantly reduced the level of by-catch brought on board. By-catch can be particularly costly for small-scale fisherman as the costs of the limited quotas available for the by-catch are prohibitive.

Members of the Bank are also bound by a 'conservation covenant' that "prescribes responsible fishing practices that minimize habitat damage (especially to corals and sponges), discarding small fish and other negative impacts" and prohibits fishermen from "hoarding quota" (Ecotrust Canada, 2008). Taken together, these elements represent an additional layer of resource management that is encouraging environmental protection while reversing corporate concentration and supporting sustainable livelihoods for local fishermen. By working with small-scale local fishermen Ecotrust has also been able to support the development of a traceability program that will provides clear links between producer and consumer, reducing the sale of illegally caught fish and rewarding those that fish in a sustainable manner. As Reid-Kuecks recently noted, local owned, co-operatively operated model is effective because as we know, "closest to the problem is where the solution rests" (Reid-Kuecks, 2010).

Challenges and Ingredients for Success

Ecotrust Canada faces several challenges in their work to create a green economy. Most notably, they argue that community capacity to sustain health rural communities is essential to a healthy green economy. Ecotrust Canada recognizes that individuals starting a new business often need support to develop the knowledge and skills necessary for conservation-based ventures, and they are frequently limited by a lack of

other resources such as financing and networks. Providing the necessary capacity for individuals and communities to undertake business ventures is just as important as the financing. As Gill states, “Just throwing money at something doesn’t necessarily solve anything, what we try and do is understand what community needs are. Really the art is in understanding capacity and the people, what the strengths of the community are, what the niches are and the market. They don’t have a lot of the same access to information that people in big cities do, so we help bringing resources to people. We do a lot of capacity building on the mapping side of things. Understanding what they have to work with, as well as in governance. For us it is enabling communities to succeed in a way that is reflective of community needs and respect for the environment.” In other words, community-based conservation requires governance that starts from the ground up and involves networks and linkages across various levels of organization. This takes time, and the success needs to be measured over long-term goals.

Ecotrust Canada has always been a leader in seeing opportunity where others see risk. For example, they began actively working with resource intensive industries and communities to change practices because the “environmental community didn’t respond to the economic needs of communities” (Gill, Interview). Institutional silos continue to pose challenges for innovators like Ecotrust that draw energy from multiple sources.

Earning the trust of local communities, investors and governments has been a key challenge for Ecotrust Canada, because their work focuses on sectors that are already considered high-risk and in which traditional financial institutions are hesitant to invest, and seeks to transition them to a triple-bottom line approach, all while still maintaining a profit. This is a risky proposition for most, but one with immense potential rewards.

According to Gill, Ecotrust Canada is trying to give people “the proof of possibility.” Gill is critical of approaches that tell people only ‘what they can’t do,’ at Ecotrust Canada they seek to also demonstrate the alternatives, by providing examples of ‘what we can do’ and providing financing to make projects a reality. Kuecks echoes this belief as well, noting that the communities that they work with are all excited and ready to try out new and innovative approaches; community energy is a great strength of the conservation-based economy.

Innovative social finance mechanisms are fundamental to the development of a green economy; according to Reid-Kuecks “we need to leverage the full suite of tools available to us.” Ecotrust Canada provides an example of a unique social finance initiative that brings together the dual mandates of community developer or innovator and funder.

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APPENDIX VIII - The David Suzuki Foundation (DSF)



Background⁴¹

Since 1989, the David Suzuki Foundation has worked to draw attention to the pressing environmental issues of our time. This work is informed by recognition of the fundamental interconnectedness of the planet including people, nature, and the economy. While the values that inform their approach remain unchanged, their focus has evolved over time.

Today their work is informed by recognition of the need for fundamental transformation in the way we relate to the world and of the role of the current economic system in contributing to the degradation of the natural environment. To achieve this change broad-based participation is required. In their words, the goal is to help “government, business and individuals to conserve our environment by providing science-based education, advocacy and policy work, and acting as a catalyst for the social change that today’s situation demands.” They do this by working in a several target areas including: protecting our climate, transforming the economy, protecting nature, reconnecting with nature, and building community. Their vision of a transformed economy is one where

Canada’s vibrant economy stimulates progress towards increased well-being, fairness and quality of life, while increasingly recognizing and responding to the finite limits of nature. This leads to a more productive, low carbon economy that demonstrates efficient resource use, technological innovation and closed loop processes.

This is an economy made up of ‘empowered’ and ‘engaged’ citizens, enabled to live just lives and make healthy choices for the planet. The DSF uses diverse strategies to support their work: science-based research, advocacy and policy, and by providing practical and hands-on tools. As an example, David Suzuki’s “Nature of Things” program delivered scientific information about the natural world and

⁴¹ P. Robinson, personal communication, November 9, 2010, and information from the David Suzuki Foundation’s website: <http://www.davidsuzuki.org>

inherently from this new information people would act. Now with the internet and the use of multimedia, the David Suzuki Foundation can, in addition to providing the science, provide tools for action including tool kits, short videos and campaign letters. Conversely, to appeal to a much broader brush of Canadians not only is the language used speaks in scientific terms, economic (e.g., accounting terms) and social (e.g., storytelling) language is woven in leading to informed action from a much more inclusive group of the population.

Mission: Our mission is to protect the diversity of nature and our quality of life, now and for the future.

Model and Approach: From Insecurity to Interdependence

As Peter Robinson, CEO of the David Suzuki Foundation notes, there are two main currents informing environmental action: those focused on addressing environmental issues through technical innovation and those that believe that a radical rethinking is required to address the current environmental crisis. The DSF draws on insights from technological innovations to support environmental change, but they do so within a context shaped by the ecological limits of growth. This is a radically rethought vision of the economy, one driven not by economic growth but by balance, and in which non-market relations are more fully acknowledged for their role in meeting the needs of the planet. To make the argument is support of this they draw on the foundations of ecological economics—an approach that uses the tools of full-cost accounting in a context shaped by the ecological limits of growth. As Robinson noted in a recent address to the Canadian Worker Co-operative Association, we need to be vigilant with the term ‘green economy’ and notice when it is camouflaged as “government speak for business as usual with a green tinge with no awareness to the ecological limits to growth.” David Suzuki Foundation uses this more ecologically centred definition of the ‘green economy’ in its projects and messaging, helping to shape a more holistic view of the green economy. For example, the 2009 Greenbelt project assesses the true value of greenbelts, farmland, pollination, and other ecosystem services to make an economic argument for their preservation.

The DSF’s work is strengthened by drawing connections between the costs of environmental inaction and the social world of people’s lives. It is easier for Canadians to relate to how the degradation of an ecosystem service (e.g., removal of green space) could negatively impact their pocket book and their communities in which they live (e.g., water quality) rather than the impact to the watershed itself. Talking about dollars and cents is a language easier for more people to understand than science.

The Initiative: Accounting for Nature's Goods and Services

The 2009 Greenbelt project in Vancouver uses conventional accounting systems to account for nature's goods and services and estimates the non-market economic values for the various services and benefits these ecosystems provide, demonstrating that protecting nature can result in cost savings! Protecting natural ecosystems is an important and cost effective element of a truly green economy, rather than one that allows for the continued exploitation of resources in pursuit of unfettered growth. The project employs The Economics of Ecosystems and Biodiversity (TEEB) framework to calculate the value of existing ecosystem services.⁴²

Using the \$100 million blueberry industry as an example, the project demonstrates how mismanagement of ecosystem services (e.g., honey bees) can lead to cost increases for producers and consumers as "farmers are forced to truck beehives onto their farms to ensure that the once-free pollination services their crops depend on continue." The project also provides a toolkit to guide action in local communities to stop sprawl and engage local government, and suggestions for actions you can take in your own life. As a type of environmental accounting, this analysis is similar to the 'triple bottom line' approach that is common throughout social economy initiatives. Initiatives such as these are important, not only as a tool for environmental protection, but because "if we were to include natural services and the environmental costs of our waste and pollution in our economic accounting, we'd have a more realistic economic system. And we'd see that the environment and economy are intertwined. Caring for one is the solution to problems facing the other." (Suzuki & Moola, 2009)

Ingredients for Success: Offering a Vision

For the David Suzuki Foundation, it is important to offer people a vision of the future and practicable steps for achieving that vision. Thus, the DSF seeks to not only provide a critique of the current economy but also to provide alternatives. However, as Robinson notes, "providing an alternative to any issue, instead of just offering a critique of the issue does make you more vulnerable because it might result in some backlash" as not everyone will be supportive of the alternative. For example, getting agreement from the public that our current economic system, based on infinite growth, is not sustainable, and offering a new economic model that responds to the ecological limits of nature can be challenging.

Robinson notes that it is important not get 'pigeon holed' as only interested in one issue or approach, as has happened with traditional forms of environmentalism.

⁴² <http://www.teebweb.org/>

Thus, the DSF's current approach moves away from a single focus toward integrating multiple dimensions. They ask, 'how will Canadians be inspired and drawn into acting?' As Robinson states, "how can we draw-in their imagination" and get their attention to participate as volunteers on a given issue?

The DSF also seeks to work with many different constituencies, identifying this as "the only way to cause meaningful change." For them, this means willingness to re-cast their work to focus on the more social aspects of environmentalism, for example, by talking about health instead of focusing on pollution, justice issues but not necessary environmental issues are a few examples of the DSF approach to driving action. The goal is to encourage Canadians to see the environment as something they can touch and feel by bringing in the social dimension to the discussion; this further explains their approach to movement building for positive environmental change. According to Robinson, this style of programming has been very effective in engaging the hearts and minds of Canadian and springs them into action in a whole new way.

Citizen engagement is an important element of their work; this is reflected in their motto "learn, do, share." They equally work with individual consumers, governments, and businesses to make sure that environmental protection is seen as something that everyone can be involved in. The DSF further identifies their approach as a social movement one; its role is to act as a catalyst for change. It is not enough to do the research, it is equally important to find ways to help people engage with the issues and take action. They do this by providing a combination of research and practical tools (e.g., toolkits to guide action at the municipal level and easy-to-send letters to policy makers to advocate for change at the federal level).

References

Suzuki, D. & Moola, F. (2009). Accounting for nature's goods and services. *Science Matters*. Retrieved from <http://www.davidsuzuki.org/blogs/science-matters/2009/01/blueberries-have-become-bcs-biggest/>

