

Community Economic Development

Poverty, social exclusion, income inequality and unemployment, the climate change crisis, and community sustainability are serious issues facing Manitoba's communities. Community economic development (CED) is a comprehensive and integrated approach to improving economic, social and environmental conditions in urban, rural, and Northern Manitoba communities.¹ In Manitoba, CED enterprises have led crucial work strengthening our province's communities and have helped build stronger local economies that benefit everyone.

CED is a community-led approach rooted in the Neechi Principles that creates economic opportunities while enhancing social and environmental conditions.² It is flexible in that it allows each community to pursue development strategies that respond to its unique needs, strengths, and priorities. Economic development in Manitoba would be stronger, more resilient, and more inclusive with an alternative CED approach that builds local economies, strengthens local community ownership, distributes profits equitably, and is focused on an inclusive approach to growth and employment, particularly for marginalized communities that face disproportionate poverty and unemployment rates.³ Any successful eco-

nomie development and job creation strategy must ensure that job creation integrates those who want to work but are currently not part of the labour market. Manitoba can scale up successful, proven tools and models to achieve meaningful employment for people facing barriers to social and economic inclusion.

In Manitoba, the CED approach is being practiced by an ecosystem of enterprises, such as co-operatives, social enterprises (or enterprising non-profits), and non-profit organizations. These enterprises contribute to community benefits such as reconciliation, employment, reduced poverty (including a lessened number of people on social services such as Employment & Income Assistance), environmental sustainability, reduced crime and recidivism, improved health outcomes, and family reunification. Examples of the innovation of this approach includes a number of workforce integration social enterprises working in a variety of industries, including a continuum of organizations providing maintenance services for Manitoba Housing, or strategies for Northern Development being used in Nisichawayasihk Cree Nation, detailed in the Northern Development chapter.

Government plays a crucial role in setting the conditions for CED.⁴ The infrastructure to

support CED is under-resourced, considering its strong outcomes and results. Strengthening the sector would lead to positive results for the entire economy. A provincial CED policy framework would ensure that CED principles are incorporated into government policies so that the economic, social, and environmental needs of local communities are better met.

The Department of Economic Development and Training should adopt a CED Policy Framework and Lens, and work to strengthen the awareness, understanding, and implementation of it across provincial government departments. The following considerations should be included in a Framework and Lens to harness the power of the CED approach, in line with the Neechi Principles:

- Use of locally produced goods and services
- Production of goods and services for local use
- Local reinvestment of profits
- Long-term employment of local residents
- Local skill development
- Local decision-making
- Public Health
- Physical Environment
- Neighbourhood Stability
- Human Dignity
- Interdepartmental and Intergovernmental Collaboration

Manitoba has employed numerous programs, initiatives, and projects to facilitate CED. Sector-based strategies to support CED enterprises, such as co-ops and social enterprises, have had success in Manitoba. Manitoba can build upon the results of these strategies to support CED in Manitoba.

Social Enterprise

Social enterprises are an innovation that uses a triple bottom line focus to achieve multiple social, economic, and environmental outcomes

simultaneously, with good results in Manitoba throughout their history. Increasing the scope and impact of the social enterprise sector would be beneficial for all Manitobans. A methodical and strategic approach is required to create a robust social enterprise ecosystem in Manitoba.

Far too many Manitobans who want to work are prevented from finding employment, for reasons ranging from a lack of high school graduation to historical and continuing discrimination. One of the most impactful outcomes of the social enterprise model is inclusive employment and workforce integration. This helps reduce poverty and crime, strengthen communities, grow the labour market, increase the tax base, and decrease provincial costs associated with health, justice, and social services.

Manitoba is recognized as a leader in social enterprise. Many social enterprises contribute to other social, economic, and environmental outcomes, including providing important community services, generating revenue for non-profit organizations, contributing to environmental sustainability, and strengthening local economies. Social enterprises in Manitoba operate in sectors including construction, food services, waste management, childcare, retail, transportation, and community services industries, among others.

A great example of innovative policy supporting workforce integration social enterprise practice is Manitoba Housing's social procurement practices, whereby social enterprises provide maintenance services for Manitoba Housing. In 2016, Manitoba Housing partnered with four contracted social enterprises and Simpact Strategy Group to conduct a Social Return on Investment analysis. The analysis found that "through a total investment of \$2.56 million by Manitoba Housing and other government and non-profit agencies, the four social enterprises created a social and economic return on investment with a total present value of \$5.995 M. This means that for every dollar invested, \$2.23

of social and economic value was created.”⁵ It is important to note that the investment was primarily for procurement services that Manitoba Housing would have spent regardless.

According to the 2014 Manitoba Social Enterprise Sector Survey, there are over 125 social enterprises in Manitoba covering a wide range of social missions, paying over \$30 million in wages annually.⁶ Between 2015–2018, 2,433 people gained training or employment opportunities from Manitoba workforce integration social enterprises.⁷ At any given time, there may be several hundred people in training-focused positions, and several hundred more in employment-focused positions.

From 2015 to 2018, the Canadian CED Network Manitoba co-developed and co-implemented the Manitoba Social Enterprise Strategy in partnership with the Province of Manitoba. The Strategy was a set of policy recommendations and programming to create a robust ecosystem for developing and strengthening work integration social enterprises.

We recommend that over the next year, the Manitoba government support social enterprise development by investing in the co-creation and co-implementation of a second phase of the Manitoba Social Enterprise Strategy, in partnership with the social enterprise sector.

The strategy should utilize the Six Pillars of Development recommended by the Social Enterprise Council of Canada to all levels of government as the most immediate needs of the sector.

These pillars include:

- **Enhancing Enterprise Skills:** Ensuring social enterprise leadership has the necessary skillsets to balance business demands with community impact.
- **Ensuring Access to Capital and Investment:** Ensuring social enterprises can access appropriate funding and financing, including funding for training and workforce development programs.

- **Expanding Market Opportunities:** Expanding access to markets to create more jobs and other economic contributions through social enterprise.
- **Promoting and Demonstrating the Value of Social Enterprise**
- **Establishing a Regulatory Framework**
- **Supporting Networks and Community Engagement:** Developing management and enabling knowledge exchange to enhance the effectiveness of social enterprise.

New Expenditure: \$.25M annually

Strengthening Manitoba's Co-operative Sector

Cooperatives help create strong local economies, root ownership locally, distribute profits equitably, and create jobs and services in communities where they are otherwise lacking. (See the Agriculture section for more on co-ops). Supporting and strengthening the cooperative sector would benefit our economy, our communities, and creating meaningful employment in Manitoba.

There are over 275 cooperatives, credit unions and caisses populaires in Manitoba, comprising of over 1,000,000 memberships. Cooperatives account for 3 per cent of all jobs in Manitoba, and contribute 3.2 per cent to Manitoba's GDP. Additionally, in 2010 Manitoba cooperatives paid over \$500 million in taxes.⁸ Cooperatives are a more sustainable business model given their collective ownership and community commitment; 62 per cent of new co-ops are still operating after five years, compared with 35 per cent for other new businesses. After 10 years, the figures are 44 per cent and 20 per cent respectively. In Manitoba, there are approximately 68 rural communities where a credit union is the only financial institution.⁹

The sector, like any other, needs support from the provincial government to thrive. The Province of Manitoba currently supports co-op de-

velopment resources and has successfully partnered with the cooperative sector. Manitoba has seen co-construction and co-implementation of good policy, public education, and co-op development, including under the Co-op Visioning Strategy. We recommend that over the next year, the Province of Manitoba re-engage with the Manitoba Cooperative Association (MCA) and CDEM (Conseil de développement économique des municipalités bilingues du Manitoba) on the co-creation, resourcing, and implementation of a co-op development strategy for Manitoba.
New Expenditure: \$.25M annually

CED Enterprise Support Services

Micro enterprises and small businesses, including cooperatives and social enterprises, increase household incomes, create employment and democratic workplaces, and reduce government expenditure on social services and income assistance programs. Low-income and rural Manitobans, as well as other groups facing barriers to full participation in the local economy, require tailored services to meet their business development needs. Community-based agencies, such as SEED Winnipeg or Community Futures Development Corporations, have successfully supported these clients and communities to develop businesses, cooperatives, and social enterprises.

The Department of Economic Development & Training's Cooperative Development Services branch, the Entrepreneurship Manitoba Special Operating Agency, and the Crown Corporation Communities Economic Development Fund (CEDF: see Northern Development chapter for more details) have been restructured, halting some services such as business consulting, self-serve business library research, access to CEDF, and cooperative development services. The Busi-

ness Services Division of Entrepreneurship Manitoba provided business consulting services to 13,140 clients in 2016–17 but stopped reporting this service on its performance outcomes during the 2017–18 year.¹⁰ Grants for these third-party not-for-profit business and enterprise support services have been consistently reduced since 2016/17 levels, impacting the ability of low-income and rural Manitobans to receive robust and timely access to accessible cooperative, social enterprise, and CED development training and consulting services.

Community-based agencies continue to deliver small business, cooperative, and enterprise support services; however, some services have ceased, or have been reduced to specific demographic groups. Many community-based agencies are no longer able to reach low-income and rural Manitobans, resulting in inadequate business and enterprise development supports for these Manitobans, even though they are still referred to these agencies by the Department of Families.

We recommend that over the next year, the Province of Manitoba increase the grants provided to third party not-for-profit business and enterprise support services to 2016/17 levels (prior to the 2017/18 cuts of the Partnerships for Economic Growth program) so that low-income and rural Manitobans can receive robust and timely access to accessible business, cooperative, and enterprise development training and consulting supports.

New Expenditure: \$.5M

Total New Operating Expenditures

Social Enterprise: \$.25M

Strengthening Co-op Sector: \$.25M

CED Enterprise Support Services: \$.5M

Total: \$1M

¹⁰ Wray Enns, Sara. 2018. *Community Economic Development in Manitoba. Theory, History, Policy and Practice*. Canadian Centre for Policy Alternatives, MB. Available at: <https://www.policyalternatives.ca/publications/reports/community-economic-development-manitoba>

- 2 Neechi Foods Worker Co-op. "Neechi Principles." Available at: <https://ccednet-rcdec.ca/en/toolbox/neeche-principles>
- 3 Loxley, John, Jim Silver & Kathleen Sexsmith. (2007). *Doing Community Economic Development*. Fernwood Publishing and Canadian Centre for Policy Alternatives – Manitoba.
- 4 Fernandez, Lynne, 2015. *How Government Support for Social Enterprise can reduce Poverty and Green House Gases*. Canadian Centre for Policy Alternatives, MB. Available at: https://www.policyalternatives.ca/sites/default/files/uploads/publications/Manitoba%20Office/2016/01/How_Government_Support_for_Social_Enterprise_can_reduce_poverty.pdf
- 5 Simpart Strategy Group. (January 2016, amended July 2016). "The Social Return on Investment of Four Social Enterprises in Manitoba." Available at: ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/mbh_final_report_draft_jan_19v2.pdf
- 6 Elson, Peter R. and Peter Hall, Sarah Leeson-Klym, Darcy Penner, and Priscilla Wamucii. (2014). "Manitoba Social Enterprise Sector Survey." Mount Royal University, Simon Fraser University and Canadian CED Network. Available at: ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/manitoba_social_enterprise_sector_survey_report_2014.pdf
- 7 Social Enterprise Manitoba. (May 2018). "Connected and Ready: The Impact of the Manitoba Social Enterprise Strategy." The Canadian CED Network. Available at: ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/pdfs/mses_impact_evaluation_online.pdf
- 8 Duguid, Fiona, George Karaphillis and Alicia Lake. (2010). "Economic Impact of the Co-operative Sector in Manitoba." Available at: <http://www.manitoba.coop/uploads/Resources/Manitoba%20Co-op%20Impact%20Study%20-%20FINAL.pdf>
- 9 Manitoba Cooperative Association. "What is a Co-op" <http://manitoba.coop/Page.aspx?MainPageID=about-co-ops&MenuPageID=what-is-a-co-op>
- 10 Entrepreneurship Manitoba. (2017). "Entrepreneurship Manitoba Annual Report 2016-17", pg 25. And Entrepreneurship Manitoba (2018). "Entrepreneurship Manitoba Annual Report 2017-18", pg 18.