



*Strengthening Canada's Communities – Des communautés plus fortes au Canada*

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**Social Economy Roundtable Consultation Briefing Notes  
Provided by the CCEDNet National Policy Council**

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This brief contains key policy and framework issues that CCEDNet believes should be common concerns at all consultations regarding the federal Social Economy initiative. In addition to these pan-Canadian concerns, each region will have critical local concerns as well. Also included in this brief is a short history of what led to the new federal Social Economy initiative, basic details of the initiative, and related resources available from CCEDNet.

**CCEDNet Policy Framework**

Based upon a national membership consultation process, CCEDNet adopted three policy priorities that form the foundation of our policy priorities and advocacy framework. They include:

- **Strengthening social capital at the local level** – building the local capacity of communities to systematically address the problems of their economies
- **Strengthening human capital at the local level** – increasing the competence of local citizens to get and hold good jobs or build their own businesses, as well as to provide essential local leadership for the development process
- **Strengthening financial capital at the local level** – improving the private investment resources available for local businesses, for affordable housing, and for alternative financial institutions (as well as for the two previously mentioned priorities)

**Critical Points for CCEDNet and the Social Economy**

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These critical points on the Social Economy initiative are based upon the CCEDNet policy priorities and consultation with the membership over the past several months.

- **Consultations must be inclusive, meaningful, and ongoing.**

The regional round tables must be representative and inclusive of the sector and must be given significant on-going roles in designing, delivering, and evaluating the Social Economy initiative. We need to present a unified position that considers the broader interests of the CED sector - this will help build and strengthen the capacity and voice of the sector. The consultation process must be on-going, including advisory and evaluation roles on the distribution of the capacity building investments and review of the capital expenditures. A co-management relationship between the sector and the RDA would be ideal.

- **Don't lose sight of the bigger picture.**

The government is calling this a 'down-payment' – let's use it wisely to build a long-term supportive foundation and environment for CED and the Social Economy. This amount of money is relatively small and only one component of the potential federal commitment to CED and the Social Economy. The opportunity for change comes from the process of convening, empowering, and strengthening the sector, from the dialogue that this initiative will create between communities and government, and from the potential policy change, funding support, and generally enhanced understanding on the part of funders and policy makers of what it takes to revitalize communities. This initiative has to be about building a strong foundation for CED and Social Economy work for years to come; we have to build a long-term infrastructure that supports all of our work. In addition to a long-term perspective, multi-stakeholder engagement (co-operatives, etc.) and horizontal integration with other federal ministries (such as HRSD) is also critical to a comprehensive, holistic approach.

- **Make sure all of the resources are invested soundly and strategically.**

As the amount available to each region is not huge, it must be invested strategically where it will demonstrate local impact and create a supportive long-term environment for CED and the Social Economy. Strategic investment is not only important for strengthening the necessary local development tools, resources, and structures, it is also critical for leveraging further and increased support for CED and the Social Economy. This calls for a fine balance between local project investment and regional/national network support, which requires an on-going advisory and evaluation role for the sector.

- **Ensure that the sector retains a long-term ownership role with the financing capital.**

This initiative should strengthen and leverage existing CED financing vehicles and drive a process of community ownership of capital investments. These funds should not replace existing capital, but should leverage further capital investment. While the financing component will create permanent capital for Social Economy enterprises, it should provide a vehicle to develop community ownership of the capital. If the sector does not collectively own or manage the funds to some extent, the sector as a whole does not retain any control

over the capital in the short or long-term and its own capacity is not enhanced. Appropriate mechanisms could include a joint venture made up of sector representatives overseeing the funds or it could include building a co-management role for a representative CED/Social Economy body into the terms of reference for whichever infrastructure is selected as the third party to delivery/administer the funds. If not an immediate role in ownership, the structures and process should be in place to allow for ownership transfers to CED or multi-stakeholder groups in the future. Again, a meaningful role for the sector in developing, delivering, and evaluating this initiative is critical. The financing investments have to be integrated with the capacity building investments, requiring collaborative structures and relationships between the capacity building agents and the managers of the capital investments.

- **Human capital development is an important element that should be integrated into the operational initiatives of the social economy development initiative.**

Support for human capital development is one of the key elements of the CCEDNet policy framework and must be integral to the Social Economy investments. Again, we have to keep the larger context and the entire CED policy framework on the table. Government needs to be reminded of this priority and the fact that they have not really included this component in the initiative. Horizontal participation in CED and Social Economy development by federal departments (i.e. HRSDC) is a critical element of a holistic approach.

- **Capacity Building resources need to support and strengthen CED and Social Economy initiatives both at the regional and national level.**

CCEDNet supports a balance of local, regional, and national investments to provide both local capacity and the broader strengthening of the sector. Organizations such as CCEDNet, the Canadian Cooperative Association (CCA), the Canadian Worker Cooperative Federation (CWCF), the Conseil canadien de la coopération (CCC), the Council for the Advancement of Native Development Officers (CANDO), the Canadian Community Investment Network (CCIN), the Women's CED Council (WCEDC), and many more play a key role in supporting CED and the Social Economy. They must be eligible for targeted capacity building funds. It is critical to balance local project needs and the larger supportive environment for CED and the Social Economy. While there has been some discussion of using all of the new funds to make many small project investments, this is less likely to achieve the goals of having a long-term impact or strengthening the sector's capacity.

- **The definition of Social Enterprise and Social Economy must be broad enough to incorporate a spectrum of models**

To support local CED initiatives, the definition of social economy enterprise must be broad within the terms and conditions to allow for flexibility, partnerships and alternative ownership models. Social Enterprises need to include co-ops, joint ventures with community organizations, non-profit owned businesses, non-profit subsidiaries, socially responsible for-profits, and many other legal structures that constitute social enterprises. Initially, it appeared that only enterprising non-profits would be considered and that the Social Economy was looking primarily at social enterprises. Overly narrow definitions will restrict the potential

impact of this initiative. While Social Enterprises are a very useful tool within the larger development process, CCEDNet's definition of CED and Social Economy is much broader than simply Social Enterprise.

### **CED and Social Economy**

The following is CCEDNet's working definition of CED:

*CED can be defined 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. CED has emerged as an alternative to conventional approaches to economic development. It is founded on the belief that problems facing communities – unemployment, poverty, job loss, environmental degradation and loss of community control – need to be addressed in a holistic and participatory way.*

The Social Economy is about: *Building assets and enterprises collectively owned by communities to generate both social and economic benefits. This would include: social assets (housing, child care, etc.), social enterprises including cooperatives, equity and debt capital for community investment, social purpose businesses, community training and skills development, integrated social and economic planning, and capacity building and community empowerment. The social economy is being created by community organizations (cooperatives and non profits) and social enterprises that generate both social and economic benefits, bringing entrepreneurship and social goals together in new forms of social innovation. The economy is normally divided into three sectors: private, public and social. The social economy is a continuum that goes from the one end of totally voluntary organizations to the other end where the economic activity (social enterprise) blurs the line with the private sector.*

The Social Economy consists of association-based economic initiatives founded on values of:

- Service to members of community rather than generating profits
- Autonomous management (not government or market controlled)
- Democratic decision-making
- Primacy of persons and work over capital
- Based on principles of participation, empowerment

Federal Government Definition: *Social economy enterprises are organizations that are run like businesses, producing goods and services, but which manage their operations on a not-for-profit basis. Instead, they direct any surpluses to the pursuit of social and community goals*

Read more in the recent Making Waves special edition on CED and the Social Economy at [www.cedworks.com](http://www.cedworks.com)

### **The Social Economy Initiative**

CCEDNet advocated the member-driven policy priorities by engaging federal politicians for several years in partnership with the Chantier de l'economie sociale in Quebec. Their efforts paid off when Prime Minister Paul Martin responded by announcing a federal Social Economy initiative in the 2004 throne speech and budget.

The Social Economy initiative is being housed in the Department of Social Development (Minister Ken Dryden), overseen by Parliamentary Secretary Eleni Bakopanos, and delivered by Industry Canada through their Regional Development Agencies (RDAs): Western Economic Diversification (WED), Federal Economic Development Initiative for Northern Ontario (FedNor) and Industry Canada in Ontario, Canada Economic Development for the Regions of Quebec (CEDQ) in Quebec, and the Atlantic Canada Opportunities Agency (ACOA) in Atlantic Canada. To this point, the northern territories have not been included. Resource allocation will likely be determined on a per capita basis.

The federal initiative contains four components:

- \$17 million over 2 years in support of strategic planning and capacity building of CED and Social Economy organizations: Ontario (5.95m), Québec (5.1m), Atlantic (1.7m), and Western (4.25m)
- \$100 million over 5 years for financing Social Economy enterprises: Ontario (35m), Québec (30m), Atlantic (10m), and Western (25m).
- \$15 million for research on the Social Economy (delivered through SSHRC)
- Increased access to federal business supports and resources for Social Enterprises

A national roundtable made up of sector representatives has been created and has met several times (the latest being December 14). The next stage involves regional consultations that will take place by mid January (some regions have already been meeting), followed by RDA submissions of Terms and Conditions to the Treasury Board at the end of January. The nature of each regional consultation or round table is currently being determined. The consultations will include questions around sectoral and regional priorities, as well as on delivery, parameter, and evaluation criteria. For this reason, strong participation from CCEDNet members is important for ensuring that the design, delivery, and evaluation of this initiative will have maximum impact for the sector and the communities. This is critical for leveraging the dollars intended to follow this "down-payment."

### **Available Resources**

At CCEDNet's web site: [www.ccednet-rdec.ca](http://www.ccednet-rdec.ca)

- The Art of Advocacy Handbook
- Policy Brochure (4-page color pamphlet about CED and CCEDNet's policy priorities)
- Investing in Canada's Communities: CCEDNet's Policy Framework