

Community Economic Development Opportunities in Alberta

Building a diversified and inclusive local economy

Summary

The Government of Alberta is committed to investing in job creation, economic diversification, renewable energy, and being the best place to start and grow a small business. The innovative tools of community economic development (CED) can amplify these economic initiatives by enabling the creation of more social and co-operative enterprises, providing jobs for disadvantaged Albertans, and advancing community-owned renewable energy. The following three strategies can most benefit Albertans given the current economic challenges and opportunities in Alberta:

Strategy	Recommendation	Rationale
Supporting the development of locally-owned business, social enterprises, and co-operatives.	Investing in a Community and Co-op Business Secretariat, supported by the Ministry of Economic Development, and hosted at a community based agency. A focus on technical support and connecting businesses to capital and resources.	Social enterprises and cooperatives are unique forms of business that elevate social returns to communities. They are more likely to be member or worker-owned, employ disadvantaged Albertans, pay living wages, protect the environment, create sustainable jobs, and invest in community. ¹
Supporting the creation of community-owned renewable energy projects.	Providing technical, regulatory, and financial support to community-owned start-ups and projects focused on renewable energy development.	Renewable energy projects will contribute to economic diversification, green job creation, a reduction of greenhouse gas emissions, strengthening of local ownership, and the creation of economic development opportunities in rural regions.
Enabling and promoting local investing opportunities.	Creating a market exemption for everyday Albertans (unaccredited investors) to invest in local businesses, social enterprises and co-operatives, and ensuring they benefit from the Alberta Investor Tax Credit.	Local investment opportunities will mobilize local capital, ensure access to capital for social enterprises and co-operatives, provide local investment opportunities to everyday Albertans, and support the growth of local business and job creation.

The Canadian Community Economic Development Network (CCEDNet) and Alberta CED stakeholders are committed to working with the provincial government and sector colleagues to advance these key community economic development initiatives in Alberta, building on proven practices from across Canada and the world.

¹ Objectives of social enterprises (Government of Manitoba) http://www.gov.mb.ca/jec/social_enterprise/

Who are we?

CCEDNet is a national association of several hundred organizations, municipalities, and individuals throughout Canada committed to strengthening communities by creating economic opportunities that enhance social and environmental conditions. Alberta organizations involved in CED include, though are not limited to, Momentum, Thrive, Edmonton Community Foundation, Canadian Worker Co-op Federation, Alberta Community & Coop Association, the Social Enterprise Fund, Edmonton Mennonite Centre for Newcomers, REAP Business Association, Peace Region Economic Development Alliance, and Hillhurst Sunnyside Community Association.

Purpose

The purpose of this brief is to introduce our partners in government to CED, particularly three important strategies, and to demonstrate how these approaches can accelerate and strengthen the provincial strategy for economic development and diversification. We ask that the Government of Alberta invest in the three strategies proposed in this brief.

What is CED?

CED utilizes the economy and marketplace in innovative ways to improve social conditions and maximize benefits to community. It assists businesses to grow and residents to increase their income. CED appeals to Alberta's entrepreneurial spirit, and builds the social, economic, environmental, and cultural well-being of communities.² CED includes a variety of activities, such as community-based business development, local investing, and employment training for vulnerable people. By tapping into the leadership and ingenuity of community members, CED creates opportunities that become pathways to resiliency and renewal, despite what is happening in the global economy.

Why do CED?

Traditional economic development typically focuses on attracting large scale, non-local investment and business to stimulate economic growth. However, this traditional economic activity is unsustainable and often inaccessible to marginalized populations. In fact, during one of Calgary's greatest economic booms, the number of people living in poverty actually increased.³ CED can be complementary to traditional economic development strategies, as captured in the Economic Development Strategy for Calgary.⁴

CED is shown to benefit all community members, but particularly individuals who have been economically marginalized.⁵ CED supports strategies to address an ageing society, youth out-migration from rural areas, and the economic inclusion of indigenous peoples, peoples with disabilities and newcomers. CED strategies emphasize local ownership that results in profits staying in the local community. Money spent on CED initiatives can generate greater economic, social and environmental returns than traditional economic approaches alone, including increasing the tax base and reducing social program costs.⁶

Take for example small business development. Small scale start-ups tend to create the most jobs and lead to greater job sustainability.⁷ CED typically supports small businesses and entrepreneurs through micro-loans, training, and mentoring, with a particular emphasis on working with individuals who may face barriers to employment. This approach can bring about positive community change by reducing social spending, creating jobs, generating tax revenue, producing local goods and services, and creating a significant and lasting impact in the lives of individuals.⁸ For example, an independent analysis revealed that for every provincial government dollar invested in Momentum's Self Employment Program over \$7 is returned to the community.⁹

2 The Canadian CED Network. *What is CED?* http://www.ccednet-rcdec.ca/en/what_is_ced

3 Huffington Post (2001). *Income Inequality and Cities: Calgary's Two Faces Show Pitfalls Of Unbridled Growth* http://www.huffingtonpost.ca/2011/12/05/income-inequality-calgary-pitfalls-growth_n_1128260.html

4 <http://www.calgaryeconomicdevelopment.com/research-and-reports/resource-library-2/resource-library/?q=strategy&sort=Title%20ASC>

5 CED Evaluation and Return on Investment. <https://ccednet-rcdec.ca/en/evaluation-SROI>

6 CCEDNet 2015 National Policy Priorities. https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/pdfs/policy_flyer_en_online-20150724.pdf

7 Kauffman Foundation (2010). *Job Growth in U.S. Driven Entirely by Startups*. <http://www.kauffman.org/newsroom/u-s-job-growth-driven-entirely-by-startups.aspx>

8 Two community studies on the impact of local entrepreneurship can be found here:

- PARO Centre for Women's Enterprise Measuring Social Impact. Retrieved June, 2012 from http://www.paro.ca/resources/Research/paro_measuring_social_impact_aug_07.pdf
- Momentum Social Return On Investment Case Study: Women's Venture Program. Retrieved May, 2012 from http://www.momentum.org/sites/default/files/Publications/WVP_SROI_FINAL.pdf

9 Business Training: A great return on investment <http://www.momentum.org/files/Publications/Business-Training-A-Great-Return-on-Investment.pdf>

How to do CED?

We ask that the provincial government invest in the following three CED tools to further enhance the provincial priorities of economic development and diversification.

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Community and Co-op Businesses

Advancing locally-owned business, social enterprises, and co-operatives

Recommendation:

Investing in the creation of a Community and Co-op Business Secretariat to support the development of locally-owned small businesses, social enterprises, and co-operatives. This role could be funded by the Ministry of Economic Development and Trade, and hosted at a community-based agency. The focus of this position is on technical support and financing.

Community businesses operated by non-profits, co-operatives, and micro-enterprises that are dedicated to supporting disadvantaged individuals play an important role in wealth creation and in responding to the needs of rural and urban communities. They are also more robust; for example, co-ops have nearly double the survival rates of traditional SMEs.¹⁰ Community-based businesses, social enterprises, and co-operatives create more jobs for Albertans struggling to connect to the labour market. Living wage jobs. Jobs that protect the environment.

Co-operatives are enterprises owned and democratically controlled by members, who can be consumers, workers, farmers, and other stakeholders. They operate on the basis of internationally established co-operative principles,¹¹ and have unique benefits including greater survival rates, and a focus on meeting the needs of people over capital. Co-operatives can also act as “schools of democracy,” helping people to learn how to participate effectively

in their enterprises in a way that can be applied in other aspects of their democratic and citizen life.

In its research, the Canadian Worker Co-operative Federation (CWCF) records and explains the factors that contribute to a large and dynamic worker co-operative sector.¹² The recommendations presented in CWCF's report merit consideration by the Government of Alberta, particularly the suggestions regarding technical assistance in the start-up or conversion phase and sources of capital that understand the unique financial needs of co-operatives. One worker co-operative that could benefit from government assistance is the Grain Exchange, which represents the first replication outside the San Francisco Bay Area of a highly successful worker co-op. The worker co-op is founded on a model similar to that of a franchise, and has a goal of creating living wage jobs in the food industry, which does not often pay such wages to its employees.

¹⁰ https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/pdfs/11-BALTA_A11_Report_-_Alberta_Co-op_Survival.pdf ; https://ccednet-rcdec.ca/en/evaluation-SROI#Survival_coops_QC ; https://ccednet-rcdec.ca/en/evaluation-SROI#Co-op_Survival_BChttp://www.ontario.coop/all_about_cooperatives/what_is_a_coop/why_do_coops_work

¹¹ Statement of the Co-operative Identity, International Co-operative Alliance, <http://canadianworker.coop/about/statement-of-co-operative-identity/>

¹² The Worker Co-operative Movements in Italy, Mondragon and France: Context, Success Factors and Lessons, By CWCF, (2010), <http://canadianworker.coop/the-worker-co-operative-movements-in-italy-mondragon-and-france-context-success-factors-and-lessons/>

Social enterprises¹³ — often non-profits that operate mission-related businesses — have a demonstrated role in creating jobs, providing training, and reducing poverty; particularly for marginalized individuals.¹⁴ The Government of Manitoba has set a target of adding 75,000 new workers to Manitoba's economy by 2020 in collaboration with the social enterprise sector.¹⁵ The Social Enterprise Strategy for Ontario, launched in 2013, is helping grow an innovative, coordinated, and collaborative social enterprise sector. The \$25 million, multi-year strategic plan helps social enterprises start up, connect with investors and create new jobs — jobs that often go to members of disadvantaged communities and groups. Ontario now has almost 10,000 social enterprises employing an estimated 160,000 people. Sixty-eight per cent of social enterprises in Ontario have a poverty reduction focus. One in three social enterprises in Ontario earns revenue over \$1 million annually.¹⁶ Social enterprises can offer innovative ways to address needs that are

too complex and important for the public sector to tackle alone. Numerous social enterprises in Alberta are achieving this today.¹⁷

The Government of Alberta has a key role to play in developing community businesses that are owned locally and committed to social and environmental returns. **The Government can support the development of a Community and Co-operative Business Secretariat, to be hosted in an existing community-based organization that would play a large role in activating greater CED action across the province.** This type of body could help coordinate social enterprise and co-operative development, stimulate an economic sector through technical support, and can significantly contribute to our province's economic stability.

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Community Owned Renewable Energy

Creating jobs through co-operative renewable energy and sharing these assets with more Albertans

Recommendation:

Supporting the creation of community-owned renewable energy projects by providing technical, regulatory and financial support to start-up enterprises and projects.

Alberta enjoys some of Canada's most abundant and reliable renewable energy resources. Shared ownership of these assets means more wealth stays in the province, and that more people benefit from these resources. The province has an opportunity to create energy policy that benefits a broad range of Albertans and shares our natural resource and

renewable resource wealth. Alberta co-operatives and community economic development stakeholders believe substantial economic opportunities can be realized through the development of community and co-operative-led renewable energy projects, particularly in rural areas and in areas that are phasing out coal.

¹³ For a definition of social enterprise, see "Mobilizing Private Capital for Public Good" Report of the Canadian Task Force on Social Enterprise (2010) <https://www.marsdd.com/mars-library/mobilizing-private-capital-public-good-priorities-canada/>

¹⁴ Dr. Peter Hall, Dr. Peter Elson, Dr. Catherine ML Pearl, Dr. Priscilla Wamucii, and Trico Charitable Foundation. (2015, May). Alberta Social Enterprise Sector Survey 2014: A scan of the local social enterprise economy. Calgary: Trico Charitable Foundation. <https://ccednet-rcdec.ca/en/toolbox/alberta-social-enterprise-sector-survey-report-2014>

Nova Scotia Social Enterprise Working Group (2011). Social Enterprise in Nova Scotia- Concepts and Recommendations. What Government Needs to Know about Social Enterprise in Nova Scotia http://commongoodsolutions.ca/wp-content/uploads/2013/09/Conceptual-Framework-for-Social-Enterprise-in-NS_FV1.pdf

Canadian Centre for Community Renewal. The Training Business Challenge: <http://communityrenewal.ca/i4gateway006-challenge>

¹⁵ Manitoba Social Enterprise Strategy. A Strategy for Creating Jobs Through Social Enterprise https://www.gov.mb.ca/housing/pubs/mb_social_enterprise_strategy_2015.pdf

¹⁶ Ontario's Social Enterprise Progress Report 2015 <https://www.ontario.ca/document/making-impact-ontarios-social-enterprise-progress-report>

¹⁷ Case Studies of Social Enterprises in Alberta and British Columbia (November, 2014) <http://www.sess.ca/english/wp-content/uploads/2014/11/ICSEM-Case-Studies-For-SESS.pdf>

Having recognized the benefits of community and co-operative ownership, Germany and Denmark have developed strong directives and incentives for co-operative ownership of renewable energy. These policies have created jobs and economic growth for communities. Both countries enjoy among the highest levels of public support for renewable energy expansion in the world. Alberta has its own historical lesson from which we can draw. When the province first developed its energy infrastructure, the market failed to deliver electricity and natural gas to rural Albertans. The Alberta solution was to develop a network of co-operatively owned rural utilities. Today, it is one of the largest co-operative utility networks of its kind in the world — a network that can play a key role in helping Albertans transition toward a renewable energy future.

Investments in renewable energy can result in job creation, shared energy ownership, and cost savings for consumers and government alike.¹⁸ For example, Green Arrow Renewable Energy Corp is Canada's first Aboriginal Renewable Energy Corporation.¹⁹ Owned by Alberta's Montana First Nation, Green Arrow is dedicated to growing community-based green energy systems at First Nations Communities in Alberta. Green Arrow relies on key partnerships with government, funders, engineers, and solar panel manufacturers, and uses its own team of Aboriginal solar panel installers. Lubicon Solar is another great example. Launched in 2015 by the community of Little Buffalo and located in the heart of Canada's Peace River oil sands, it is a 20.8 kW solar installation that currently powers the First Nation's health centre.²⁰ The Alberta Solar Co-operative is also an example of a new initiative utilizing the ACCA Unleashing Local Capital approach to acquire capital investment. These community-owned projects create new renewable energy jobs, including jobs for under-employed Albertans or those struggling with unemployment due to the economic downturn.

Job creation opportunities exist not only in production, but also in delivery and transmission, installation and maintenance, administration and marketing, and in other green economy businesses such as energy retrofitting. Furthermore, energy efficiency provides important economy-wide benefits in addition to the direct participant savings upon which efficiency programs are often justified. When households realize lower energy bills, there are increases in other forms of spending such as dining out, renovations, travel/tourism, and other. Lower energy bills also reduce the cost of doing business in a region, which contributes to the relative competitiveness of industry and drives additional growth.²¹

The provincial government can play a key role in advancing community-owned renewable energy in Alberta — an initiative that is in direct support of the provincial Climate Leadership Plan.²² **Support for community-owned renewable energy by the provincial government could include technical, regulatory, and financial support to build capacity for new community-owned renewable project development.** Revenue collected through a carbon levy could be used to help organize renewable energy co-operatives and reduce the cost of entry into the energy marketplace. A community/Co-operative Carve Out of as much as 2500 MW could be set aside for the community/co-operative sector to develop and grow, and would allow cooperatives to compete and potentially partner with larger energy players.

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18 Renewable Energy and Jobs. International Renewable Energy Agency <http://www.irena.org/rejobs.pdf>

19 Green Arrow <http://www.mygreenarrow.com/>

20 Lubicon Solar Project <http://www.lubiconsolar.ca/>

21 Energy efficiency: engine of economic growth in Canada. Macroeconomic Modeling & Tax Revenue Impact Assessment. Acadia Centre, March, 2014 http://acadiacenter.org/wp-content/uploads/2014/11/ENEAcadiaCenter_EnergyEfficiencyEngineofEconomicGrowthinCanada_EN_FINAL_2014_1114.pdf

22 Government of Alberta Climate Leadership Plan <http://www.alberta.ca/climate-leadership-plan.cfm>

Local Investment

Keeping more of Albertans money in the province and supporting the creation of local jobs

Recommendation:

Promoting local investing opportunities by creating a market exemption for unaccredited investors to invest, and enabling the Alberta Investor Tax Credit to benefit these investors and businesses.

CED examines the inflows and outflows of community capital, and finds ways to maintain and enhance our local assets and launch or expand small businesses via social finance. For example, Albertans invested over \$5.4 billion in RRSPs last year, sending a great deal of their savings outside of our province, and thus supporting growth and innovation abroad.²³ Community Economic Development Investment Funds (CEDIFs) create an affordable and impactful way for people to invest in their own communities, and for local small business to access capital.

There is precedent for these local investment funds in Nova Scotia, Manitoba, Prince Edward Island and New Brunswick. Nova Scotia led the way in 1999 and as a result has seen the establishment of 48 CEDIFs, the mobilization of 7,500 investors, and a contribution of more than \$56 million in assets.²⁴ This policy initiative can build on the recently announced Alberta Small Business Investor Tax Credit, and would benefit micro-businesses and co-operatives while ensuring that everyday Albertans (non-accredited investors) can participate. The New Brunswick model for promoting local investment builds on their Small Business Investor Tax Credit by allowing community economic development corporations and co-operative associations to participate in the program.²⁵

A provincial CEDIF can complement the work of existing innovative social finance models in Alberta. Examples include the Alberta Community and

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Co-op Association's (ACCA) initiative to Unleash Local Capital through an Opportunity Development Coop;²⁶ the Immigrant Access Fund, which started in Alberta, but is now taking a national focus; Momentum's Micro Business Loans program; the Indian Business Corporation; and the Social Enterprise Fund (SEF). Since its launch in 2008, the SEF has invested more than \$30 million in 40 Alberta non-profits, social enterprises, and social entrepreneurs working to create jobs, improve food security, address environmental and social issues, and build affordable housing.

The newly created Alberta Investor Tax Credit can be maximized when applied to small, locally-owned businesses, social enterprises, and co-operatives.

The Government of Alberta has a role to play in facilitating and promoting local investing in these types of businesses, namely through support for the creation of CED Investment Funds. For more information on this topic, see the forthcoming Momentum policy brief entitled Enabling Local Investing.²⁷

²³ Statistics Canada. Registered Retirement Savings Plans and Contributions. Retrieved October, 2015, from <http://www.statcan.gc.ca/daily-quotidien/150213/t150213b001-eng.htm>

²⁴ Government of Nova Scotia <http://www.gov.ns.ca/econ/CEDIF/>

²⁵ <https://ccednet-rcdec.ca/en/new-in-ced/2016/04/15/new-brunswick-publishes-regulations-creating-ced>

²⁶ <http://acca.coop/unleashing/>

²⁷ Momentum Publications <http://www.momentum.org/publications>

Conclusion

The Government of Alberta is uniquely poised to support CED in our province, which can boost its current economic development strategy at the benefit of all Albertans. To this end, we recommend that the Government of Alberta pursue the following three strategies:

1. Investing in a Community and Co-op Business Secretariat to support local business development, social enterprise, and co-operatives;
2. Supporting the creation of community-owned renewable energy projects by providing technical, regulatory, and financial support; and
3. Promoting local investment opportunities by creating a market exemption and enabling the Alberta Investor Tax Credit to facilitate CED investment, similar to the Nova Scotia and New Brunswick CEDIF models.

The CED examples shared in this brief are only a snapshot of the CED initiatives underway across our province and country. Each of the examples in the brief requires collaboration with the Government of Alberta. For example, regulatory changes are necessary to enable local investing, while preferred procurement policies represent a way of prioritizing CED businesses. The Alberta government can also contribute to the development of CED in our province through changes to funding structures and contracts, and by providing technical and capacity-building support.

There is significant research and evidence that speaks to the effectiveness and impact of CED in building a diversified, sustainable, and inclusive local economy.²⁸ CCEDNET and local CED stakeholders are committed to partnering with the Alberta government and other local partners to collaboratively design and implement CED policy, practice, and programs.

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²⁸ To explore evidence-based CED tools, resources, and research, visit the Canadian CED Network website at <http://www.ccednet-rcdec.ca/en>

This brief is submitted on behalf of:

