

RECOMMENDATIONS FOR ENHANCING THE CONTRIBUTION OF COMMUNITY ECONOMIC DEVELOPMENT AND THE SOCIAL ECONOMY TO CANADA'S PRODUCTIVITY



Pre-Budget Submission to the House Of
Commons Standing Committee on Finance by
the Canadian Community Economic
Development Network

October 2005

Acknowledgement and Thanks

This Briefing Paper was prepared by the Canadian Community Economic Development Network for submission to the House of Commons Standing Committee on Finance.

Thank you to the following people and organizations who contributed to our research for this paper.

Vicki Austad, New Westminster Community Development Society, New Westminster, BC
Geri Collins, Central Interior First Nations Community Futures, Kamloops, BC
Ethel Cote, l'Art du developpement, Ottawa, Ontario
Eunice Grayson, Learning Enrichment Foundation, Toronto, Ontario
Norman Greenberg, Affirmative Industries Association, Halifax, Nova Scotia
Peter Hough, Canadian Worker Co-op Federation, Kentville, Nova Scotia
David LePage, Fast Track to Employment, Vancouver, BC
Eric Leviten-Reid, Caledon Institute of Social Policy, Ottawa, Ontario
Mike Lewis, Centre for Community Enterprise, Port Alberni, BC
Roz Lockyer, PARO Women's Enterprise Centre, Thunder Bay, Ontario
Shauna MacKinnon, Canadian Centre for Policy Alternatives, Winnipeg, Manitoba
Lynne Markell, Canadian Co-operative Association, Ottawa, Ontario
Bill Ninancs, Co-operative La Cle, Victoriaville, Quebec
Marcia Tait, City of Edmonton, Community Services, Edmonton, Alberta
Sean Van Doorselaer, Social Capital Partners, Toronto, Ontario

The Canadian Community Economic Development Network

The Canadian CED Network is a national, not profit organization and registered charity made up of several hundred member organizations and practitioners committed to supporting community economic development and the social economy. The Network's Mission is to:

- Bring a national focus to the CED and Social Economy agenda
- Expand the scale and effectiveness of community economic development
- Share information and learning
- Build capacity and skills related to CED

The Network can be contacted through our website at www.ccednet-rcdec.ca or at the following offices:

British Columbia

#610, 620 View Street, Victoria, BC. V8W 1J6. Tel. 250.386.9980. Fax 250.386.9984.
rdowning@ccednet-rcdec.ca

Quebec

41, rang des Buttes, Warwick, Quebec. J0A 1M0. Tel. 819.358.5496.
mtoye@ccednet-rcdec.ca

Table of Contents

1. SUMMARY OF RECOMMENDATIONS.....	1
2. INTRODUCTION.....	2
3. BUILDING ENTREPRENEURIAL CAPITAL	6
4. BUILDING HUMAN CAPITAL.....	9
5. BUILDING COMMUNITY CAPITAL.....	9

1. SUMMARY OF RECOMMENDATIONS

To harness the potential of the Social Economy and Community Economic Development activities to contribute to productivity and prosperity across Canada's communities, the Canadian CED Network recommends that the 2006 Budget includes commitments to:

1. BUILDING ENTREPRENEURIAL CAPITAL through

- a) A pan-Canadian initiative to support networking, peer learning, the development of tools and resources, and technical assistance to social entrepreneurs and their community economic development organizations in order to scale up and replicate effective practices in a broad range of communities across Canada.**
- b) Support for operating a pooled investment fund with loan loss guarantees to leverage capital from pension funds in Western Canada wishing to invest in community economic development.**
- c) A task force involving social economy financing organizations and Finance Canada to investigate new tax credits, RRSP eligibility, and guarantees of capital to leverage private capital investment in community investment funds, co-operatives, non profit social enterprises, and CED organizations.**
- d) A major Government of Canada initiative with social economy sector partners to profile the social economy and CED in Canada, deepen understanding of its practice and outcomes, and generate information for the general public, government agencies and civic leaders.**
- e) An investigation by Public Works Canada of models to combine transparent and effective procurement strategies with enabling social enterprises to compete for procurement opportunities on a level playing field with other SMEs, learning from models in the UK and US that have substantially increased the social return on purchasing by government itself.**
- f) Implementation of the 2004 Budget commitment to the Social Economy Initiative, expansion of the capacity building component of the Initiative to five years with additional funds allocated in the 2006 budget, and inclusion of the Northern Territories in the Initiative.**
- g) New funds for the Co-operative Development Initiative to strengthen support and technical assistance to new co-operatives that are being created to meet both social and economic needs and opportunities in Canada's communities.**

2. BUILDING HUMAN CAPITAL through

- a) A permanent advisory committee established by Service Canada and HRSDC with community-based organizations involved in labour market development to help create an outcome-based framework for policies and programs on human capital development that addresses gaps in eligibility and support to innovative local employment development models that meet the needs of unemployed Canadians.**
- b) A targeted component of the Workplace Skills Initiative of HRSDC that will allow Community Economic Development and Social Economy workplaces to develop skills resources that can strengthen outcomes for disadvantaged workers, and enhance the skills of those managers and workers who are creating new forms of social entrepreneurship.**

3. BUILDING COMMUNITY CAPITAL through

- a) A complimentary partnership program within the Cities and Communities Agenda that will allow community development organizations to invest in social infrastructure and capacity for communities to take integrated action on social, economic, cultural and environmental needs.**

2. INTRODUCTION

This brief has been prepared by the Canadian Community Economic Development Network for the Parliamentary Standing Committee on Finance. The information contained in this brief is intended to respond to the Committee's pre-budget consultations on enhancing Canada's productivity performance. The Canadian CED Network is a national association of community organizations, co-operatives, credit unions, foundations, municipalities and individual practitioners working to enhance the social, economic and environmental conditions of Canada's communities. There are several hundred member organizations in every province and territory inclusive of urban, rural, northern and Aboriginal community settings. Our head office is in Western Canada, with regional coordinators and networks throughout Canada. We define Community Economic Development as citizen-led action to enhance the social and economic conditions of their communities on an integrated and inclusive basis, reducing poverty, unemployment and social disadvantage by creating social assets and economic opportunities.

The Social Economy in Canada is made up of several thousand non profit community organizations and co-operatives working to create economic opportunities and enhance social conditions particularly with those people and communities who are most disadvantaged. In addition, community economic development organizations in urban, rural, northern and Aboriginal settings are generating social purpose businesses and community enterprises in the for-profit SME sector that enhance social, economic and environmental conditions in their communities.

According to research by the Policy Research Institute (2005) *What We Need to Know About the Social Economy*, the social economy represented 2.5% of the Canadian GDP in 1999. A study done under the leadership of Imagine Canada (2004) in close collaboration with Statistics Canada identified 161,000 non-profit and voluntary organisations in Canada in 2003. These non-profits generate revenues of 111 billion dollars and employ more than 2 million people. Another study by Statistics Canada, published in 2004, indicates that the non-profit and volunteer sector contributes to the Canadian economy at a level of 6.8% of the Canada GNP, or 61.8 billion dollars. In the field of community economic development, a survey by the Canadian Community Economic Development Network, *Profile of Community Economic Development in Canada*, published in October 2003, estimates that over 3000 community-based organisations are involved in community economic development in Canada explicitly combining social and economic development activities. These initiatives are present in rural, Aboriginal and urban communities in every Province and Territory. In addition, the survey showed that the number of social economy and CED organisations is rapidly growing. Among the 294 organisations surveyed by CCEDNet, 31.8 % have been created since 1994 and 24% since 1989.

In Canada, one in three people belong to a credit union or co-operative. The 9,500 co-ops employ approximately 155,000 people and cover every sector of the economy. A study published by the

Co-operatives Secretariat in 2004 shows that non-financial and financial cooperatives in 2002 possessed assets of 343.3 billion dollars.

In summary, the Social Economy in Canada represents a significant and rapidly expanding part of Canada's socio-economic infrastructure.

In the 2004 Speech from the Throne, the Government of Canada set out the following objectives:

« Government will pursue a five-point strategy to build an even more globally competitive and sustainable economy ». These five points are: 1) invest in people to enhance their skills; 2) strengthen Canada's ability to generate and apply new ideas; 3) make it easier for businesses to do business in Canada; 4) a commitment to regional and sectoral development; and 5) promotion of trade and investment.

The Social Economy contributes in many ways to the construction of a more competitive and sustainable economy.

1) Investing in people to enhance their skills:

Community economic development (CED) and the social economy play an important role in building social capital including direct support for a wide range of skills development. Through its inclusive approach to economic development, its specific efforts to improve the skills of marginalized groups and through the learning process that is intrinsic to citizen-based initiatives, the social economy helps improve the capacities of Canadians to be productive and active citizens.

2) Strengthen Canada's ability to generate and apply new ideas:

The need for innovation within the economy cannot be confined to technological innovation; on the contrary the impacts of new technologies and other transformations of the Canadian economy require an increased emphasis on social innovation. Social innovation refers to new forms of social relations including institutional and organizational innovations, new forms of production and consumption and new relationships between economic and social development. In this context, the social economy is an important breeding ground to generate and apply new ideas in the field of economic and social capital development, responding to new needs and new problems that traditional economic tools have been unable to address.

3) Make it easier for businesses to do business in Canada:

The social economy contributes in two major ways to this objective. The social economy contributes actively to creating and maintaining social cohesion within communities. This is an extremely important component of a favourable business environment. At the same time the social economy, by mobilising new categories of entrepreneurs (social entrepreneurship through the cooperative and non-profit model), by offering new approaches to investment (community loan funds, micro-credit, etc.) and by structuring unstructured markets (environment, social tourism, etc) offers otherwise unexploited opportunities for new businesses to emerge and develop.

4) A commitment to regional and sectoral development:

Community economic development and social economy enterprises are a major contributor to regional and sectoral development. CED has emerged as an important component of regional

development initiatives across Canada, both in devitalized rural zones as well as fragile urban neighbourhoods. Collective enterprises, be they cooperative or associative are often the only option for marginalized communities when private investors have abandoned or show no interest in less profitable markets or remote areas. Co-operatives and non-profit social enterprises are also an integral component of sector development for the delivery of human services, employment training for example, and in the production of goods and services that have social and environmental value, in recycling and alternative energy production for example.

5) Promotion of trade and investment:

The social economy has the capacity to attract new forms of investment including social investment, ethically responsible investment and proximity investment. The cooperative enterprise model also mobilizes capital from its members (workers, consumers or users). Public policy can play an important role in supporting investment from new and unexpected sources to boost Canada's economy. New trade strategies in the form of 'fair trade' or ethical products are rapidly growing realities in international commerce. Through a process of labelling of social economy products, there is a potential for access to growing demand that could contribute to increased trade and exports for Canada. The social economy is also an influence on the private sector to become more attuned to and engaged in the development of sustainable communities.

The aggregate impact of these contributions of the social economy to Canada's overall productivity and prosperity are significant. By focussing on creating economic opportunities in disadvantaged communities and populations, at the same time as creating social assets and resources that remove barriers to social and economic participation, the social economy creates an enabling environment for self sufficiency and advancement for those that could otherwise be dependent on government programs. At the same time social economy and community economic development organizations tackle the root causes of poverty and disadvantage, operating beyond the paradigm of "charity" and focussing instead on self help and transformative development that is people and outcome centred. This new paradigm of active and integrated social and economic development is a major focus in other countries with which Canada is competitive in global markets. Europe, the United States, Australia, India, Latin America and the World Bank have all invested in civil society infrastructure to combat regional, community and population-based inequality and disadvantage. The rationale has been clear, growing inequality amongst regions, communities and populations has an aggregate impact on the overall economic productivity of a nation. The social and economic conditions that create these inequalities over time are inter-related and inter-dependent. This requires an integrated approach that builds on the capacity of civil society to move beyond top down state interventions and mobilize social and human capital to achieve innovative and transformative outcomes by people, for people in their own communities.

Canada recognized the importance of this new integrated paradigm of socio-economic development in the 2004 Speech from the Throne, which stated:

"And the Government will help communities help themselves.

One of the best ways to do this is to get behind the remarkable people who are applying entrepreneurial skills, not for profit, but rather to enhance the social and environmental conditions in our communities across Canada.

These new approaches to community development – sometimes referred to as the “social economy” are producing more and more success stories about a turn around in individual lives and distressed neighbourhoods – communities working to combat homelessness, address poverty and clean up the environment.

The Government of Canada wants to support those engaged in this entrepreneurial social movement. It will increase their access to resources and tools. The Government will, for example, work to widen the scope of programs currently available to small and medium-sized enterprises to include social enterprises.”

Prime Minister Martin’s response to the Speech from the Throne further identified the potential of the social economy to contribute to social and economic development.

‘Enhancing the quality of life in our cities is about wanting to help each other. It is about a willingness to work together to build great places to live.

Today this willingness is everywhere in Canada. We see it in the efforts of a million Canadians working in the voluntary sector. And they have our support.

We see it in the efforts of the people who are applying entrepreneurial creativity- not for profit, but rather to pursue social and environmental goals. That’s what we call the social economy – and while it may be a less familiar part of our economy, we must not underestimate its important,.

Its contribution to the social fabric and to the economic vitality of our municipalities, urban and rural, is real and is growing’ (Reply to the Speech from the Throne February 2004)

With the 2004 Budget, the Canadian government, through its social economy initiative, joined the ranks of other national, regional and local governments that have begun to understand the important contribution that citizen-based action can bring to socio-economic development and collective well-being. A Parliamentary Secretary to the Minister of Social Development with a special emphasis on the social economy was named. Three specific investments were announced: \$17 million over two years for capacity building, \$100 million for the creation of patient capital funds and \$15 million over five years for community-university collaborative research related to the social economy. A commitment was also made to break down the barriers that prevent social economy enterprises from accessing SME programs. A national Social Economy Roundtable was created, engaging civil society leaders from across Canada. Conceived as a horizontal file, diverse partners have been mobilised to carry out the initiative: Social Development Canada, Industry Canada, Western Economic Diversification, the Federal Economic Development Initiative in Northern Ontario, Atlantic Canada Opportunities Agency, Canada Economic Development (Québec) and the Social Sciences and Humanities Research Council.

This is a welcome initiative that organizations across Canada have embraced. Here in Alberta for example, today marks the conclusion of a CED conference in Red Deer attended by several hundred people from large and small communities across the province united in their efforts to ensure that all citizens enjoy the benefits of economic growth. A new CED Network was announced that will continue this work to strengthen the Social Economy through ongoing activities that enable people to learn from one another, scale up effective practices and create an enabling environment through partnerships with government and the private sector. Here in Calgary the City boasts one of the most advanced and long established community economic development organizations that has pioneered innovative approaches to tackling poverty and

disadvantage. MCC Employment Development's mission is to partner with the working poor and low-income Calgarians to develop their productive futures through small business development, money management, technology access, and skills enhancement training. Their goal is to improve the economic, social and personal well-being of low-income Calgarians. Also based in Calgary, another CED Network member is the Canadian Worker Co-operative Federation. CWCF works across Canada to help build and strengthen worker-owned co-ops and multi-stakeholder co-ops, mostly with marginalized people or people whose jobs would be threatened if they did not convert their workplace through worker ownership. In Edmonton, the Innovative Services Unit of that City is one of the best practice examples of Municipal support to CED that research by the Canadian CED Network identified amongst Canada's municipalities. The Unit supports a range of innovative approaches to enhancing social and economic conditions in the City's neighbourhoods. Also based in Edmonton, another of our members works across Canada to further the skills of Aboriginal Community Economic Development organizations and practitioners. The Council for the Advancement of Native Development Officers engages several hundred Aboriginal CED workers in developing tools, resources, curriculum and distance learning programs to build skills for a better future for Aboriginal communities.

Throughout Western Canada similar initiatives exist and are being strengthened. The Canadian CED Network has also created networks in Ontario and Atlantic Canada to spearhead this work, and works in partnership with the social economy network (le Chantier de l'économie sociale) in Quebec. This is a truly pan Canadian phenomena that is increasing its capacity and momentum with the assistance of the Federal Government's initiative.

However, there are major challenges remaining to fully utilize the capacity of the social economy to contribute to Canada's productivity and prosperity. Three major areas for recommended action are suggested in the context of the Committee's pre-budget consultation.

3. BUILDING ENTREPRENEURIAL CAPITAL

The social economy involves a new form of entrepreneurship – social entrepreneurship. In community economic development organizations across the country social entrepreneurs are developing innovative strategies that combine business development with social development. In many cases this is leading to the creation of “social enterprises” that provide goods and services while also addressing training, social needs and community supports and assets. Many of these social enterprises generate revenues that are then re-invested in community social needs, or the development of additional social enterprises in market niches that meet community priorities and interests. There is a considerable learning curve associated with the combination of business and social goals and strategies. Unfortunately the Government of Canada's Social Economy Initiative does not include any investment in pan Canadian peer learning or networking for the people and organizations involved in these new practices. Surveys of the field have repeatedly indicated that skills development by learning from one another and avoiding having to “reinvent the wheel” are a major priority. Regional and national networking, peer learning, the development of tools and resources, and technical assistance to social entrepreneurs and their community economic development organizations is a major priority to scale up and replicate effective practices across a broader range of communities and sectors.

We recommend that budget 2006 include support for a pan-Canadian initiative to support networking, peer learning, the development of tools and resources, and technical assistance

to social entrepreneurs and their community economic development organizations to scale up and replicate effective practices across a broad range of communities across Canada.

There are also challenges obtaining finance capital for these kinds of hybrid enterprises. The Government of Canada's initiative includes \$100 million in new patient capital for the sector. However, the sector itself is highly entrepreneurial and believes that it can attract substantial private investment from both individuals and institutions that require a return on their investment but can blend their rate of return objectives with social investment goals. There are for example, a number of tax credit arrangements operated at the provincial level to support community economic development (Manitoba, BC, Quebec, Nova Scotia) but these are not replicated at the federal level. Co-operatives in particular face barriers to raising capital due to their particular membership and governance structure. There are a number of pension funds in Western Canada interested in using Economically Targeted Investments to support community investment goals. Federal government support for operating a pooled investment fund with loan loss guarantees could leverage substantial capital while addressing risk and return requirements on pension fund trustees. New mechanisms are needed through tax credits and loan loss guarantees to provide incentives for community economic development and social economy organizations to grow their access to finance capital.

We recommend that the Federal Government support a pooled investment fund with loan loss guarantees to leverage capital from pension funds in Western Canada wishing to invest in community economic development, and that a task force be created involving social economy financing organizations and Finance Canada to investigate new tax credits, RRSP eligibility, and guarantees of capital to leverage private capital investment in community investment funds, co-operatives, non profit social enterprises, and CED organizations.

Information on, and understanding by government officials and representatives and prospective private partners of CED models of enterprise and development are critical to obtaining supportive environments for their growth. Public awareness of the value of supporting these initiatives and getting engaged with them as engines for improving community social and economic conditions is also critical. As the recent report by the Crossing Boundaries Council indicated (*Break-on Through: Communities and the New Economy, 2005*) community leadership in innovation and diversification is the critical success factor in communities working to reverse economic decline, but information on effective CED strategies for civic leaders is limited. A major Government of Canada initiative with social economy sector partners to profile the social economy and CED in Canada, deepen understanding of its practice and outcomes, and generate information for the general public could be critical to creating baseline knowledge and information from which to measure, evaluate and create the public policy environment to grow the social economy.

We recommend a major Government of Canada initiative with social economy sector partners to profile the social economy and CED in Canada, deepen understanding of its practice and outcomes, and generate information for the public, government agencies and civic leaders.

Government procurement of goods and services is a major potential source of growth in social enterprise production, that would meet not only the supply needs of the federal government itself, but also generate public returns on purchasing in social benefits to communities and disadvantaged people. The Social Purchasing Portal for example was developed in the Downtown Eastside of Vancouver to match unemployed trainees trying to get into the workplace, and social enterprises involved in creating employment, with private companies wanting to realize corporate social responsibility goals and recruit local people and enterprises to meet their

labour and supply chain needs. This model is now expanding to cities across Canada. Unfortunately the Government of Canada is not itself a “social purchasing partner”. Public Works should investigate models of combining transparent and effective procurement strategies with enabling social enterprises to compete for procurement opportunities on a level playing field with other SMEs, learning from models in the UK and US that have substantially increased the social return on purchasing by government itself.

We recommend that Public Works Canada investigate models of combining transparent and effective procurement strategies with enabling social enterprises to compete for procurement opportunities on a level playing field with other SMEs, learning from models in the UK and US that have substantially increased the social return on purchasing by government itself.

The Government of Canada’s Social Economy Initiative includes a two-year capacity building initiative that recognizes the need to develop community capacity to generate new CED and social economy activities. Other components of the Initiative have a five year life to address the long term nature of developing and evaluating initiatives and then addressing emerging issues. The short term duration of the capacity building component of the initiative, and its limited funding relative to anticipated demand across the country, is a major shortcoming of the Initiative. The capacity building component needs to be expanded to five years with additional funds allocated in the 2006 budget to make it a relevant and inclusive of interests across Canada. In addition the initiative has excluded the Northern Territories, where interest and concern with innovative approaches to building sustainable communities is a major factor in economic development. The Northern Territories need to be included in the Social Economy Initiative with additional targeted funds in the 2006 budget. In addition, the Social Economy Initiative announced in 2004 has still not been delivered in Western or Atlantic Canada. Implementation of the Initiative needs to be secured now for equitable access across Canada.

We recommend that the 2004 Budget commitment to the Social Economy Initiative be implemented, that the capacity building component of the Social Economy Initiative be expanded to five years with additional funds allocated in the 2006 budget to make it relevant and inclusive of interests across Canada, and that the Northern Territories be included in the Initiative.

A major component of the social economy in Canada is the co-operative sector. New forms of co-operatives that meet both the social and economic needs of local communities are being generated in urban, rural, northern and Aboriginal settings across Canada with the assistance of the Federal Government’s Co-operative Development Initiative (CDI). In spite of contributions from the co-op sector, the CDI is funded well below its potential to incubate new co-operative enterprises that will contribute to Canada’s productivity. Demand for technical assistance far outstrips supply of resources. New funds need to be allocated to the Initiative to increase support and technical assistance to new co-operatives that are being created by communities to meet their local needs and respond to new opportunities.

We recommend that new funds be allocated to the Co-operative Development Initiative to strengthen support and technical assistance to new co-operatives that are being created to meet both social and economic needs and opportunities in Canada’s communities.

4. BUILDING HUMAN CAPITAL

Human capital development to address social and economic disadvantage, and reduce the impact of poverty and unemployment on Canada's overall productivity, is a major objective of community economic development and social economy activities. However, these efforts are challenged by Canada's overall policies and programs for labour market development. CCEDNet's submission to the House of Commons Standing Committee on Human Resources earlier in 2005 outlined those challenges, including the gaps that exist in Employment Insurance supports to a large number of unemployed Canadians who do not meet EI eligibility criteria, and the growing centralization and bureaucratization of the delivery of programs by HRSDC (and now Service Canada). CCEDNet believes that an effective outcome-based framework for policies and programs for Service Canada and HRSDC needs to be developed based on input from community-based organizations working with local employers and unemployed Canadians, with information and advice being provided to Provincial Territorial Labour Market Ministers on the evolution of Labour Market Development Agreements.

We recommend a permanent advisory committee be established with community-based organizations involved in labour market development to help create an outcome-based framework for policies and programs on human capital development that addresses gaps in eligibility and the need to support innovative local employment development models to meet the needs of unemployed Canadians.

The Workplace Skills Initiative (WSI) of Human Resources and Skills Development Canada is a welcome source of potential support to meeting the workplace skills agenda that community economic development organizations are pursuing. For many of the participants in CED and social enterprise activities, investments in post secondary education are irrelevant to their immediate needs for pre-employment and employment training to get the marketable skills they need to further their economic participation. It will be imperative for the WSI to allocate funds to the social economy and CED sector to meet the need to develop effective models of skills development that respond to the unique circumstances of disadvantaged Canadians and their local labour markets. Generic programs targeted to SMEs and traditional sector councils will not meet the labour productivity needs of those who are most marginalized in the economy and labour market. There are also needs to develop workplace skills models and resources for those managers and workers in the social economy sector who are involved in new forms of social entrepreneurship with unique skills demands that can only be met in the workplace itself.

We recommend that the Workplace Skills Initiative of HRSDC include a targeted component to Community Economic Development and Social Economy workplaces to develop skills resources that can strengthen outcomes for disadvantaged workers, and enhance the skills of those managers and workers who are creating new forms of social entrepreneurship.

5. BUILDING COMMUNITY CAPITAL

Infrastructure Canada programs, and the "New Deal for Cities and Communities", involves much needed investment in the physical infrastructure of communities that contribute to Canada's productivity. However, community economic development organizations are dealing day-to-day with another aspect of infrastructure – social infrastructure. In both large and small communities

there is an increasing gap in the availability of both physical facilities (such as housing, child care and community centres), and ongoing community programming to reverse declines in social, economic and environmental conditions. In both urban neighbourhoods and rural and resource-based communities a key ingredient to social and economic development has been the presence of physical facilities and on-going planning and development activities to manage and direct change, to enhance the opportunities for community residents to create their own assets, resources and activities that produce outcomes relevant to their own local circumstances. This form of “community capital” goes beyond physical facilities, it involves another key “capital” in the development of communities, “social capital” – the capacity of citizens to collaborate in, and lead, their own development based on inclusive and sustainable partnerships using civil society organizations that empower local residents to create their own futures. In many communities the capacity of neighbourhoods to develop their own programs and facilities has been critical to achieving outcomes in improved health conditions, reduced poverty, crime and homelessness, and increased economic opportunities. The potential of these community development initiatives have been recognized by many jurisdictions. In Saskatchewan and Manitoba for example, provincial programs have provided long term funding to neighbourhood development organizations that manage integrated programs for urban renewal inclusive of child care, housing, employment and community economic development. In the United States, substantial investment has been directed at Community Economic Development Corporations in inner city communities. In the UK, community-based approaches to “social inclusion” have been a priority with substantial investments in “community development trusts”.

Recently here in Canada, Gas Tax Agreements with municipalities have been created that involve a requirement for “community sustainability plans” inclusive of social, economic, cultural and environmental conditions. The Agreements also include “community capacity building” as an eligible cost. These aspects of the Cities and Communities Agenda are welcome. However, there is concern that the social side of the infrastructure equation will not be adequately addressed in the face of substantial demands for investment in ageing physical infrastructure (water, sewage, roads, transit etc.). Social Development Canada has provided support for a number of community-based initiatives aimed at “place-based” renewal and poverty-reduction, however these are all in the framework of “pilot projects” within limited time-lines and only in a small number of cities. Urban Development Agreements are under active development by Western Diversification Canada here in the West, building on the example of the Vancouver Agreement that involves a partnership with municipal and provincial governments. However, these Agreements are largely built on traditional government mandates and have not engaged the community and civil society sector as partners. In addition to these shortcomings with existing federal investment in communities, there are significant issues of fragmentation involved with federal inputs into communities, and the lack of horizontality between departments (housing, social development, employment, etc.).

We believe that there is a major gap in support to communities in Canada for the building of social infrastructure and capital in partnership with civil society organizations that are made up of local residents and citizens.

We recommend that priority be given to extending the Cities and Communities Agenda to include a complimentary partnership program with community development organizations to invest in social infrastructure and capacity for communities to take integrated action on social, economic, cultural and environmental needs, that also helps integrate fragmented federal investments and thereby increase the return on those investments.

