

“The wondrous incidental benefit of being here is to come to terms with the fact that I know so little, even after 15 years.” Rankin MacSween

A more unconventional convention is hard to imagine. The object itself seemed straightforward: to describe an environment of public policy that would broaden and deepen the impact of community economic development (CED) innovations in Canada. It was the participants who were unusual. Over 160 people from across the country, some of them outright newcomers to CED, but mostly experienced practitioners inured to governments that are half-hearted, confused, or disdainful when it comes using local economies as a tool for community empowerment. The delegates were not the sort of people with the time or patience to conduct a mind-numbing discussion of policy alternatives. Nor did they.



CCEDNET NATIONAL POLICY FORUM

Vancouver, B.C.
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It was their own sustained energy and excitement that surprised a lot of the delegates. Despite hard slogging through Thursday night, all Friday, and most of Saturday (March 22-24), they came away inspired, as well as tired. This was not mere talk. Something was happening.

This gathering was the culmination of a sweeping policy discussion initiated over a year ago by the Canadian CED Network (CCEDNet), a national organization of CED activists. On five occasions in 2000 the discussion had gone public. In Tatamagouche, Drummondville, Toronto, Saskatoon, and finally last November in Vancouver, several hundred practitioners attended regional forums to examine a draft policy statement in circulation since 1999.

The results of this process had been distilled into five recommendations. It was now the job of delegates, many of whom (but not all) had participated in the earlier forums, to review and critique these recommendations. What specific agenda should CCEDNet put to federal and provincial and other policy-makers? What would make a real difference to the work of practitioners and the quality of life of their constituents?

Even with the national meeting, the process is not over yet, but it appears to have taken one great leap forward. Not just because so many delegates, despite their vast differences and a heavy workload, brought the CCEDNet policy agenda to a new level of precision. More happened. What had been billed as a “national policy forum” turned into the affirmation of a movement: people identifying themselves with a remarkably specific, distinctive expression of what must happen if our society is to become more just, creative, and sustainable.

The following report is based upon taped recordings of the proceedings, notes furnished by some of the speakers, notes from the many small group discussions, and from personal interviews.

ISSUES OF DEFINITION

What are we trying to accomplish with CED? How can we best organize CED initiatives? As the regional forums had made very clear, practitioners have no pat response to fundamental questions like these. The definition of CED itself remains imprecisely formulated among the people doing it. The first two sessions of the national conference were dedicated to affirm where their consensus lay, and to clarify any differences so as to create opportunities for reconciling them.

On opening night, after some very encouraging remarks from government representatives (see sidebar, p. 23), a panel of long-time activists took up the issue of the goals of CED. For Mike Lewis, executive director of the Centre for Community Enterprise (Port Alberni, B.C.), “what” CED is for is first and foremost a matter of “who” it is for. CED, he asserted, must be understood as an attempt to work with people living in the “zones of exclusion.” Bill Ninacs, CCEDNet’s associate director, defined CED in terms of “Ps.” It is a process involving planning, practice (not just theory), power, participation, partnership, and policies, and must generate a proven record for poverty reduction. Just as essential to Ninacs, however, are the “Vs,” the CED values – of “solidarity, democracy, responsibility, and autonomy.”

Fellow-panellist Sandra Mark of Community Venture Development Services (Victoria) emphasized the extent to which the field was concerned with empowerment and invention. CED involves a “conversion” to the belief that people can build a civil economy, and the more we work at it, the greater our pool of skills, insights, and resources grows. “We need to be sharp ... to engage the powerful,” she coun-



(top photo, left to right)
Bill Ninacs, Juan Tellez,
Pierre Ducasse
(above) Mike Lewis
(right) Sandra Mark

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elled, but not with the intention to “best” them. What we are about is the discovery of solutions that offer benefits to all.

A third panellist, Juan Tellez (Atlantic CED Institute, Halifax), also urged listeners to cast their minds well above and beyond the details of their practice. In soaring terms, he described the aim of the CED movement as not just more productive relations in the economy but the creation of “fair relations among human beings and between human beings and Nature.” For Tellez, CED should aspire to nothing less than reaching toward Utopia itself.

INSTITUTIONAL STRUCTURE

The following morning’s panel brought everyone right back to day-to-day reality. If we seriously intend to accomplish so much, how do we house CED institutionally? A second panel, moderated by CCEDNet executive director Mark Cabaj, considered three very different options. Is CED a matter for comprehensive multipurpose organizations, e.g., community development corporations? Can it also be practiced by single-purpose organizations that focus on one community problem (like employment) or one group of needful citizens (like the physically handicapped)? Or might it be practiced through a network of many different single-purpose groups that together would address broader concerns?

Cabaj noted that in response to the regional forums CCEDNet had already revised its description of the optimal format for a comprehensive development system. Whereas CCEDNet’s draft policy paper had specified the community development corporation as the model CED organization, a subsequent report, “Investing in Our Communities,” (see p. 34) also recognized how coalitions of single-purpose institutions can create a comprehensive development system.

FUNDERS WHO SHARE THE VISION

You need money to run a conference, and in the community sector, that means finding funders. In the case of the CCEDNet National Policy Forum, the BC Ministry of Community Development, Cooperatives and Volunteers (CDCV) supplied \$45,000 to help pay for planning, simultaneous translation, administration, documentation, and delegate travel. The Social Development Partnerships Program of Human Resources Development Canada (HRDC) contributed \$135,000 to cover those costs, as well as many of the expenses of the five preceding regional policy forums.

Government representatives were, as conventionally required, given an opportunity to speak at the meeting, but they unexpectedly turned the obligatory exchange of courtesies into the conference’s launch pad. Delegates were delighted (and occasionally astonished) to hear their efforts and values celebrated by speakers who clearly have been listening to what CED practitioners have to say.

Rupert Downing, CDCV executive director of Strategic Initiatives, asserted that the conference would create the context not just for CCEDNet’s national policy efforts, but for a “community-led and -driven” provincial CED policy to bring about a transition from centralized power to community empowerment.

“Normal, so-called market arrangements,” he stressed, are not going to address “the needs of citizens with the least assets for changing their situation.” Nor will centrally-controlled “stovepipe” programs or a surge of outside investment. That vision is not working. It is therefore

“absolutely imperative that we present the evidence of ... why a new vision of community empowerment and community development ... is so important to the future of our nation and all of our provinces....”

Government, he said, needs to give people “the space to create the futures” that communities can envision for themselves. His words could have been taken direct from the presentations and arguments of CED practitioners over the years, and his listeners responded enthusiastically.

Bill Ross, associate director general for HRDC’s BC-Yukon Region, also found a favourable reception. He emphasized that people – as communities, as well as individuals – are key to economic development and the daily business of the economy. To HRDC,

“the solution to poverty lies in a community that is able to foster a local culture of life-long learning, that cares about its people from the time they are born, and can work with families ... eager to take control of their lives.”

Sure, talk is cheap, and perhaps every delegate had “heard all this before” – but not from government departments. Here were provincial and federal civil servants articulating the values and approach of CED and showing how it could be translated into public policy, using community action to lift up communities and their most vulnerable members. It was a beginning that forecast an enthusiastic and hard-working conference, where people felt their work could make a difference.

Mark Roseland, director of the Community Economic Development Centre at Simon Fraser University, took this issue right by the horns. To co-ordinate their efforts effectively, he noted, a group of single-purpose organizations would have to create a veritable thicket of relationships among themselves. Half in fun, he offered a formula to describe the situation: the total number of necessary relationships (R) would grow exponentially with the number of organizations (N) involved, or “ $R = (N-1) \times (N)$.” To create a comprehensive multipurpose organization would apparently make things simpler and more efficient, he reasoned – but really transfer the same, essential thicket of relationships to the many divisions of one, big organization.

Two other panellists reflected on the issue from their own experience. Anna Bubel, a community activist in Edmonton and a board member of the Edmonton Community Loan Association, told how the CED network of single-purpose organizations in that city was handicapped by the sheer weight

doing good work on their own agendas, but they did not co-ordinate their efforts to achieve greater efficiency or impact. Residents became convinced that they needed a new organization that would take a more comprehensive approach. From that has since emerged the North End Community Renewal Corporation (of which Loewen is now the executive director). The composition of its board ensures that many different sectors and agendas are integral to corporate activities.

Loewen explained how a multipurpose organization worked in terms of a single housing project that they initiated. They selected properties whose renovation would significantly improve the neighbourhood. They designed a lease-purchase arrangement with tenants in order to make the housing affordable for local, low-income people. They established a local renovation company to hire local when the existing companies could not or would not commit to such a policy, and then set up a program to train residents for the jobs. Finally, the corporation took action to make the neighbourhood safer, so that tenant-owners would



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(foreground, left to right), Donny Fairfax,
Angela Szeto, Garry Loewen.)

of each member’s existing agenda. Their budgets were either too small or too inflexible to devote to broader activities. They had found no way to co-ordinate their respective administrative infrastructures to reduce duplication. Nor could they shake their anxiety about being swallowed up in a bigger enterprise. However, she wondered whether the alternative of a comprehensive CDC could or should be organized in Edmonton.

Bubel did have some questions to pose to single-purpose groups, nonetheless. Do you conceive and act out your mission broadly, or from a very limited perspective? Do you have the people, skills, and budget to network and act on broader issues? Finally, do any of the would-be network members have a specific mandate to foster a comprehensive approach, networking, and caring for the greater good of all?

Garry Loewen, formerly with the Winnipeg Mennonite Central Committee, reflected on his experience of working with a plethora of other single-purpose organizations serving low-income people in Winnipeg’s north end. All had been

find the houses an attractive long-term investment.

Funding was available for this project, but Loewen stressed that partnerships (with governments or others) cannot just involve money. They must include mutual agreement as to a division of labour and responsibility for fostering the local development process. Making funds available at different stages of a CED organization’s evolution (as per Policy Recommendation 1, see p. 25), he cautioned, will not in itself make that organization more effective.

The conference procedure subsequent to these comments was the standard for the rest of the time. Upon registration, each delegate had already been assigned to a table of no more than eight people. Each table reflected to some degree just how diverse the participants were in terms of language, gender, CED experience, and region of origin. Upon the conclusion of a panel presentation, each group discussed the issues at hand for at least one-half hour. Then all turned their attention to three pre-selected table groups who took their comments and queries to

one of the standing microphones, wired to simultaneous translators. Thereafter, other people could present additional ideas or questions. Despite a tight schedule and heavy conference workload, these arrangements appeared to work. Delegates got a good opportunity to speak their minds; CCEDNet got a direct line to a wide range of ideas and concerns.

In this instance, most speakers from the floor favoured the concept of multipurpose organizations working in full partnership with single-purpose organizations. Each have their own particular strengths and challenges. Multipurpose organizations are more difficult to get funded. They require unique skills and mechanisms, especially in terms of respecting diversity and sharing power and resources with other community groups. The multipurpose group needs to remain in communication with all its constituents and be accountable to them.

As one speaker pointed out, “multipurpose” essentially means “multistakeholder” and often in situations where there is no consensus about what the community is, what it needs, or how to effect change. Many residents will need to know why such strategic concerns as community-wide research, coordination, and advocacy are necessary at all. Such organizations must not expect to “take” a multipurpose comprehensive approach, but to “forge” it over time.

RECOMMENDATION 1

To introduce Recommendation 1, three panellists reflected on their experience of capacity building.

Pierre Ducasse is executive director of the Table nationale des Corporations de développement communautaire, Québec’s CDC network. He noted how substantially the evolution of CED will differ from community to community. Any program to finance capacity-building (Québecers use the terms “local empowerment” and “collective thinking”) must respect that local rhythm. However, government funding policies do not foster multipurpose, “horizontal” organizations, and certainly not for 10-15 year periods; instead they underwrite specialized, “vertical” programs for identifiable sectors for short terms. Ducasse also emphasized that a culture of organizational co-operation, communication, and trust was an essential pre-condition to the launch of CED initiatives.

From the remarks of Ducasse (and other Québec participants), it was clear that Québec has a broader range of groups engaged in CED. A whole spectrum of social, economic, environmental, community, and gender organizations and action groups are involved. Thus the scope of Recommendation 1 could be wider there and the Québec experience would certainly warrant being better known elsewhere across the country.

To Sam Lafford (Ulnooweg Development Group, Nova Scotia, photo below), the building of local capacity is the object of strenuous and frustrating negotia-



BUILDING COMMUNITY CAPACITY (SOCIAL CAPITAL)

Recommendation 1: Create a specialised program of flexible financial support that will apply to all stages of community organisational development for CED. The particular format of the organisational tool (e.g., a new CEDO, re-design of an existing agency, or a concerted network or partnership of local groups) should be left to each local community.

Fundamentally CED cannot take place without a locally-controlled guiding organization to think through and field the strategy, in order to create a development system. Therefore, any policy that seeks to promote CED has to have as its centerpiece specific financial and technical support for the development and refinement of that local tool.

The local organization (whether it is a coalition, a network, a federation of groups, or a free-standing comprehensive unit) will vary greatly in structure and strategy from community to community. A policy of support must allow for these variations in model, so long as the local effort tends toward a comprehensive, multipurpose strategy to address social and economic circumstances. These organizations will also be at different stages of evolution in their focus, structure, and capacity. A policy of support must be flexible enough to offer assistance that is appropriate to those stages.

Experience and research indicates that five years may pass before the organization will have settled into its own format and created sources of support for its core costs, including for research and development of projected undertakings. A support policy must be prepared to commit resources for a similar length of time. Finally, a policy of support has to rest upon local performance and the timely achievement of objectives set locally and accepted by the source of financial support.

A policy with these features would effectively promote the creation of indispensable social capital, building the community’s capacity to deal with its own problems.

tions between Nova Scotian First Nations and the federal and provincial governments. The First Nation communities and groups are still awaiting an invitation to take part in what was supposed to be a tri-partite policy council to structure a financing process. They are trying to establish not just a provincial process but one for the entire Atlantic region.

Michelle Turner (Community Development Unit, Government of Saskatchewan) explained how community groups are now receiving funds as CED institutions in her province. Two departments (Social Services and Economic and Cooperative Development), each with its own “professional culture,” try to collaborate in the funding. This in itself is a stumbling block. Another major problem is the government’s failure to appreciate its need to partner with community groups – to tune resources to the each group’s specific requirements. The government takes the same approach to all three of the multipurpose groups that it currently funds (a fourth is in process), when in fact each delivers somewhat different services to the community in a different fashion. Governments really do not understand how to build capacity in partnership with local organizations.

Now came the turn of the table groups to take up Recommendation 1. Two major questions had been posed for them: Do we agree with it? What priority should it receive? In point of fact, there was full consensus that the program described in the recommendation was a top priority - so long as the organizations supported are truly and widely community-controlled and -accountable. People were cautious about the four stages through which the recommendation would have a community organization evolve into a self-sustaining CED operation. This framework must not be rigid, nor tied to a specific timetable, given the “organic nature” of CED programs. That organizations should eventually become self-sufficient was itself an assumption subject to question.

Finally, concern was voiced about the implementation of such a program. How well it could be administered by the many usual funding sources? Who would make the decisions? How would organizations be evaluated? As simple as it appeared, Recommendation 1 was loaded.

RECOMMENDATIONS 2 & 3

Recommendations 2 and 3 both take up issues related to labour force development policy, and for good reason. The single draft policy recommendation that was considered at the regional forums did not do justice to a sector in which so many forum participants had experience and expertise. Eric Leviten of the Caledon Institute, one of three panellists to introduce Recommendation 2 (see sidebar, page 27), explained its context in greater detail.



(background, left to right) Derek Pachal, Michelle Turner

In its comprehensive and holistic approach, Leviten argued, CED offers an antidote to grave problems in current employment policies. On the one hand, these policies pick and choose one needy population over another; on the other, they do not take a holistic approach even to members of selected “target groups.” The 1990s saw the exclusion of many categories of people once eligible for employment services. Also, funding was severely reduced for building both employment skills and the organizations that helped those in need of employment services.

Some otherwise intelligent policies were marred by failures in design, in Leviten’s view. For example, an emphasis on active employment (instead of mere income assistance) stressed primarily speedy transition of clients to the workforce. But quickly prepared for jobs that paid little and offered little chance of advancement, clients merely joined the working poor and, even then, might not be able to stay on the job long. Employment agencies, for their part, naturally preferred to get the required fast results by serving only the most promising clients among those eligible.

Économie communautaire de Francheville, a CDC in Trois-Rivières, has taken up the challenge of working with those overlooked by current policies. With the highest unemployment rate in the country, Trois-Rivières had a host of people who were ineligible for conventional help. Panellist Caroline Lachance reported how the CDC committed itself to long-term relationships with clients and to multiple services. She felt Recommendation 2 was on target for assisting clients who are currently hard to serve.

To Donny Fairfax, the ‘labour force development issue’ confronted by clients of the African-Canadian Employment Clinic in Halifax was nothing less than systematic racism.



Tightened employment insurance regulations and reductions in training dollars available from Human Resources Development Canada have made the situation worse. A 42% unemployment rate now prevails in black communities – rising to as high as 75% in some places. The CED approach into which these communities are now moving will make their battle against unemployment more integrated and co-ordinated.

Eunice Grayson, executive director of the Learning Enrichment Foundation (LEF), was the first panellist to speak to Recommendation 3 (see sidebar, page 28). She had some choice words to describe what it takes to make partnership with government work in her sector. “Strenuous creativity,” she says, makes the difference between serving all those in need of employment services in LEF’s part of Toronto, or only those whom the government is prepared to recognize. Grayson argued that Recommendations 2 and 3 would enable her to put LEF’s energy to better use.

Les Routledge of Westarc, a consulting group in Brandon University’s Rural Program, specified some of the attributes of a true “partnership” between government and practitioners in labour force development. First, CED groups would not be considered mere delivery agents of government programs. The local program would be accountable to the community, not to government staff members, and could include actions to prevent joblessness as well as services for those already unemployed. If asked for their insights into program design, these local technicians could expect a fee for service, like any other consultant. Second, funders would get beyond pilot projects. They would be ready to restructure their programs in a timely fashion, particularly in response to the proposals of community groups. Finally, an educational exchange between community and government funders would serve to build trust between the two, not simply to familiarize each with the other’s work.

Paul Cabaj, a staff member of the Social Planning Council for North Okanagan (B.C.), also stressed the complexity of any partnership plans. Full partnership with local groups could only occur if they had alternate

AN INTEGRATED & INCLUSIVE SYSTEM TO BUILD SKILLS (HUMAN CAPITAL)

Recommendation 2: Adopt a federal-provincial goal of building a well-integrated labour force development system to meet the needs of all Canadians, not just selected target groups. To this end, broaden the eligibility criteria for employment programs, institute programs to meet the needs of recent immigrants and to underwrite services for job retention and advancement for all program clients, create ‘labour force transition funds’ with business and community groups to provide necessary supportive services (such as daycare), design a more co-ordinated and graduated process for reducing benefits during the move from welfare to work, foster community-business collaboration for training to fill ready jobs, and fully co-ordinate employment programs throughout the three levels of government.

Low levels of vocational and other skills both characterize and handicap the declining community. These skills have long been targets of government and other programs, but to only marginal effect. CED dictates that a holistic and comprehensive system of development is the only truly effective way to deal with the multiple problems of building human capital, building employability, and building local leadership.

Current labour force development policy is fundamentally askew because it fails to help the whole person and the whole community to achieve the highest and most productive status possible. Instead, needful “target populations” are selected and even then only some of their needs are attended. A meaningful and effective policy must include everyone who needs help in realizing their potential as productive citizens.

Moreover, helping people to move into productive employment is not a single step nor does it end with job placement. The process must include measures to maintain job performance and to help people move to higher levels of performance, skill, and job attainment. This is especially true as people try to move from dependence on social assistance to self-reliance in the working world. And governments at all levels must coordinate their programs so that local energy receives a clear mandate.

LOCAL ORGANIZATIONS AS PARTNERS IN THE SKILL-BUILDING SYSTEM

Recommendation 3: Recognise CED organisations as full partners in the labour force development system, by using multi-year funding; by entering into regular dialogue with them for designing employment strategies geared to local conditions; by adopting a framework of performance-based partnerships that use qualitative as well as quantitative measures adapted to local variations in programs and program goals; and by establishing an educational exchange program for government officials and CED practitioners.

CED organizations have valuable insights into the job opportunities of the local economy and the assistance people need to build marketable skills. Yet national and provincial policies currently seem to be based on an entirely different assumption: that outsiders know best how to select and design programs; all they need are local delivery agents.

A truly effective policy will recognize that the local groups must be full partners in the process of design and evolution of any skills program. Instead of the uncertainty of annual financial application, they must be assured multiyear funding to support long-term planning and program building. Renewed support must be based upon a performance assessment that recognizes the nuances of quality and of multiple positive outcomes. Such an assessment will accommodate local variations and local definitions of what is to be achieved.

Finally, if governments are to administer policies properly and practitioners are to understand the imperatives in government activities, they must find a way to walk in

each other's shoes. Educational exchange programs will facilitate common understandings and build skills on both sides.



(left) Carol Rock, Eunice Grayson

sources of funding, which, he said, is one reason why Recommendation 5 (see sidebar, p. 30) is so essential. A devolution of greater decision-making power from federal agencies to their local branches would also be useful, since these offices have better insight into discontinuities between national programs and local problems and needs.

Almost without exception, delegates expressed strong support for the intentions of Recommendations 2 and 3. Delegates welcomed the stress on universal eligibility, on access to assistance for special needs groups (such as new immigrants, persons with disabilities, long-term unemployed), and on mutually-defined performance criteria.

In question was the adequacy of the means that the recommendations described. The fund for transitional supports cited in Recommendation 2, for example, might not get as close to the root of the problem as would corrections to government implementation of programs. It was also noted that any "co-ordination of programs at all government levels" must include aboriginal governments as well as municipalities and the provincial and federal levels.

Likewise, with regard to Recommendation 3, delegates agreed that policies would not change until practitioners themselves took a hand in educating policy-makers. But would personnel exchanges do the job? Was it at all realistic to imagine a practitioner leaving his/her portfolio in the hands of an outsider for an extended period? One table recommended "job shadowing" instead of exchanges. Other speakers confirmed that such exchanges were possible, however. The Canadian Environmental Network, which has successfully traded back and forth with government personnel - on the government's tab - may be a model to consider.

There was also a criticism of the limits of the scope of Recommendation 3. It would have practitioners acquiesce in government domination of the issues, when true partners would challenge government to consider creative and effective alternatives in employment policy.

Some of the most pointed criticism was reserved for the terminology of these recommendations and its subtext. Speakers urged listeners to reject the language and thinking of “labour force development” that would cast people as “factors of production.” Our focus must not wander from the development of people, and from creating long-term, life-enhancing work that gets people over the poverty line. One delegate voiced a proposal not in the recommendations: allowing people in some circumstances to combine their employment income and some social assistance income over long periods of time so as to assure adequate total income.

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RECOMMENDATION 4

It was the educational aspects of Recommendation 4 (see sidebar) that the first two panellists stressed. Robert Annis of Brandon University held the significance of volunteer training uppermost. Canadian volunteers are estimated to perform the equivalent of 578,000 full-time jobs. As much as 20% of those efforts may involve work relevant to CED. Were we to attach the same importance to training “our” volunteers as do the credit unions and Community Futures organizations, Annis calculated a boost in the nationwide impact of CED equivalent to another 10,000 jobs. He also recommended that CCEDNet convene a forum of all Canadian universities and colleges that offer CED courses. This gathering would aim to ensure that post-secondary curriculum is relevant and effective, and that practitioners were involved in the design and delivery.

The next speaker was Mike Driscoll, a student in Concordia University’s new CED diploma program. (The entire first class has jointly taken out a CCEDNet membership.) He spoke about our need to familiarize a greater range of people with CED principles and practice. Apart from such kindred spirits as interest groups involved in social justice, he stressed the importance of reaching out to the business sector itself.

Flo Frank, chair of CCEDNet’s Technical Assistance Committee, explained how Recommendation 4 was all about professional development. Illustrating her points with a selection of cartoons on the overhead projector, she emphasized the importance of each of the recommendation’s elements. As a human resource development specialist, Frank felt that there was a serious and urgent need for leadership training, especially among board members. “But don’t forget,” she cautioned, “a community guy built the Ark; the ones who built the Titanic were professionals.”

Recommendation 4 seemed to win unanimous approval. Delegates strongly favoured the measures proposed for improving CED professional development, because they were both interconnected and mutually supportive.

SELF-DEVELOPMENT FOR CED

Recommendation 4: Establish a new initiative that will strengthen the technical and leadership resources for CED. To this end, fund leadership development activities to increase skills in local CED volunteers working in economically challenged communities; translations of curricula and technical publications, etc.; scholarships and internships, especially for younger practitioners; research and technical assistance activities; and, most particularly, regional and national conferences of CED practitioners for crucial formal and informal knowledge exchange.

CED is still in its earliest stages. Our competence cannot be taken for granted; we need to improve our skills systematically. This is true for those who volunteer as CED board members or who voluntarily provide other services such as the thoughtful examination of proposed projects. It is also true for paid staff.

Of first importance therefore are training activities to raise the capacity of all those working in the field. To back this up, specialized research and technical assistance is needed for training designs and for examining CED techniques. A policy to support self-development for volunteers and practitioners will include funding for these activities and many others, particularly workshops and forums that allow people to exchange what they have learned and what can be adapted for use by others.

EQUITY CAPITAL

RECOMMENDATION 5: Upon the necessary policy research, looking especially at the Nova Scotia and New Hampshire models, institute a new tax incentive program that will encourage individual and/or private sector provision of equity capital to CED projects.

To engage in a comprehensive strategy of local empowerment and revitalization requires long-term investments in productive pieces of the local economy: in new or expanded businesses, commercial property development, or affordable housing. All of these require some form of equity right from the beginning of the project; that is, money put at risk to get the project off the ground. Apart from land, buildings, and equipment this can include money to pay for such things as researching the investment idea, title searches, or lawyers' negotiations.

Rarely can these up-front costs be financed through borrowing. Later stages will also require money up front that is not available from lending institutions.

Equity capital, then, is not just an ownership interest. It is often an essential preliminary to being able to borrow. Where are CED organizations to garner that resource? Some ingenious models have been created to use a tax incentive to lever equity capital for CED. We need to study those models to see if and how such an instrument can be used in Canada.

Different stages of organizational and professional development would of course necessitate different training formats. Video-conferencing and the Internet could overcome many of the barriers of geography, but an itinerant team of our own CED specialists would be worth considering. A number of speakers urged that information-sharing techniques and training had to be made both affordable and truly accessible to a broad range of participants who might otherwise be left out: youth, women, members of racial and ethnic groups, and other marginal populations. As one speaker emphasized, we need to learn from each other. The recommendation's reference to volunteers (the draft policy recommendation had mentioned only practitioners) also drew solid support. Training is one way that volunteers will swell the ranks of practitioners.

Lastly, the professional standards that delegates wanted to see built into training programs should not be confused with some sort of accreditation, for which there was no support.

RECOMMENDATION 5

No recommendation aroused more confusion at the regional forums. The concern and the need for more information also became apparent at the national conference. Kevin Edwards, executive director of COIN (Peterborough, ON) and panel moderator, explained how this recommendation (see sidebar) spoke to the essential issue of creating an ownership interest. Without equity dollars, he said, it is difficult for a CED organization to sit at the table as an equal in the business world.

The first panellist, Michel Auger of the Fédération québécoise des coopératives de travail, described a model of equity finance that Québec has used with some success. The Cooperative Investment Plan offers tax credits to members of worker cooperatives that invest in their co-op, in order to stimulate investment and address problems of undercapitalization in the co-op sector. Under this plan, 100% of a member's investment in her or his co-op is tax deductible. If the co-op has less than \$25 million in assets, an additional 25% can be deducted. Finally, if the co-op offers a worker investment program, yet another 25% tax break kicks in. There is, however, an allowable investment limit of 10% of the member's annual income. From \$2 million in investment in 1985, the co-operative investment program has grown to \$75 million in investment today.

However, there is an underside to this story. The incentives tend to make the co-op worker more interested in his investments than in his work. He is no longer a worker-owner but an owner-worker, governed by capital interests. Moreover, technicalities in Québec tax law tend to make much of these incentives less valuable, indeed seem to mislead people into thinking they have a chance for more than they do.

So it is important to discover exactly how any tax incentive will operate within the tax system and how it will affect the CED enterprise. From this experience, Auger



raised doubts about Recommendation 5. Tax incentives are fine, he said, but look at what they may do to your fundamental aims.

Dianne Fitzgerald, president of the Atlantic Cooperative CED Institute, described the Nova Scotia CED tax incentive model. To set the context, she pointedly asked whether CED groups had the capacity to attract either credit or equity. Some say that the dollars would come to us if we were able to shape projects appropriately. But a gap between CED and finance institutions is due to the nature of CED ventures: to the risks involved in lending to low-income clients; to the high transaction cost of small loans; and to a simple lack of equity, without which there can be no credit. The latter point seems the most difficult of all.

In this situation Nova Scotia's CED Investment Funds were created to offer equity for community-based enterprise. Individual investors in these local finance groups – given some very specific criteria – can qualify for provincial tax incentives. With the law in effect for about three years, they have raised \$4 million from citizens for re-investment in local enterprise. (Fitzgerald noted that the legislation needed to be amended to allow corporations to participate as well as individuals.)

Stewart Perry, an associate of the Centre for Community Enterprise (B.C.) and a resident of Massachusetts, described a third model, New Hampshire's tax incentives. In this era of shrinking government programs, he noted, tax incentives are a simpler way to access funds. They do not require dealing with government program administrators, nor vulnerable annual appropriations and budgets. He drew the distinction between two types of tax incentives, the income deduction and the tax credit. Charitable donations to CED reduce the donor's taxable income by the amount of a donation (or some portion of it). A tax credit in return for a donation to a CED project, however, would come right off the donor's tax payment. The latter is the format of the New Hampshire model.

The model seems to answer the fears expressed by Auger, Perry suggested, because the tax credit is administered by an independent board that includes representatives of community groups. Moreover, to be eligible for tax incentive benefits, a project must be designed by the community group that is to receive - and thereafter own - the corporate donations. (Unlike Nova Scotia's model, the New Hampshire tax credit permits corporations, but not individuals to contribute.)

Recommendation 5 received substantial, if qualified support. One table group observed that practitioners must become better informed about the functional differences between credit and equity. The design of equity investment projects would require in-house expertise that few CEDOs can afford. Might CCEDNet organize an "investment SWAT team" for local groups to call upon as needed? If so, former CIDA workers were among the likely people to hire to serve on such a team, being sympathetic to CED and well-versed in overseas community development finance.

The matter of contribution eligibility also received closer attention. Local initiatives must be sure to attract community-wide investment - not just from corporations, but even from residents without many dollars to offer. Could a tax incentive be designed that would enable low-income residents (i.e., with no tax payable) to make a contribution and realize a "tax refund"? At least one participant was adamant that corporations should not be eligible to participate at all. They do not contribute enough to the public purse already - why should they get an opportunity to reduce their taxes still further?

Two commentators expressed high enthusiasm for the tax credit approach. Conventional financial institutions "would love it," said one, because the presence



(above) Dianne Fitzgerald

(middle) Kevin Edwards

(below) Nuzhath Leedham



"We must make sure we are not replicating the existing system, reincarnating the same processes or thinking. Implementation must not become the 'dumbing down' of vision."

Nuzhath Leedham



POLICY THAT LIBERATES



Like a good Cape Bretoner, he started with some funny stories. No, not just funny – outlandishly funny. So funny the tears ran down your cheeks (unless, like one unaccustomed listener, you took his slow, deadpan delivery to be a sign of too much drink).

That was just the set up, of course. With the attention of his audience secure – after dinner on a Friday night at that – Rankin MacSween of New Dawn Enterprises (see photo) turned deadly sober.

He had felt, he said, that his keynote address ought to say something profound about policy, since that was what the conference was all about. Yet while preparing his speech, nothing had come to mind.

Why? Associated with the word “policy” he felt a whole array of very strong emotions, reflections from the punishment inflicted on his community by misbegotten government policies over the past two hundred years. He recounted them for us, saying that “policies” seem to be “a web to entangle the weak but not restrict the strong” and that Cape Breton has been denuded and its economy left in shambles today: “The private sector has written it off, the federal government is leaving town, and the province is broke.”

“What are we to do?” he asked, for all of those struggling to help declining communities. “If it is looked at rationally, one has to despair. But what the hell is so great about a rational analysis?” Where would that leave poetry, music, the infinite possibilities of the human imagination? “And most importantly, if we are just going to do a rational analysis, how do we factor in compassion for the unemployed, the displaced, the marginalized, the poor?”

“So what are we to do?” He agreed with what people had been saying earlier that day at the conference. Education is key. But that education has to be special; it must offer clues as to why the world is organized the way it is, to leave aside the poor and the marginalized. That sort of “education of the heart” is triggered by crisis and brings to the fore a leadership that has learned from the crisis. “CED depends upon that education ... but what is also needed is a mentor ... who models a new way of seeing.”

“The final piece of the process is ... doing it together,” said MacSween. “In the modern world, despite the myth of rugged individualism, no one does anything of significance alone.” The delegates were people who had had that education of the heart and were now mentoring each other as well as those they served back home. In a national network,

“if we are going to create policies that are not going to be restrictive, that will enable poor marginalized people and poor depleted communities to be liberated and vital, you understand we have to come together and learn how to work together...to undertake this incredibly important piece of work.... I do not think it’s going to happen tomorrow, but I think we are on the verge of a very important possibility.”

of equity is key to leveraging credit, and providing credit is their main business. A second noted that, as distinct from any specific government program, a tax incentive mechanism involves many different sectors and people. Once enacted, it would likely have wider political support. Other comments included ideas for alternative ways to assemble equity dollars. Companies that exploit natural resources could contribute to a “community reinvestment fund,” for example.

Their optimism notwithstanding, delegates recognized that the tax incentive mechanism is very new to people. We need to start preparing bankers, politicians, labour-sponsored funds, and other players for it. In addition, we must recognize that there are other alternative and supplementary measures, including community reinvestment by banks and corporations operating in the community.

A CED FOUNDATION?

As the conference drew towards its close on Saturday afternoon, two major topics remained on the agenda: the wisdom of creating a “CED foundation” and the next steps that CCEDNet should undertake.

On Friday morning, Christian Fortin, a policy analyst in Canada Economic Development for Québec Regions (the federal government’s regional economic development agency for Québec), had expressed two major reservations with regard to Recommendation 1. First, government departments do not issue grants for general aims (like building the strength of local organizations in CED); but to serve specific goals that relate closely to departmental interests. To succeed, that recommendation would require the formation of a special department. Second, it would take time to establish such an agency – and, even so, government agencies are notoriously short-lived.

Fortin’s alternative intrigued many participants: a foundation that would funnel financing from an assortment of depart-

ments to CED groups nationwide. The Heritage Canada Foundation, he recalled, did something similar to promote “Main Street” conservation and renewal throughout the country. A foundation in Québec now continues that work with money from a variety of provincial and municipal sources.

A “sessional committee” was struck to flesh out some of the issues inherent in the concept. After meeting the following morning, the committee made a short presentation to the plenary on Saturday afternoon.

The committee envisioned a foundation that would consolidate all CED financing, including technical assistance and the various stages of capacity-building. A prime benefit of this model is that the foundation could receive funds from many government departments without any need for clumsy interdepartmental coordination. The private sector could also contribute. The government might fund the planning of the organization, a process that should especially examine how governments could participate. The board could include representatives from government, private business, and labour unions, but should primarily involve representatives from the CED field. Terms of the various programs could be tailored to the requirements of different provinces.

Delegates responded to this report with both support and concern. Why centralize things, when we needed to devolve more authority to communities? Would government see such a foundation as a way to escape additional responsibilities? What role could churches play in this financing structure, given the impact they are presently having on CED in the United States? Another speaker pointed out that this mechanism, while an effective way to support CED groups, would do nothing to help finance local projects. The foundation was no substitute for Recommendation 5 (tax incentives).

Although one delegate urged CCEDNet to move forward immediately with the foundation idea, another warned of the need to build it through partnerships. “We need to be sure that we are not seen as competitors to such groups as CFDCs and the aboriginal organizations,” observed Victor Cumming, a consultant from Vernon, B.C.

Another way to finance a foundation is a payroll tax, like that used in Québec to fund a non-governmental entity that offers labour force training. Catherine Reid indicated that the Community Economic Development Technical Assistance Program (CEDTAP) had been considering such a mechanism and would like to pursue the option further with CCEDNet’s assistance.

THE WAY FORWARD

Where to go from here? On several occasions in the course of the forum, people had recommended to CCEDNet a task or investment to consider. Lynn Toupin, executive director of the Canadian Cooperative Association, in her luncheon address just before this session, suggested, for example, that participants (and CCEDNet itself) should take the opportunity of responding to the government's Voluntary Sector Initiative in order to have a policy development impact. She noted that a current draft framework of a federal “Accord” with voluntary groups could make a difference in the behaviour of the federal government towards all groups that depended upon volunteerism.

In his introduction to the conference’s final panel, Mike Lewis reminded the participants that CCEDNet has in fact

“I am extremely impressed by CCEDNet’s ability to listen & take comments to heart”

Debra Chaba (Edmonton Community Loan)

EVALUATING THE NATIONAL POLICY FORUM

A formal evaluation survey was distributed to the 165 registered conference participants. Of those, 87 (53%) were returned. Respondents were overwhelmingly positive, 54% judging the conference excellent and another 45% finding it satisfactory. One respondent rated it unsatisfactory.

Looking at individual aspects of the conference, respondents gave the highest ratings to the “level of participation” (62% considered it excellent). A similar percentage rated the event’s “logistical organization” high. When “excellent” and “satisfactory” ratings are combined, the evaluation results indicated that over 90% of delegates came away satisfied with all aspects of the conference from background papers to the hotel.

Most appreciated were the opportunities to network, to meet people, and generally to share information. Rankin MacSween, Nancy Neamtan, and the other keynote speakers were particularly appreciated. Criticisms focussed on the conference workload, the shortness of time, and the need for more representation from women, youth, and people of colour.



“We need also to speak to the spirit of this conference ... energy, excitement, good will, & possibility. It has provided us with the opportunity to dream ... to talk about how we would structure the world as if we had the power to make it happen.” Garry Loewen



very limited resources for moving an agenda forward. Any progress will depend upon collaboration and integration of efforts with member organizations and others. As an illustration, three panellists talked about how they could work with and use “the CCEDNet advantage” to approach particular policy problems.

Peter Frampton (LEF) spoke of the Ontario welfare to work program, downloaded onto municipalities who would subcontract to community groups. In effect, the program only budgets \$600 per client for the work. How can LEF use CCEDNet to do something about this? They hope to bring together key players in the province with some CCEDNet members to figure out the best way to do the job, making real the substance of Recommendations 2 and 3 in a way that is relevant to other provinces.

Ambrose Raftis (Deep Water Development Corporation, Charlton) explained that their declining rural setting is stuck in old ways. People like him and his colleagues do not have sufficient credibility to chart a new path. They need outside resources to orient local and regional leaders and politicians to the new hope of CED. For this purpose, they would like to plan a regional conference that would feature CCEDNet resource people who could explain the ideas and mechanisms used with such success in other localities.

Shauna MacKinnon of the Manitoba Cabinet Committee on Community and Economic Development, spoke of the repercussions in government from the CCEDNet policy draft and the work of CCEDNet people in Winnipeg. The government has now established an interdepartmental CED process and has already provided 5-year core funding to five groups, with more to come. She could not emphasize too much the significance of CCEDNet’s policy work, MacKinnon stressed. She urged people to find their friends in provincial governments and then push for CED needs, for CED is not limited to any single political or ideological perspective.

Progress has also been made in Saskatchewan and B.C., Lewis reported. The strategy, he pointed out, is to use what is happening in one province to lever change in another. One delegate noted that the government of Alberta is funding further examination of a tax credit for CED equity donations

much like Recommendation 5. Such provincial programs could be a way to link into a federal tax credit.

In keeping with the rest of the conference, closure was thus achieved with emphasis on what “we” must next do. Ownership of the results and responsibility for action were not lost in references to “you” or “they.” The purpose and capacity of CCEDNet was kept in perspective. It is an organizational tool, whose utility the members must determine and enhance.

In a presentation just prior to the final panel, Garry Loewen, speaking on behalf of CCEDNet’s board, summarized and expressed appreciation for the delegates’ feedback on each of the five policy recommendations. It was evident that there had been some well-based divergent opinions on a range of details in the recommendations, but it was also clear that the assembly had expressed a broad consensus of approval of the general direction they took. He concluded:

“That is what we have heard. But it is probably not enough just to respond to the specifics about the recommendations. Something else has happened at this conference. We need also to speak to the spirit of what has been happening here ... energy, excitement, good will, and possibility. It has provided us with the opportunity to dream. It has provided us with the opportunity to talk about how we would structure the world, to talk about it as if we had the power, the ability to make it happen. That creates the energy. And so we have to be grateful that that spirit has imbued this gathering. It creates the possibility of us actually moving forward with it all.”

This report was prepared by STEWART PERRY, an associate of the Centre for Community Enterprise (CCE), and DON MCNAIR, a CCE staff member and managing editor of *Making Waves*. For photography, we appreciated assistance from LYNNE MARKELL, and extend particular thanks to JOHN MCINNES for the following images: pp. 23 (first and second from left, right), 27 (middle), 28 (right), 30 (left), 31 (middle), 32.

“Investing in Our Communities,” the background paper forwarded to all conference delegates explains the reasoning and context for all five policy recommendations in much greater detail. It is available from www.canadiancednetwork.org, as are background papers on the individual recommendations.