



Building a diverse and inclusive local economy

The Government of Alberta has resolved to invest in job creation, economic diversification, renewable energy, small businesses and support for Alberta families. The innovative tools of **community economic development (CED)** can amplify these initiatives through micro lending, social finance, skills training, cooperatives, social enterprise, small business development and other strategies. Momentum is committed to working with the provincial government on strengthening economic development through CED strategies.

Community economic development can accelerate and strengthen the provincial strategy for economic development and diversification, while improving the quality of life for all Albertans.

WHO IS MOMENTUM?

Momentum is a leader in CED in Alberta. Established in 1991, Momentum offers programs in small business development, microloans, employment training, financial literacy and asset building programs. Over 38,000 Albertans have

begun to build a sustainable livelihood through Momentum's programs with a social return on investment of over \$3 for \$1 invested.¹

WHAT IS CED?

CED utilizes the economy and marketplace in innovative ways to improve social conditions. It assists businesses in growing and residents in improving 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:

- Employment skills development, such as trades training,
- Small business development support, such as micro lending,
- Community-based business development, such as social enterprise and cooperatives, and
- Social finance, such as local investment funds.

WHY DO CED?

Traditional economic development focuses on attracting large scale, non-local investment and business to stimulate economic growth. However, this traditional economic activity is 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 is

Momentum's programs offer a

3:1

social return on investment

1. http://www.momentum.org/sites/default/files/Publications/WVP_SROI_FINAL.pdf
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

complementary to traditional economic development strategies, as captured in the Economic Development Strategy for Calgary.⁴

CED strategies emphasize local ownership that results in profits staying in the local community. CED is shown to benefit all community members, but particularly individuals who have been economically marginalized.⁵ Money spent on CED initiatives generates 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: Job creation and job sustainability tend not to come from the largest, well-established companies, but from small scale start-ups.⁷ The first jobs created after the 2008 crisis in the US were almost entirely from the community development sector.⁸ CED supports small businesses and entrepreneurs through microloans, training, coaching and mentoring, with particular emphasis on working with individuals who may face barriers to employment. Small businesses generate positive community impact through employment, taxes, local goods and services, community mindedness, and a significant impact in the lives of individuals and the community.⁹ An independent analysis revealed that for every government dollar invested in Momentum's Self Employment Program over \$7 is returned to the community.¹⁰

WHAT IS THE GOVERNMENT DOING ALREADY?

The Government of Alberta is uniquely poised to support CED in our province and is already doing so in many ways. We applaud the following examples:

- Training for Work programs by Human Services, for Albertans with barriers to employment.¹¹
- Alberta-based Immigrant Access Fund, a micro loans program for skilled immigrants to access the licensing and/or training required to work in their field in Canada.¹²
- The Small Business Strategy that emphasizes stream-lined access to government resources for small business.
- Raising the minimum wage.

HOW MIGHT WE DO MORE CED?

The following examples of CED strategies are complimentary to the provincial strategy for economic development, diversification and job growth. Some have existing precedent and evidence, and others are innovative.

For all of these examples, local experts, businesses and organizations are already mobilizing to do this work. They now require collaboration and support from the government.

CED strategies emphasize
local ownership,
resulting in profits staying in the local economy.

4. <http://www.calgaryeconomicdevelopment.com/economicstrategy/index.html>
5. CED Evaluation and Return on Investment <https://ccednet-rcdec.ca/en/evaluation-SROI>
6. The Canadian CED Network. 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. Local Initiatives Support Corporation <http://www.lisc.org/content/publication/detail/20133>
9. 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
10. Business Training: *A great return on investment* <http://www.momentum.org/files/Publications/Business-Training-A-Great-Return-on-Investment.pdf>
11. Training for Work Program <http://humanservices.alberta.ca/working-in-alberta/3104.html>
12. Immigrant Access Fund Program <http://www.iafcanada.org/>

Increasing access to capital

Community Investment Funds

CED examines the inflows and outflows of community capital; finding ways to maintain and enhance our local assets, and to 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, supporting growth and innovation abroad.¹³ Community Economic Development Investment Funds (CEDIFs) are RRSP-eligible investments that create an affordable and impactful way for local people to invest in their own communities, and for local small business to access capital.

There is precedent for local investment funds from Nova Scotia, Manitoba, Prince Edward Island and now New Brunswick. Nova Scotia led the way in 1999 and has seen 48 CEDIFs established, mobilizing 7,500 investors with total assets at more than \$56M.¹⁴ This idea is replicable in Alberta and there are key experts and community members collaborating on this idea now.

Microlending

Micro loans are extended to individuals who are not able to access traditional banking. They usually consider an individual's credit history, but focus more on character, situation and determination. These loans are typically made for assets that will grow an individual's income as well as establish or repair credit. Organizations such as Momentum and the Immigrant Access Fund are recognized as leaders in micro lending in Canada. Momentum has a 20-year history of lending to people living on low incomes in Calgary. Over those years Momentum has operated four different loan funds and has issued over \$6M to 2,600 loan recipients. The repayment rate on Momentum's small business loans is 90%. The Alberta-based Immigrant Access Fund has made over 1,400 loans in Alberta worth over \$8.5M with a 97% repayment rate. There are opportunities to scale microlending in our province through provincial funding and support.

Mission-based Investing

Foundations, endowments and non-profit organizations in Alberta have millions of dollars in assets directed to traditional investment products. There is an opportunity to invest these funds in social and environmental enterprises right here in Alberta that align with these organizations' missions.¹⁵ The Social Enterprise Fund, created by the City of Edmonton and the Edmonton Community Foundation, has invested over \$25 million in more than forty ventures across Alberta. In addition to funds from the City of Edmonton, the United Way of Edmonton and private individuals, SEF is supported by a commitment from the Edmonton Community to invest 10% of its endowment of \$455m as impact investing capital.

The Alberta Impact Fund

The Alberta Impact Fund is set to launch in 2016 by raising \$25M in capital from impact investors, investing in up to 40 of Alberta's small- and medium-sized businesses. The fund is structured as a traditional venture capital fund but has social and environmental targets built into it, utilizing the B Corp Impact Assessment measurement.

At the outset of the investment, the company will complete an impact assessment. Companies may or may not initially be a leader in social and sustainability practices. Over the course of the investment, the investee companies will undergo rigorous capacity-building activities in the areas of strategic planning, governance and leadership development, growing their skills in positive social and environmental outcomes. Four years later, at the end of the investment, these companies will retake the assessment to quantify their positive impacts. Impacts may include: pay a living wage to staff, hiring people with barriers to employment, investing in continuous learning and professional growth of staff, improved environmental protection, and increased women's representation on boards, among others.¹⁶

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

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

15. http://communityfoundations.ca/wp-content/uploads/2015/08/PROG_Implnv_StateofMission.pdf

16. <http://www.creatingeudaimonia.ca/impact-investing/>

Job creation

Social Enterprise

Social enterprises (non-profits operating mission-related, for-profit businesses) are credited with job creation—particularly for marginalized individuals—and for poverty reduction.¹⁷

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.¹⁸

The Social Enterprise Strategy for Ontario—launched in 2013—is helping grow an innovative, coordinated and collaborative social enterprise sector. The \$25M, multiyear 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 earn revenue over \$1M annually.¹⁹

Social enterprises can offer innovative ways to address needs that are too complex and important for the public sector to tackle alone.

Child Care Co-ops

The provincial priority of improving affordability, quality and access to childcare can stimulate the local economy and create jobs.

Take Manitoba or Quebec for example: in Manitoba, for every \$1 invested in child care in Manitoba, \$1.58 returns to rural and northern economies and \$1.38 returns to the Winnipeg economy.²⁰ By supporting cooperatively-owned and social enterprise childcare

centres in particular, the emphasis will remain on quality, social returns, shared ownership and recirculating wealth in the local economy. The Carberry Child Care Cooperative is one example of numerous child care cooperatives throughout Manitoba, credited with creating jobs and meaningful work experience.²¹

Renewable energy

Investing in and enabling community & smaller scale projects

Investments in renewable energy can result in job creation, shared energy ownership and cost-savings to consumers and government.²² Green Arrow Renewable Energy Corp is Canada's first Aboriginal Renewable Energy Corporation and is owned in Alberta by Montana First Nation. They are dedicated to growing community-based green energy systems in 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. Supporting businesses like Green Arrow through reducing regulatory barriers and providing financing, training, and promotion will help them succeed, provide vital jobs and grow our renewable energy industry.²³

Ontario's Green Energy Act is making it easier for people and organizations to develop renewable energy projects by establishing the Renewable Energy Facilitation Office (REFO)—a one-window access point where individuals, communities and municipalities with projects of all sizes can obtain information, and connect with the appropriate government and agency resources. They have also standardized project requirements, streamlined

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17. 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
 18. 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
 19. Ontario's Social Enterprise Progress Report 2015 <https://dr6j45jk9xcmk.cloudfront.net/documents/4468/making-an-impact-ontarios-social-enterprise.pdf>
 20. Canadian CED Network. *Manitoba Makes Wise Investment in Child Care* <https://ccednet-rcdec.ca/en/blog/2014/02/20/manitoba-makes-wise-investment-child-care>
 21. Carberry Child Care Cooperative Case Study https://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/Profile_-_Carberry_Child_Care_Cox.pdf
 22. Renewable Energy and Jobs. *International Renewable Energy Agency* <http://www.irena.org/rejobs.pdf>
 23. Green Arrow <http://www.mygreenarrow.com/>

approval processes and created a Feed-In-Tariff that guarantees specific rates. Ontario has created more than 20,000 clean energy jobs to date and is on track to create more than 50,000.²⁴

Cooperatives

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.

Spark Energy is an excellent example of locally-owned energy and using CED to diversify our energy and economy.²⁵

Spark is Alberta's first member-owned retail power cooperative focused on green energy. Spark offers competitively priced non-renewable electricity options for consumers, while providing customers with the opportunity to purchase locally-generated green energy offsets from small generators in Alberta. Spark lets customers support renewable energy generators of their choice such as a local wind farm, bio-fuel project, a group of solar/wind micro-generators in their community or a solar installation on a local school.

Economic diversification

Green Trades

Alberta can meet the demand for economic diversification, while increasing employability of vulnerable Albertans, through skills training programs.

Momentum, in partnership with Thrive: Calgary's Community Economic Development Network, received financial support from the previous Alberta Employment and Immigration ministry to conduct a feasibility study of a green collar jobs workforce development initiative for disadvantaged people in Calgary. This research led to the creation of a green carpentry trades training stream at Momentum, specifically for immigrants and Aboriginal persons.

To date, twenty one participants have graduated from the program.

Skills Training

Economic diversification will require developing new skills in Alberta's labour force. Training Albertans for new job opportunities multiplies the economic benefit.

The current economic downturn is somewhat mitigating skills gaps and shortages, but even in the current context Alberta companies are still hiring temporary foreign workers (TFWs) to meet their demand for skilled tradespeople.

Economic development and diversification is only possible with an available workforce with the relevant skills. Alberta can meet the demand for skilled trades people by investing in skills training for unemployed and underemployed Albertans. This can reduce the economic exclusion of Alberta's most vulnerable people by raising incomes, while lowering the costs associated with provincial social programs for underemployed and unemployed Albertans.

The new Canada Alberta Job Grant has not benefitted unemployed Albertans. Over 98% of the Canada Alberta Job Grant funds have been used to support individuals who are already working. The Canada Alberta Job Grant has resulted in shifting access to skills training away from more vulnerable Albertans, including unemployed or underemployed new immigrants and Aboriginal persons, to individuals already working. For example, the Ministry of Human Services Calgary and Area for Integrated Skills Training Request for Proposals went from 300 spots three years ago to 210 spots this year, a decrease of 30%.

Good Job Loan

A new micro loan program is being developed to support people in securing a living wage and meaningful work in Calgary. Similar to the Immigrant Access Fund, the Good Job Loan will be available to Albertans who are unemployed or underemployed, and seeking tools or training to secure meaningful, living wage work.

2% Canada Job Grant funds were used to train people previously unemployed.

24. <http://www.energy.gov.on.ca/en/fit-and-microfit-program/2-year-fit-review/background/>

25. <http://sparkyourpower.ca/>

CONCLUSION

The Government of Alberta is uniquely poised to support CED in our province and is already doing so in many ways. CED is complementary to the existing government economic development strategy and can significantly boost outcomes and benefits for all Albertans.

CED strategies can be applied to multiple social policies, especially those related to employment, skills training, access to capital, affordable housing, immigration, child care, food security and poverty reduction.²⁶

The CED examples shared in this brief are only a snapshot of CED initiatives across our province and country. Each of the proposed actions in the brief require collaboration with the Government of Alberta. For example, through regulatory changes that would enable local investing, changes to funding structure and contracts, preferred procurement policies (prioritizing CED businesses), and/or human resources and support from the provincial government.

There is significant research and evidence for CED's effectiveness and impact in building a diversified, sustainable and inclusive local economy.²⁷ Momentum is committed to partnering with our government and other local partners and stakeholders to collaboratively design and implement CED policy, practice, and programs.

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Safari - Momentum Trades Training Alumnus, Glazing 2011

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26. Bernas & Reimer (2001). *Building a Federal Policy Framework and Program in Support of Community Economic Development* http://www.ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/Federal_Policy_Framework_Report_2.pdf

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