

COMMUNITY ECONOMIC DEVELOPMENT
IN CANADIAN CITIES:
FROM EXPERIMENT TO MAINSTREAM

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"Community is not something we have,
it is something we never finish doing."

Marilyn Waring [1989.If women counted reference?]

Introduction

Municipal governments throughout the industrialized world, including Canada, are facing the effects of globalization, economic restructuring, high unemployment and underemployment, and rising rates of poverty and inequality. In Canadian cities and towns, there are serious shortages of affordable housing, pressure on social assistance programs, and a lack of full-time, well-paid employment, frequently combined with the loss of human,

built, and natural community assets.

While poverty and community disinvestment are national challenges, the effects of poverty are felt locally. However, municipalities face serious constraints in their ability to create or maintain community assets and to tackle unemployment and poverty. They do not control many of the levers - such as interest rates, international trade agreements, and global currency trading - that contribute to and can help alleviate these problems. They can, however, help to create frameworks that support or are hostile to community economic development.

This chapter sets out a range of actions that municipal governments can take to tackle the social and economic problems that directly affect the quality of life in their communities. It acknowledges that both federal and provincial governments, as well as international bodies, must play a role in finding solutions to growing social and economic pressures at the community level. However, while there are limits to what municipal governments can achieve in the face of complex international problems, there are a range of strategies that municipal authorities can adapt and use to address the issues of community disinvestment and marginalization. Chief among these

are locally inspired solutions to economic development and poverty alleviation, known popularly in Canada as community economic development or CED.

In this chapter, we will describe CED and what it does, document the current experience of Canadian urban centres with CED, suggest strategies for enhancing its effectiveness at the municipal level and recommend potential roles for municipal governments.

WHAT IS MEANT BY CED?

Community economic development refers to a range of activities that integrate economic and social goals, with the objective of supporting lasting community renewal (Torjman and Battle, 1999). While CED has often been used, sometimes very effectively, as a local development strategy in rural communities in Canada and has been recognized as an official policy instrument for regional development purposes internationally, its potential in urban areas in Canada has never been fully tested.

What distinguishes CED from other development approaches is that its primary focus is on building communities from within, while

governments, including those at the municipal level, conventionally look for economic development from without. Furthermore, it tends to avoid service- or charity-based interventions that regard individuals as dependent, problem-laden "clients" who are unable to help themselves. Instead, CED focuses on long-term, enterprise-based strategies that recognize and build on existing resources and talents in the community. CED invests in individuals, populations, and neighbourhoods that have traditionally been disadvantaged and seeks to develop their knowledge, skills, and assets. While an increasing number of governments in Canada and around the world use the language of CED (such as self-reliance and empowerment), most still focus their efforts on creating a positive environment for small businesses, especially those that emphasize innovative entrepreneurship and new technologies.

Historically, CED organizations have employed different strategies at different times and places. What they have in common is the mobilization of both local and outside resources into broad, community-based processes that use untapped resources and capacity in local communities (Lewis, 1999). The Institut de formation en développement économique communautaire (IFDEC) in Montreal defines CED as an integrated approach to development

that:

- is long-term and endogenous;
- seeks economic "development" rather than only economic growth;
- links economic and social development;
- combats poverty and exclusion;
- respects locality-based approaches (i.e., there is a spatial dimension to CED);
- builds on participation and seeks to empower local communities;
- builds partnerships among different stakeholders (IFDEC, 1997).

Brodhead has identified similar themes, adding that CED is often a *response to or emerges from* underdevelopment and marginalization at the community level (Brodhead, in Hudson and Galway, 1994).

HISTORY OF CED IN CANADA

The origins of CED in English-speaking Canada are found primarily in rural communities and small towns, although there have been some noticeable exceptions such as New Dawn in Sydney, NS, and

the community development corporations that emerged in Québec in the 1980s. In contrast to the American experience, which in the 1970s viewed CED as an instrument for rebuilding disinvested inner cities, CED in Canada was conceived primarily as an instrument for regional and rural development. Programs like the Community Futures (CF) program, introduced in 1986 and building on earlier federal regional development programs, were aimed at non-metropolitan communities faced with economic decline and chronic unemployment. Over two hundred communities have been involved with the CF program, which provides funding for services ranging from business counselling to the management of loan funds for investing in development initiatives.

Constitutional constraints have prevented the federal government from playing a major role in supporting urban CED; since provinces have responsibility for municipal affairs, direct federal involvement with cities has been largely precluded. When the federal government does get involved in cities, as it has over the years through financial support for specific projects developed by urban citizens' organizations, the involvement is usually ad hoc, reactive and short-term. It could be argued that federal assistance for the CED initiatives of marginalized groups, particularly in major urban centres, has had a largely

reallocative function intended to counter-balance, in a small way, government policies that have generally favoured growth rather than equity.

Thus we find that CED organizations in urban areas have historically had more of a social purpose than an economic mandate. Many urban CED organizations have been set up by social agencies and receive financial support from government departments with health and welfare mandates in order to address the chronic problems of unemployment and marginalization of their target groups. They tend to have multiple objectives (such as training, settlement and integration of new Canadians, and reduced dependence of the disabled or psychiatric survivors), in addition to economic objectives. Unfortunately, their performance is often measured by a single bottom line that ignores or minimizes the non-economic benefits to individuals and communities.

Community economic development in Québec has had rather different origins. CED in that province "arose out of Quebec's social and communitarian movements, somewhat on the fringes of government programs" (Favreau and Ninacs, in Hudson and Galway, 1994). The economic crisis of the early 1980s and the restructuring of the

Québec economy during the previous two decades partly explain the emergence of CED, but social traditions and cultural values have also been important. Although many CED initiatives in Québec were to be found in rural areas far from large urban centres, as in the rest of Canada, Favreau and Ninacs argue that CED in Québec was really launched in 1984 with the emergence of the first community development corporations in Pointe-St-Charles in Montreal (an urban neighbourhood) and in Victoriaville (a small city). The current policy of the provincial government to create local development centres (CLDs) is drawn in large measure from this history. While the implementation of the new policy has been uneven, it marks a departure in that it is being applied in both urban and rural settings.

THE CURRENT CONTEXT FOR CED

The current revival of interest in community-based economic development is partly due to the failure of past attempts to deal with income and employment disparities and to the withdrawal of federal and provincial governments from traditional program areas such as regional and social development. At the same time, as national identity becomes more diffuse and as state power is eroded, citizens in communities around the world are struggling

for a sense of purposefulness and powerfulness. Governments and civil society are rethinking their conventional development approaches in favour of models that support local decision-making and that affirm local identity.

In the face of a global economic order that concentrates economic wealth and political power in a few hands, new development models are gaining currency. According to David Driscoll, Executive Director of the VanCity Foundation and former Mayor of Port Moody, BC, many community activists don't want to re-create the large, bureaucratic, government-financed institutions of the 1970s as a means to invest in communities. Rather they are advocating approaches that are:

- asset-based;
- developmentally oriented;
- risk sharing (through multi-sector partnerships);
- locally grounded;
- accountable to local citizens;
- inclusive;
- vision-driven (Driscoll, 1999).

Nowhere was this changing public attitude more evident than at an international meeting that took place in Sherbrooke, QC, in

October 1998. More than eight hundred delegates from around the world met to discuss the challenges facing CED and the social economy (as it is often referred to in Québec and Europe). Inventing and strengthening local strategies to global problems was the primary theme, and participants exchanged best practice and current experience.

WHAT DOES CED DO?

The most successful community-based approaches to economic development are multifaceted in nature (Lewis, 1998). Typically, they combine a number of strategies: training and job placement, job creation and retention, the provision of technical assistance and training for self-employment and business startup, support for enterprise creation or expansion (often community- or co-operatively owned), community empowerment and local institution-building, and enhancing local access to capital.

For purposes of discussion, it is useful to group these various activities into three major categories: community asset development and ownership (wealth creation), community building and mobilization (also referred to as "empowerment"), and labour

market and employment innovation (which includes programming to support entrepreneurship, self-employment, and microlending.)

(Born, 1999).

Basic CED Models

	Community Asset Development and Ownership	Community Building and Mobilizing	Labour Market and Employment Innovation
Mission	<ul style="list-style-type: none"> · Create wealth · Build an economic base 	<ul style="list-style-type: none"> · Community Empowerment 	<ul style="list-style-type: none"> · Human Resource Development · Job Creation
Objectives	<ul style="list-style-type: none"> · Create or strengthen locally or community-owned businesses and co-operatives that create jobs · Identify 	<ul style="list-style-type: none"> · Organize and animate large networks of people and resources · Strategic planning, organizing 	<ul style="list-style-type: none"> · Support innovative labour market programs, e.g., Entrepreneurship programs, mentoring and networking for small business

	<p>enterprise opportunities</p> <ul style="list-style-type: none"> ·Generate profits or surplus to reinvest in the community ·Operate local loan and investment funds 	<p>and financing</p> <ul style="list-style-type: none"> ·Conflict resolution 	<p>owners</p> <ul style="list-style-type: none"> ·Implement training programs ·Support business development centres ·Access and match needs of employers
Central Role	·Owner / partner / Financier	·Convenor / Organizer	·Trainer / Advisor

CREATING COMMUNITY WEALTH

Community asset development and ownership is central to most CED organizations in Canada. This is often accomplished by supporting the development of locally owned or community-owned small enterprises, co-operatives, not-for-profit businesses, training businesses, and sectoral business and community networks. Organizations such as the Niagara Enterprise Agency, the Enterprise Centre (Revelstoke), Le Regroupement pour la relance

économique et sociale du sud-ouest, better known as RESO (Montréal), New Dawn Enterprises (Sydney), Edmonton Recycling Society, and the Human Resources Development Association (Halifax) have created multi-million dollar businesses, employing and/or training hundreds of local people and developing broad-based networks of support to strengthen marginalized communities.

CED organizations help communities to identify and develop local opportunities, niche markets, local ownership, and the human resource potential of the poor, the less educated, and persons with disabilities. In each case, the organizations mentioned above have helped transform social needs into community assets and economic opportunities.

COMMUNITY MOBILIZATION

CED organizations know how to mobilize communities, including those that are undergoing significant economic and social stress. These are communities with higher than average unemployment rates, poverty rates, crime rates, and death rates and fewer social and economic supports.

Organizations like New Dawn in Cape Breton, Le Carrefour de relance de l'économie et de l'emploi du centre de Québec (CRÉECQ) in Québec City, Learning Enrichment Foundation (LEF) in Toronto, Quint Development Corporation in Saskatoon, and Lutherwood-CODA in Waterloo Region have mobilized large networks of people, financial and human resources, and a growing political will to develop the economic and social infrastructure of their communities. Their methods include organizing and animating, broad-based listening, group and organizational development, strategic planning, conflict resolution, developing leadership, and inclusion. What makes CED organizations different is not the use of any one of these skills. Rather, it is the constant use of many of these methods together, while remaining constant and present in the community.

SELF-EMPLOYMENT DEVELOPMENT AND MICROLENDING

CED organizations were on the forefront in recognizing the trend nationally toward self-employment. Many organizations, among them the Community Business Resource Centre (CBRC), Self-Employment Development Initiatives (SEDI) and the Learning Enrichment Foundation in Toronto, Lutherwood-CODA, Women in Rural Economic

Development (WRED), Mennonite Central Committee in Calgary, the Community Economic Development Corporations (CDEC) of Montreal, SEED Winnipeg, the Centre for Community Enterprise in BC, and dozens of other community-based organizations, have developed training programs enabling thousands of unemployed people or welfare recipients to start their own businesses. These are business support programs with a difference. In addition to recognizing the need for small business training, the organizations developed or entered into partnership with a variety of community supports to enhance the success of their clients. These supports include microlending funds, business resource centres, mentorship programs, marketing networks, and culture-, gender-, and age-specific curricula.

CED organizations have also battled locally and nationally for welfare and unemployment eligibility policies that assist rather than discourage participants' initiative. Most programs are now considering second-stage development issues for their clients: capitalization to grow their businesses; growth-related training issues; and municipal bylaw changes for home-based businesses.

CED organizations were among the first to recognize the growing trend toward self-employment precisely because they are present

in their community. It is this presence and commitment to local issues that makes them development organizations rather than simply small-business trainers.

ROLE OF MUNICIPALITIES

The temptation for local government is to follow the example of most senior governments and focus on economic efficiency at the expense of supports for social integration, inclusion, and cultural values (Carrel, 1998; Lithwick, nd). However, the fabric of communities is not based solely on economic efficiency.

Healthy and prosperous communities are those that are built upon trust between the governed and those governing, where there is a capacity for citizens to act together, where there is a tolerance of diversity, and where people can relate to one another in a "civil" way. It is in the interest of local government to create "space" for the building of trust among its citizens, politicians, and bureaucrats, and CED is one instrument that helps nurture an inclusive and civil society at the community level. It can also be a mechanism for moderating and negotiating compromises among contending forces - for example, the business elites that seek to minimize government spending and taxes on the one hand, and those groups of citizens who feel increasingly

hopeless and excluded from the economic opportunities they see being created around them.

There is one "caveat" that follows from these principles. Municipalities, or public institutions of any kind, don't "do" CED. By definition, communities and local citizens, acting together through their own organizations (whether they be neighbourhood associations, businesses and business groups, co-operatives and credit unions, or service agencies) are responsible for community economic development. Governments and public agencies can support and facilitate, and they should be active partners.

Municipalities can play several key roles with respect to supporting CED. They can:

1. convene diverse sectors;
2. create favourable conditions;
3. support job creation;
4. incorporate the concept of economic opportunity within all municipal programs;
5. remove barriers;
6. develop and maintain an information base (Torjman, 1999).

Each of these will be discussed in greater detail in the sections that follow.

1. Convening Diverse Sectors

Municipal governments are in a unique position to convene diverse sectors that need to be involved in tackling unemployment and developing a community economic development initiative. Key sectors that need to be involved include the private sector (specific companies, business development centres, and sectoral representatives), the education and training sector, representatives of stressed neighbourhoods or groups, social agencies and health centres, labour, community foundations, and other levels of governments where appropriate. In some localities, the municipal government should defer to another convener - such as a community foundation, social planning council, or economic development committee - while playing an active supporting role. Credibility of the convening agency with the broadest range of stakeholders should be the most important aspect considered when determining who should play this role.

Municipalities throughout the industrialized world increasingly are using partnerships to tackle complex problems that cut across various sectors. In Wisconsin, for example, municipal governments

have established Community Steering Committees to forge partnerships among industry, nonprofit groups, and government agencies. Among other tasks, the committees are expected to create private and public sector jobs, address child care and transportation problems, and provide advice to program administrators and participants.

The OP2000 project in Waterloo Region, which was launched in May 1998 by Lutherwood-CODA, has set up a leadership roundtable that involves business, the social sector, low-income people, and regional government (Hodgson, 1998). The roundtable helps promote community change not only through its own initiatives, but also through the work carried out by each representative within his or her respective sector. For example, the business representatives involved in OP2000 are encouraging their peers to examine their employment practices around hiring, wages, working time, and layoffs. They are also encouraging broader involvement in the community through the contribution of expertise and funds; for example, the Royal Bank representative on the Roundtable was instrumental in finding a new building for the local Food Bank.

The Opportunities 2000 initiative launched in May 1998 by Lutherwood-CODA in the Kitchener-Waterloo region provides a

recent example of how community resources can be mobilized effectively. A Leadership Roundtable was created. Its members have undertaken a multifaceted campaign to create community support for poverty reduction through education, provide focus for local efforts through strategic planning, and provide concrete examples of poverty reduction initiatives through various projects that ask the broader community "What can you do to reduce poverty?" The result of the Roundtable's efforts is a broader appreciation of the complexity and scale of poverty as well as the undertaking of concrete initiatives.

As important as the Roundtable's major activities is the composition of its membership. To be successful, Roundtable members require a combination of knowledge of the issue, the skills to reduce poverty, and sufficient influence within the community to mobilize a broader effort. As such, 40 percent of the Roundtable members are leaders from low-income communities. Another 40 percent are from the business sector: entrepreneurs with a proven track record of creating opportunities. The remaining 20 percent are professionals from other sectors such as government, labour, and funders required for their technical skills as well as their influence within and beyond the community (Source: www.op2000.org).

The importance of this function shouldn't be minimized. Without a broad public consensus about the need for and benefits of a CED strategy, community-based enterprises and activities are exceedingly vulnerable. Their success in the past has often been undermined by alliances among small business, media, and various political elites who resist co-operative activity for ideological reasons and who perceive CED as competitors with the private sector. One can observe this phenomenon whether on a First Nations reserve or in the inner core of Canada's largest cities. By legitimizing CED, by recognizing the direct economic benefits to excluded citizens as well as the non-economic benefits CED provides with regard to strengthening local leadership and enhancing people's sense of belonging, municipalities can play a pivotal role in the success of community economic development initiatives. Because various sectors are "in the same room" talking with each other, they are more likely to hear each other's needs and identify collective solutions.

2. Creating Favourable Conditions

Municipal governments can take steps to create favourable conditions for community economic development. They can promote the economic health of their region by developing internal market

opportunities. Local sourcing of supplies and labour, for example, keeps more money in the community. Municipal governments can promote awareness about locally produced goods and services as well as the benefits of local purchasing (Torjman, 1999).

Municipalities should be able to offer incentives in the form of tax breaks, for example, by reducing or delaying the payment of property taxes for firms that make a special effort to hire unemployed workers or welfare recipients. Sacramento County, California, was highly successful with an aggressive job development effort focused on a single employer. When a major electronics firm announced that it was building an assembly plant in a local enterprise zone, the County offered tax credits for hiring welfare recipients. County staff coordinated a major employment outreach, screening more than thirty thousand applications, matching applicants with positions, providing support services and following up on job leads. Of the plant's four thousand new jobs, five hundred went to people formerly on welfare; another three hundred recipients found temporary employment (Torjman and Battle, 1999).

Municipal governments can also create favourable conditions for economic development by protecting certain tracts of land for

designated purposes. Community land trusts are nonprofit corporations that separate the ownership of land from the ownership of buildings. First developed in the US during the 1960s by the Institute for Community Economics, land trusts have enabled community development corporations in cities like Boston to develop affordable housing, build incubators for community businesses, and increase community assets. For example, the support of the City of Boston was critical to the Dudley Street Neighbourhood Initiative, a major community-based development project involving community-based planning, housing construction, and capacity-building. The city sold eighteen acres of city-owned vacant land to the DSNI for one dollar and provided the backing to secure a \$2 million loan from the Ford Foundation. Eventually, federal agencies pledged \$2.1 million to subsidize development and mortgage costs (Tuloss, 1996).

3. Employment Development

JOB CREATION. Job creation includes the development of small businesses, worker co-operatives, and self-employment. While there are far too many examples of job creation to describe here, there are some exemplary models that have attempted to integrate economic and social goals. The Human Resources Development

Association (HRDA) of Halifax is one such example, started by the Halifax municipal government in 1978 with \$275,000 from the municipal welfare budget. It has become a successful venture capital and business development group set up primarily to serve social assistance recipients, using welfare funds to capitalize the businesses it starts. To date, fourteen businesses have been set up. While four have failed (not a bad record compared to general small business startups), four have been sold to employees, and others are turning a profit. HRDA also operates a job training program that includes life skills training, work placements, and specialized skills training.

ACCESS TO CAPITAL. Access to capital is often identified as the single most important barrier to the development of small and community-based businesses and co-operatives. A variety of local community financing mechanisms have been developed in the past ten years to address the shortage of capital or the mismatch between supply and demand. Community loan funds, for example, raise capital from individuals, businesses, banks, credit unions, and private foundations to lend to "high risk" entrepreneurs or to enterprises that are unable to meet the conventional requirements for security. Microlending programs or peer lending are variations now found in cities across the country (Vancouver,

Edmonton, Toronto, Québec City, and St. John to name but a few). Programs that match entrepreneurs with "angel" investors is another innovation; Ottawa-Carleton, in particular, has developed impressive mechanisms for this purpose.

Local governments can play an important role in promoting the development of community-based financing alternatives. They can provide loan funds directly to prospective entrepreneurs through community-based organizations, or contribute to their core costs. They can make available seed capital to community loan funds. These can then use this money as leverage to raise funds from other levels of government, local businesses, private donors, or foundations. Municipalities can match individual and corporate donations, or they can act as guarantors for community loans. The beauty of the loan guarantee mechanism is that it enables not-for-profits to leverage additional resources from market lenders, without requiring an actual disbursement of funds. Finally, as in the case of the Montreal Community Loan Association, municipalities can provide in-kind resources such as space and staff who specialize in the provision of technical assistance for business development.

SELF-EMPLOYMENT AND COMMUNITY BUSINESS. Municipal governments

can promote self-employment in several ways. They can help set up entrepreneurship centres and mentorship programs themselves, or they can preferably subcontract these programs to local CED organizations working with at-risk groups and in disadvantaged communities.

4. Incorporate the Concept of CED across all Municipal Programs

Local governments can encourage other organizations and firms to incorporate elements of skill-building and economic development into their activities. For example, any service group or organization that receives financial support from local governments should be encouraged to review all its activities and programs with a view to building opportunities for skill enhancement, job creation, and business development. However, additional resources need to be made available to facilitate these shifts. This is particularly true for the voluntary sector, which is being asked to innovate and develop new programs and approaches while, at the same time, it has seen its funding base erode.

Municipal government should apply the same approach to its own programs, identifying opportunities to invest in people and neighbourhoods through the complete range of municipal spending,

not just social service spending. It should ensure that support for CED is included within the mandate of municipally funded business development offices or economic development committees, and it must continue to work with community-based groups to make sure low-income residents are able to access the complete range of municipal programs (from arts and culture to entrepreneurship training and planning services). Municipalities can partner in business incubators (e.g., City of Toronto) and ensure that legislation and regulations do not create barriers for emerging businesses. Finally, municipalities can play a pivotal role in supporting community-owned businesses by:

- inviting community groups to bid when contracting out municipal services; several Canadian municipalities have shown leadership in this area, particularly in the provision of waste and recycling services (Halifax, Edmonton, Toronto); however, there are many more sectors where this kind of partnership could be developed including park and building maintenance, the maintenance of municipal infrastructure, and food services;
- informing potential opponents to community enterprises about the economic and non-economic benefits of CED, such as reduced welfare costs, reduced crime, and improved health.

5. Removing Barriers

Local governments can remove barriers that are often embedded in program designs or rules that keep the unemployed out of the labour market or that prevent underemployed workers from upgrading their skills. As the Report titled *Ottawa's Hidden Workforce* (Sandra Huntley, Ottawa Economic Development Corporation, 1998) indicates, the un- and underemployed often face barriers that have nothing to do with their skills or the availability of jobs but that make them ineligible for a host of program supports and jobs.

Municipalities, often in partnership with other stakeholders, can provide transitional funding for child care, work-related costs (e.g., purchase of a license or equipment), transportation costs, and technical aids that are disability-related. In many Canadian jurisdictions, special-assistance budgets face severe constraints. Yet without these funds, many individuals who are able and willing to work are virtually tied to the welfare system, as there are no other sources for the required aids and equipment. Many American states now offer transit vouchers and mileage reimbursement for vehicle use.

Municipal zoning bylaws may prohibit the startup and operation of home-based businesses. Until recently, for example, it was illegal to teach piano lessons from a private home in Toronto (Nares, 1999). In rural areas, some municipalities have restrictive sign policies, making it impossible for rural businesses to promote their location to the public. Municipal governments, in collaboration with other stakeholders, can undertake a review of their entire package of bylaws and regulations to determine their impact (positive, negative or neutral) on community economic development. And where barriers arise from policies outside municipal jurisdiction, local governments can document the effects and inform appropriate authorities.

6. Developing and Maintaining an Information Base

Municipalities should ensure that all local agencies and groups, including nongovernmental organizations, are operating on the basis of up-to-date and relevant information. A solid information base should include comprehensive data on the local labour force. Ottawa's Hidden Workforce was path-breaking in that it looked beyond official statistics and inventoried the unofficially un- and underemployed. In so doing, it identified significant underutilised and untapped capacity, as well as considerable

mismatch between existing programs and need. For example, the study suggests that 70 percent of the region's 145,000 unemployed and underemployed people are not eligible to participate in publicly funded workforce adjustment programs - they don't even show up on the public policy radar screen. Incomplete estimates of the size and composition of a municipality's un- and underemployed population make it difficult to design effective employment transition and integration programs. Better data, along with critical assessment of the strengths and limitations of existing programs, can encourage the establishment of effective locally based initiatives. CED organizations, because they are present in their communities, have much to offer in this regard.

Other key information is an inventory of job vacancies, as well as community-based "early warning" systems that can help identify companies that may be in trouble. RESO, a major CED organization in Montreal, developed a capacity with local stakeholders to detect firms in trouble and, through a broad community process, was able to stem the tide of exiting businesses and retain the jobs at risk (Perry, Lewis, and Fontan, 1993).

Third, information should include the various types of training,

skill development, and CED supports available in the municipality. The list should include both traditional sources of training and non-traditional community-based supports. The information should be reviewed regularly by all stakeholders with a view to identify changing needs, emerging trends (both demographic and job-related), and gaps in service. Finally, all stakeholders should invest some resources in tracking best practice in other municipal jurisdictions. The Federation of Canadian Municipalities (FCM) could play a key role in disseminating best practice to its members, linking various municipal and other stakeholders, and highlighting lessons learned in different municipal contexts. This would be a logical extension of the leadership FCM has shown at an international level and would also build on its current policy statement on economic development.

POSSIBLE ROLES FOR MUNICIPALITIES

Markell (1998) identifies a range of roles for municipal governments, from minimal to extensive involvement. It -The following table [what does "it" refer to?] was constructed from discussions with successful Canadian CED organizations and municipal officials and a review of the literature. She found

Canadian examples at every level.

[restructure table to make left/right connections clearer]

Municipal Government Role in CED	Canadian Examples
<ul style="list-style-type: none"> ·Encourage and recognize - write letters of support to funders, recognize CED volunteers and organizations, provide information 	<p>Most municipalities</p> <p>Victoria: Mayor wrote a letter of support for Youth Employment Pilot Project and spoke at Official Opening.</p>
<ul style="list-style-type: none"> ·Plan and collaborate - invite CED groups and community associations to participate in municipal economic planning, facilitate planning among CED groups 	<p>City of York: developed an economic strategy involving all community sectors.</p> <p>Cambridge: CEO of CODA on three major committees of council, including Economic Development Council.</p> <p>Revelstoke: economic development strategy is called a "CED strategy."</p>
<ul style="list-style-type: none"> ·Purchase goods and services · from CED businesses - ensure CED organizations are invited to tender on municipal 	<p>Edmonton/Hamilton/Halifax: purchased recycling services</p>

<p>contracts, give priority to local businesses</p> <ul style="list-style-type: none"> · Innovate with traditional municipal tools - use zoning bylaws to preserve industrial land, issue permits for street use, enter into agreements with developers for training and employment programs <p>Facilitate linkages, convene stakeholders - bring groups together, provide meeting space and publicity</p> <ul style="list-style-type: none"> · Invest staff time in CED projects - second or free up staff time to participate in CED projects, enable staff to participate in committees or project advisory boards <p>this should be across from</p>	<p>from CED groups.</p> <p>Saskatoon: tree banding kits.</p> <p>Halifax: janitorial services and painting of city buildings.</p> <p>Vancouver: agreements with developers of GM Place & Convention Centre for training and employment programmes.</p> <p>Victoria: Youth Employment Pilot Project and CED Network.</p> <p>Toronto: Kensington Market Vermicomposting Project.</p> <p>Ottawa-Carleton: funding for CED consultant within an economic development corporation.</p> <p>Toronto: planning staff manages development corporation, housing business incubator and CED projects.</p> <p>Victoria: administered Phase One of Youth Employment Pilot Project.</p> <p>Halifax: social planning</p>
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<p>Saskatoon - below the next bullet</p> <ul style="list-style-type: none"> ·Provide indirect funding for CED organizations - make available municipal land or buildings for CED purposes, issue charitable receipts for donations to CED groups, reduce the cost of business licenses <p>Fund local CED organizations - provide core funding, preferably on a long-term basis</p> <ul style="list-style-type: none"> ·Partner with Other Funders - enter into new funding arrangements with other levels of government, whether 	<p>staff's time on HRDA in early years.</p> <p>Toronto: Community Business Centre.</p> <p>Halifax: HRDA.</p> <p>Ottawa-Carleton: Community Enterprise Centre.</p> <p>Montreal/Québec City/ Sherbrooke: 33 percent of core funding of Community Development Economic Corporations (CDEC). Municipalities in Nova Scotia. Saskatoon: free rent in municipal building for Quint Development Corporation. Toronto: use of two City buildings for incubator run by Toronto Community Ventures. Victoria: provided charitable receipt for donated rent of YEPP office (one month).</p>
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<p>loans or guarantees</p> <p>.</p> <p>Innovate and Lead</p>	<p>Montreal: tripartite agreements to find CEDC's (1984-92: \$8.4 million).</p> <p>County of Cape Breton: put up loan guarantee to enable New Dawn to purchase Sydney Radar Station.</p> <p>Revelstoke: financed startup costs of Revelstoke Community Forest Corporation.</p>
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FROM PILOT PROJECTS TO DELIVERY SYSTEMS:

WHAT WOULD AN URBAN CED SYSTEM LOOK LIKE?

Community economic development, whether in Canada or overseas, has moved beyond the experimental stage. Practitioners and decision-makers are recognizing that the myriad projects that have been "seeded" over the years, through charitable grant-making and publicly funded programs, are taking root, and the beginnings of a CED system are emerging. Recent experiences in Nova Scotia and Newfoundland suggest a way forward. Through federal-provincial agreements, all levels of government, including municipalities, are contributing to the costs of creating and maintaining CED infrastructure. In Nova Scotia, Regional Development Authorities (RDA) receive modest core

funding (one-third federal, one-third provincial, and the remainder split among the various municipalities within the administrative area served by the RDA). Incentives for local investment funds have been created through the provincial tax system, and the first of several local investment pools were created on Isle Madame in Cape Breton. Residents of the island were encouraged to invest a total sum of \$150,000 in exchange for a 30 percent provincial tax credit, a 20 percent provincial guarantee if investments failed, and RRSP-eligible shares. More of these investment funds are being replicated in other parts of the province.

Recognizing the need for skilled CED practitioners, the province encouraged the creation of a diploma course in CED. Centres like Acadia University and St. Francis Xavier University have a long tradition in CED and co-operative studies, while the University College of Cape Breton has launched an MBA specializing in CED. In addition to the development of courses in CED, it is hoped that the various educational institutions will continue to support applied research at the community level. While largely provincially supported, the most successful RDA's have worked hard to ensure municipal involvement and financial support.

FUNDING THE GROWTH OF CED IN CANADA

If CED is to be effective and sustainable it must be adequately funded. A three-point strategy for funding CED in Canada would go a long way to ensuring the long-term sustainability of the sector (Born, 1999).

The first strategy is to help emerging CED organizations with core administrative and development costs. These costs would be covered for a renewable two-year term with a possible fifth year should there be unusual circumstances. In exchange for this funding, CED organizations would be required to evaluate their effectiveness using a standard evaluation tool, work with two mentor organizations, and have an approved development plan based on best-practice principles with measurable milestones.

Two-thirds of the capital for this funding would be raised by various levels of government, including municipal governments, and one-third from private foundations or corporations. The net result is that CED organizations would be able to enhance their capacity in a strategic manner and achieve a sustainable scale.

The second strategy is to help CED organizations to access pools

of capital that would assist in starting or growing enterprises, such as community loan funds for low-income entrepreneurs, capital to purchase the assets for a community-owned business, or capital to purchase an existing enterprise important to the development of a community. This fund would give CED organizations access to patient and understanding capital as they use the entrepreneurial talents of their community for the common good. The recent paper developed by Revenue Canada suggests foundations are able to use capital to back these types of investments. There are already some foundations or church-based investment organizations doing this type of work, and these groups could pool their efforts to achieve greater impact. However, the financial leverage of our major institutions - churches and other religious groups, pension funds, trade unions, foundations, municipal governments, credit unions, labour-sponsored venture capital funds, and large nonprofit organizations - have not been brought to bear to enable community-based investment funds to achieve critical mass (Jackson, 1998).

The third strategy is to help CED organizations raise capital for reserves and/or special projects. This would work in two ways. First, a pool of money needs to be made available to

organizations embarking on a capital fundraising campaign. The money would equal no more than 10 percent of the projected campaign and would be repayable over the campaign pledge period. This would enable CED organizations to invest in fundraising and avoid the Catch-22 of needing money to raise money. The second approach would be to provide matching grants to create endowments for CED organizations, possibly under the leadership of a community foundation. The funder, for instance, might provide three dollars for every dollar the organization invests. This would encourage organizations to build reserve funds for future initiatives. Once again, municipal governments could be active funders. They can also use this model to fund other not-for-profit initiatives.

CONCLUSION

For much of the 1990s, businesses in the service, information, and communication technology sectors created thousands of new jobs and infrastructure in the largest Canadian cities, and they offer the potential for job creation in a number of rural towns and villages. But not all Canadian communities will have a call centre installed in their midst, and not all Canadians will participate in the promised prosperity. For those regions and

neighbourhoods that find themselves excluded, the choices are stark. But by mobilizing the resources and assets they do have, and by negotiating trade-offs in a civil way among various sectors and stakeholders, community economic development can offer constructive development strategies for municipalities.

CED is a comprehensive approach to tackling the problems of exclusion and community disempowerment. Depending on the human and natural resources of a municipality, the specific challenges it faces as well as opportunities that present themselves, solutions can cut across a wide range of sectors. In addition to broad-based efforts to alleviate poverty (as in the example of Kitchener-Waterloo or St. John, NB), CED may be one of several mechanisms that municipalities can use to address issues such as urban food security (by linking rural food producers directly to large urban markets), the integration of diverse populations (New Canadians, First Nations, women, the disabled, and youth), homelessness, creating environmentally sustainable communities and mobilizing new sources of capital from within the community. There is much that municipalities can do to support community economic renewal. They can:

- support networks of CED practitioners and join multi-stakeholder Roundtables or CED committees;

- advocate new policies and regulations at the provincial and federal levels, introduce new policies and regulations within their own jurisdiction that remove barriers to CED, and promote jobs and the creation of community wealth;
- help create and sustain new funding and investment vehicles (loan loss reserves, guarantees, community loan, and investment funds) with other funding partners;
- show leadership and be prepared to take risks;
- commit to the long-term and learn from best practice.

As we are entering the next century, we need to revive a vision of cities that are inclusive places of democracy, where citizens can engage in meaningful economic and social activity. Creating strong and vibrant local economies that maintain and build upon local assets (including people) and that have something to trade in a global marketplace is a smart strategy for the next millennium.

