

Canadian Social Economy Research Partnerships  
Centre canadien de recherche partenariale en économie sociale

PUBLIC POLICY PAPER SERIES  
NUMBER 02 - FEBRUARY 2010

CAHIERS SUR LES POLITIQUES PUBLIQUES  
NUMÉRO 02 - FÉVRIER 2010

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# Public Policy Trends and Instruments Supporting the Social Economy: International Experiences

*Crystal Tremblay*

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# **Public Policy Trends and Instruments Supporting the Social Economy: International Experiences**

*Crystal Tremblay*

*Produced for the Public Policy Facilitating Committee of the Canadian Social Economy Hub.*

## **AUTHOR AND ACKNOWLEDGEMENTS**

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The author is grateful to Rupert Downing, Co-Director of the Canadian Social Economy; Annie McKittrick, Manager of the Canadian Social Economy Hub; Jorge Souza, BC-Alberta Research Alliance on the Social Economy (BALTA); and the members of the Public Policy Facilitating Committee at the Social Economy Hub for their guidance and support.

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Design and Layout by Lindsay Kearns, James Kingsley and Ashley Hamilton-MacQuarrie

Printed in Victoria, Canada

ISBN 978-1-55058-419-6



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## **ABSTRACT**

This paper highlights public policy trends and instruments from around the world that use the Social Economy as a framework to enhance socio-economic development and environmental sustainability. It aims to capture information on ways governments are creating new policies and programs that strengthen the Social Economy in response to challenges such as: poverty, social exclusion, income inequality, urban decline, unemployment, environmental and ecological degradation, and community sustainability. The paper is structured into categories of policy typologies including: territorial development, sectoral, disadvantaged populations, and tools for development. The policy scan also includes how public policies are advancing the socio-economic development of Indigenous communities. The second of a three part series for the public policy program, this paper is prepared for the Canadian Social Economy Hub (CSEHub), a five-year community-university research alliance on the Social Economy funded by the Social Science and Humanities Research Council (SSHRC). The findings of this paper point to examples of policy and program instruments used by governments in various jurisdictions internationally that may be relevant to achieving similar socio-economic development outcomes in the Canadian environment.

Keywords: social/solidarity economy, community-economic development, civil society, non-profit sector, co-operative development, mutual associations, public policy, international, policy instruments.

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## **FORWARD**

On behalf of the Canadian Social Economy Hub Public Policy Facilitating Committee, we welcome you to the second of a series of three papers aimed at clarifying the unique role of the Social Economy, both nationally and internationally, in contributing to progressive public policy outcomes. The committee operates in a facilitative capacity on behalf of the Canadian Social Economy Hub. It also collaboratively sets priorities and fosters exchanges on public policy issues across Canada. In 2008, the committee embarked on an initiative to synthesize the vast literature and policies associated with the Social Economy. The initiative is intended to contribute to work by academics, practitioners and policy makers to strengthen the policy environment for Canada's Social Economy.

The first paper is a comprehensive literature review of the unique role that the Social Economy plays in four public policy areas: social, economic, human development, and environmental sustainability. The second paper builds on this literature review by focusing on the public policy instruments used to support the Social Economy in different jurisdictions. In the third and final report, the author will provide an analysis of the findings from the first two papers and provide recommendations for enabling academics, practitioners and policy makers to participate in activities and initiatives to strengthen the public policy environment for Canada's Social Economy.

In this second paper, Crystal Tremblay highlights public policy trends and instruments from around the world that governments are using to support the Social Economy (SE). Specific policy instruments are identified that are being applied by governments to support the Social Economy in producing public policy outcomes that respond to the social, economic and environmental challenges they and their citizens face. The paper reveals an important trend of governments' greater recognition of how organizations of the SE have applied core ideas in order to achieve socio-economic development goals that are equitable and just. Analysis is also provided of the ways in which Social Economy actors are working together to "co-construct" public policy. One conclusion of the paper is that where governments have fragmented or non-explicit approaches to the Social Economy and there is a lack of cohesion and collaboration amongst its across, there has been greater difficulty to maximize outcomes. There are also some important examples of public policy development within Canada and in other countries that suggest material for discussion on the future of public policy on the Social Economy.

The objective of this undertaking is to provide key actors with examples of successful initiatives, working policies, and policy development processes. The intention is for individuals to use this material for advocacy and learning purposes. We welcome your feedback and hope you enjoy this series of reports.

Sincerely,

Rupert Downing  
Co-chair, Public Policy Facilitating Committee

Dr. Jorge Sousa  
Co-chair, Public Policy Facilitating Committee





## 1.0 Introduction: Building an Alternative Economy

The purpose of this paper is to highlight public policy trends and instruments from around the world that are meeting the socio-economic and environmental outcomes fostered in the Social Economy (SE). This paper (the second in a three part series) is intended to compliment the literature review titled “Advancing the Social Economy for Socio-economic Development: International Perspectives,” by presenting specific policy instruments that governments are applying in support of the Social Economy. These instruments are producing public policy outcomes that respond to the social, economic and environmental challenges they and their citizens face. The literature review suggests that explicit and far-reaching public policy frameworks and instruments that take action on a broad range of issues have had the greatest public policy outcomes. When governments have fragmented, or are using non-explicit approaches to the Social Economy, actors have had greater difficulty maximizing their outcomes for public good, and organizing their activities across a range of sub sectors with shared goals. In highlighting successful innovative policy instruments, this paper provides a foundation for discussion and analysis of policy and practice that can advance the Social Economy in Canada.

The Social Economy as a public policy focus has historically been driven by social movement action to create solutions and influence government policy (Poirier, 2008). In this context, trends in public policy are conceptualized as part of efforts to reconstitute the social construction of economic activities. The concept of policy instruments comes from recent literature on public policy, and can be defined as “strategies and resources employed by governments to facilitate designated ends and goals vis-à-vis target populations” (Harman, 2004; p.1). The central theory on policy instruments is that governments can act through different instruments to achieve particular goals, and that the instruments chosen are important because they usually involve significantly different policy-making processes and produce different effects (Peters & Van Nispen, 2001). Public policy seeks to achieve goals that are considered to be in the best interest of the whole society, often by targeting specific groups within society (Torjman, 2005).

Because Social Economy organizations are by most definitions actors in the Social Economy, their efforts at the co-production and co-construction of policy is important to any analysis of trends and development in public policy. Vaillancourt (2008) defines co-production as the “participation by stakeholders from civil society and the market in the implementation of public policy,” while co-construction refers to “participation by those very stakeholders in the

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design of public policy” (p.12). Guy and Henneberry (2009) also embrace the public–private partnership or ‘collaboration’ between government and civil society “in building an inclusive and effective Social Economy network because it utilizes assets from a number of different economic sectors and therefore has the potential to be more efficient for each partner” (p.4). On addressing this evolving partnership, Kwan (2002) points to a “new and dynamic balance in which government and the third sector can work more closely together to find innovative, cost-efficient ways of delivering public services that are essential to Canadian communities” (p. 164).

The literature reveals numerous examples of Social Economy organizations successfully delivering public services. In Germany for example, although the government manages policy analysis and funding, social services are often run by non-profit organizations (Bode & Evers, 2004). Other EU countries are exploring new ways of co-management, where responsibilities are shared among governments, for-profit providers, and third-sector organizations (Defourny, 2001). Neamtan (2004) suggests that public administration places insufficient attention on the integration of social, economic, cultural and environmental goals and that the needs of people might be improved through services based on partnerships.

Vaillancourt (2008) also points to excellent examples of co-construction and co-production of public policy for social housing in Québec. One example begins in the 1960’s “when the federal state altered its social housing cost-sharing programs so as to permit the provinces taking advantage of them to develop new social housing units that could come under not only the public sector (i.e., the low-income housing formula) but also housing co-operatives and non-profit organizations (NPO)” (p.31). During this time low-income housing expanded, and the development of housing co-operatives and NPO’s were favored. This trend in Québec was accentuated with the AccesLogis program in 1997, giving priority to projects from local areas and favoring participation by the Social Economy in the application of public policy on housing. Through this program, 20,000 new social housing units were developed from 1997 to 2007 with the vast majority as housing co-operatives and NPO’s.

While the literature points to the valuable role the Social Economy plays in the co-production of policy, Loxley & Simpson (2007) provide a valuable critique regarding the negative implications of off-loading public services to the community sector. They caution that where social service delivery is devolved to the Social Economy, it might be quite consistent with neo-liberalism. “It could, indeed, be a way of reducing public sector employment and public sector wages, with particularly adverse effects on women, who are strongly represented in the public sector” (p.39). Despite the lack of literature and consensus on this debate, the co-construction and production of public policy

is an important context for understanding and analysing trends in public policy development for the Social Economy.

This paper outlines several public policy instruments being used by governments around the world to better meet the needs of actors involved in the Social Economy. These instruments range from defining legislation and regulatory measures, to cross-departmental governmental policy frameworks, to specific enabling policies and programs designed to achieve public policy outcomes. In order to obtain improved insight into the characteristics and trends of policy instruments a typology of five thematic categories are used. This typology is adapted from Neamtan & Downing's (2005) "Social Economy and Community Economic Development in Canada: Next Steps for Public Policy," applied as a guide to classify and understand the various policies and their intended outcomes for socio-economic development and environmental sustainability. This paper, commissioned by the Government of Canada, attempted to provide a framework for classifying public policy instruments of direct relevance to the Social Economy in the contemporary governmental environment of the Canadian federal system (2006) and so is used as a basis for analysis. Each typology within this framework is then categorized into policy '*domains*', or sub components to further highlight the diversity and innovation of policies in this sector. From this typology, conclusions can be drawn concerning future direction for public policy development for governments at all levels and actors in the Social Economy across Canada. The final paper in this series titled "The Social Economy in Canada: Strengthening the Public Policy Environment" highlights policy recommendations based on these trends from around the world.

The framework includes the following policy areas:

- Cross-governmental
- Territorial
- Tools for development
- Sectoral
- Supporting disadvantaged communities and populations

**Cross-governmental** policies are defined as explicit government-defined policy frameworks to use the Social Economy and enable its actors to achieve socio-economic development goals that cross-governmental departments and

**There have been significant contributions around the world to advance public policies that support the Social Economy as a means to organizing and creating socio-economic change.**

mandates. They may include, but go beyond any of the following specific policy typologies. **Territorial policies** can be defined as those public policies that enable “communities to initiate and implement their own solutions to economic problems to build long-term community capacity and foster the integration of economic, social and environmental objectives” (Neamtan & Downing, 2005, p.16). Territorial policies support local communities to create networks, strategic planning processes and collective projects, such as the tripartite support for Community Economic Development corporations in most urban centres in Québec and in some other major Canadian cities (Neamtan & Downing, 2005). These types of policies play an important role in social entrepreneurship by providing a geographic community with funds and support for networking, strategic planning, and collective projects. Social Economy ventures need to have access to suitable *tools for development* including: financing (access to capital), market access, research and development supports, and training and management systems. **Sectoral policies** often respond to needs that neither the market nor government can satisfy. Policies that support the emergence of Social Economy actors in economic sectors (such as the environment, housing, new technologies, communications, food services etc.) are important tools for strengthening the Social Economy. Policies in favour of *supporting disadvantaged communities and populations* contribute to addressing access, services and employment to marginalized groups. These policies use the Social Economy as a vehicle to integrate citizens with barriers to socio-economic participation.

## **2.0 Public Policy Supporting the Social Economy**

There have been significant contributions around the world to advance public policies that support the Social Economy as a means to organizing and creating socio-economic change. Governments have responded to lesser and greater degrees with public policies designed to create a supportive environment for the Social Economy. Government measures range from tangentially relevant to some goals of Social Economy actors – to being explicit, inclusive, and intentionally designed to enable transformative socio-economic change through the Social Economy as a governmentally defined sector. Because of the broad scope of public policy material – this paper has focused on the government policy measures that are most identifiable as being explicit to the Social Economy as a defined governmental policy arena.

### **2.1 Cross-government Policies**

Several governments, specifically in Canada, Latin America and in the European Union have made significant commitments to advancing the Social Economy

through public policies at the national level as well as across government departments. Where these commitments and supporting instruments have been made, actors in the Social Economy have been able to respond to pressing socio-economic and environmental challenges in their communities.

## **North America**

Significant supports in Canada have included the Social Economy Initiative in 2003, and the creation of a federal Parliamentary Secretary to the Minister of Social Development with a special focus on the Social Economy. The Martin government's 2004-2005 budget speech announced \$132 million in new funding over five-years to support the Social Economy in Canada, \$15 million of which was to pass through the Social Sciences and Humanities Research Council of Canada (SSHRC) to support partnership-oriented research on the Social Economy. This support enabled the creation of a Social Economy Hub and six regional research centres across Canada. A major goal of this research program is to promote awareness and understanding of the Canadian Social Economy and to address public policy issues through research papers and teaching programs. Although the Social Economy Initiative was dismantled in 2006 by the new conservative government, the research component funded through SSHRC continued, as did the capital and capacity building components in Québec. This initiative marked the initial development of a federal policy framework for the Social Economy in Canada.

Québec has a strongly developed public policy agenda supporting the Social Economy. The provincial government recognizes the Social Economy as a significant economic actor and is considered an important part of government strategy for regional and local enterprise development, for poverty alleviation, job creation, and the formation of new services to respond to collective needs (Neamtan, 2009). A critical turning point for the advancement of the Social Economy in Québec was in 1995, following the Women's March Against Poverty: for Bread and Roses, organized by the Québec Federation of Women (Fédération des femmes du Québec) (Vaillancourt & Theriault, 2008). This drew the attention of the Québec government and resulted in the commitment of \$225 million over five-years into social infrastructure. This also resulted in the establishment of le comité d'orientation et de concertation sur l'économie sociale, Regional Committees of the Social Economy, and eventually the Chantier de l'économie sociale. Through collaboration with the Chantier de l'économie sociale and other civil society organizations, the Québec government has responded with new initiatives and policies targeting local and regional development, employment and solidarity. The Office of the

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Social Economy within the Ministry of Finance was created in 2002, which was transferred in 2003 to the Ministry of Regional and Economic Development. “Its mandate is to coordinate government action for the development of the Social Economy, identify objectives, issues and challenges, ensure the follow-up and analysis of policies and programs and encourage research in the area. These steps by the government of Québec represent a clear commitment to the development of the Social Economy” (Mendell, 2003; p.9). Since that time, a government action plan on collective entrepreneurship has been introduced<sup>1</sup>(2009), which is now the responsibility of the Ministry of Municipal Affairs and Regions. In addition, matching financial investments have been made in an investment fund for the Social Economy by the Québec and Federal governments (la Fiducie du Chantier de l’économie sociale) of \$10.6 m<sup>2</sup>. The provincial framework supports provincial, local and regional development of the Social Economy.

In the province of Manitoba, a cross-governmental policy framework has been developed on Community Economic Development (CED) that asserts similar objectives to that of the Social Economy framework in Québec – without using that terminology. The Community and Economic Development Policy Framework of the Manitoba government contains CED principles that are meant to be applied by all government departments (Reimer et al., 2009). The Community and Economic Development Committee of Cabinet (CEDC) supports the CED policy framework at the political level and has approved a number of far reaching program initiatives to invest in action of CED objectives. The Neighborhoods Alive! Project<sup>3</sup>, for example, provides funding for activities that benefit urban neighborhoods. This initiative is a long-term, community-based, social and economic development strategy that recognizes the existing strengths and experiences of communities, and encourages community-driven revitalization efforts in designated neighborhoods in a number of key areas.

Some other provincial and territorial jurisdictions in Canada have also been developing cross-governmental policies focussed on elements of CED and the Social Economy. Nunavut, Nova Scotia and Newfoundland in particular have policies that are beginning to address an explicit framework and principles to support Social Economy organizations as vehicles to achieve public policy outcomes in areas like sustainable development, poverty reduction and

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1 [www.chantier.qc.ca/uploads/documents/actualites/regi\\_econ\\_soci\\_plan\\_acti.pdf](http://www.chantier.qc.ca/uploads/documents/actualites/regi_econ_soci_plan_acti.pdf)

2 <http://fiducieduchantier.qc.ca>

3 Neighborhoods Alive Project: [www.gov.mb.ca/ia/programs/neighbourhoods](http://www.gov.mb.ca/ia/programs/neighbourhoods)

community revitalization.<sup>4</sup>

With the new Obama administration, support for the Social Economy in the United States has enabled the creation of cross-governmental supports for this sector. This includes the recent creation of the Office of Social Innovation<sup>5</sup>, and the doubling of public investment in community financial development institutions as part of the federal governments economic stimulus package. The federal governments Green Jobs initiative for example aims to create over 5 million new jobs over the next five-years in solar, wind and renewable energy infrastructure. Some of the boards that specifically deal with Community Economic Development include the Office of Community Planning and Development (CPD), and the Economic Development Administration within the US Department of Commerce.<sup>6</sup> Financial Supports are focused on locally-developed, regionally-based economic development initiatives often in partnerships with the non-profit sector to deliver these programs. The US Solidarity Economy Network<sup>7</sup> has also recently been formed and is strongly advocating for the SE in the US public policy environment.

## Latin America

Arruda (2004) highlights the multiplying innovative public agencies and policies aimed at fostering a Solidarity Economy in Latin America, particularly in Brazil, Colombia, Ecuador, Mexico, Argentina, and Bolivia. Brazil provides an excellent example of cross-government policies that support the Solidarity Economy with the creation of the National Secretariat on Solidarity Economy, a branch of the Ministry of Labour and Employment of the Federal Government and by supporting the Forum Brasileiro de Economia Solidaria.<sup>8</sup> Since this collaboration, the Forum and the Secretariat have joined forces in advancing the Solidarity Economy, forming a civil society government partnership for the co-construction of public policy. The establishment of a new legal framework governing the relationship between the Third-Sector and the State has introduced new novelties such as the *parceria* (partnership) and *public-interest civil society organizations* (Sugiyama, 2008). This new type of non-profit cannot distribute any income surplus revenues, or assets. These funds have to be fully used to fund the organizations activities and purpose.

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4 See the Inventory of Provincial and Territorial Government Support to CED in Canada, Infanti J., Canadian CED Network, May 2003.

5 US Social Innovation Fund: [www.whitehouse.gov/blog/What-is-the-Social-Innovation-Fund](http://www.whitehouse.gov/blog/What-is-the-Social-Innovation-Fund)

6 Economic Development Administration: [www.eda.gov/Home/EDAHomePage.xml](http://www.eda.gov/Home/EDAHomePage.xml)

7 US Solidarity Economy Network: [www.populareconomics.org/ussen](http://www.populareconomics.org/ussen)

8 Forum Brasileiro de Economia Solidaria: [www.mte.gov.br/ecosolidaria/sies.asp](http://www.mte.gov.br/ecosolidaria/sies.asp)

In Bolivia, Ecuador, Argentina, Mexico and Venezuela, civil society networks are taking root, and the emergence of new public policy initiatives supporting the Solidarity Economy are being created (Neamtan, 2009). Ecuador has recently made significant commitments to this sector with a new constitution adopted in 2008. The new constitution establishes the importance of the Solidarity Economy development model, and recognizes the plurality of the economy based on public, social, and private enterprise. In Mexico, state promotion of the SE takes different forms: a review of economic policy and international agreements; a legal framework to foster the Solidarity Economy, for which a bill, the General Law on the Social Solidarity Economy, is under consideration; and an agenda of other initiatives to enable local development (Fretel, 2008). Venezuela has created a Ministry of the Popular Economy and a Popular Economy Law (2008).

### **European Union**

Institutional recognition of the Social Economy at the European Union level has been growing over the last few decades culminating in the creation of: the Social Economy Unit in European Commission Directorate-General XXIII, the 'Social Economy Category' within the European Economic and Social Committee (EESC), and the European Parliament Social Economy Intergroup (EESC, 2007).

Many countries in the EU have a high-level body within the national government with explicit matters relating to the Social Economy. These include:

- Belgium: Secretariat d'Etat au développement durable et à l'économie sociale (Secretary of State for Sustainable Development and the Social Economy)
- Spain: Dirección General de Economía Social (Social Economy Directorate-General)
- France: Délégation interministérielle à l'innovation, à l'expérimentation sociale et à l'économie sociale (Interministerial Delegation for the Innovation, Social Experimentation and the Social Economy)
- Ireland: Social Economy Unit
- Italy: Ministero dello sviluppo economico (Directorate General for cooperative bodies, Ministry of Economic Development) and the Agenzia per le Onlus (Agency for Socially Responsible Non-Profit Organizations)
- Malta: NGO Liaison Unit in the Government's Ministry of family and



### Social Solidarity

- Portugal: Instituto Antonio Sergio do Sector Co-operativeerativo (INSCO-OPERATIVE)
- United Kingdom: Cabinet Office's Social Enterprise Unit responsible to the Minister and office of the third sector, and the Treasury's Charity and Third Sector Finance unit.

According to a report for the European Economic and Social Committee by CIRIEC (2006), countries with the greatest acceptance of the Social Economy as a concept are: France, Italy, Portugal, Spain, Belgium, Ireland, and Sweden. In France and Spain, the SE is recognized in law. Countries with a medium level of acceptance of the concept include: Cyprus, Denmark, Finland, Greece, Luxembourg, Latvia, Malta, Poland, and the United Kingdom. In these countries the term co-exists with other concepts such as the Non-profit sector, third sector, and Social Enterprises. Countries with limited or no recognition of the term SE include Austria, Czech Republic, Estonia, Germany, Hungary, Lithuania, the Netherlands, and Slovenia (CIRIEC, 2008).

### Africa

In Africa, while in a lesser state of development in the Social Economy, some structures have been in place at the cross-governmental level. Mali, for example, has developed the Department of Economic Solidarity (HRSDC, 2006). While there have been significant strategies and programs fostered within the Social Economy adopted in Africa, there are few governments that have established national boards that deal specifically with matters relating to the Social Economy. Some significant programs include Senegal's National Poverty Strategy (NPS), promoting services and improved living conditions of vulnerable populations, and Nigeria's National Economic Empowerment Development Strategy (NEEDS), a program designed to provide a foundation for sustainable poverty reduction, employment generation, and value reorientation.<sup>9</sup> There is also an increasingly dominant discourse around the Second Economy in South Africa, and is currently a centerpiece of government initiatives such as the Accelerated and Shared Growth Initiative (du Toit, 2008).

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<sup>9</sup> NEEDS: <http://enigeria.com.ng/downloads.part1.pdf>

## Asia and the Pacific

In Asia and the Pacific there are no countries (that are identified in the literature to date) that have explicit national boards specifically focused on the Social Economy, or as it is referred to in various Asian countries, “People’s Economy”, “Compassionate Economy” and “Solidarity-based Economy”. There are; however, various programs and instrumental policy supports devoted to enhance the socio-economic development through co-operative and community-based models. The Community Investment and Inclusion Fund (CIIF) in Hong Kong for example, established by the government in 2002, focuses on mobilizing and consolidating social capital and uses these resources to sustain initiatives and thus ease the demand for government funding. The CIIF is a major source of financial support for CED initiatives which have been primarily focused on creating job opportunities for marginalized labour groups, including: middle-aged people (especially women), new arrivals from mainland China, low-income groups, single parents, and social security claimants (Chan, 2006). Other Social Economy developments can be seen in Korea with the increase of social enterprise for job integration and capacity building (Hiroto, 2009). In Bangladesh, with micro-credit programs (DFID, 2005); and in Thailand, with a greater emphasis on participatory democracy under the *Sufficiency Economy*.

The first Asian Forum for Solidarity Economy was held in 2007 with delegates from 26 different countries. During these forums, a network of Solidarity Economy stakeholders was created called the Asian Alliance for Solidarity Economy (AASE) (Quinones, 2009).

## 2.2 Territorial policies

Territorial policies support local communities to create networks, strategic planning processes and collective projects as a primary component of social entrepreneurship. These types of commitments require the engagement of a variety of stakeholders and sectors as well as multi-year funding that recognizes the long-term stages of development. Community Economic Development (CED) is a long-term empowerment process that builds the capacity of communities to help themselves through an integrated approach that recognizes social, economic, cultural and environmental goals. The Canadian CED Network (CCEDNet) defines CED as “action by people locally to create economic opportunities and enhance social conditions in their communities on a sustainable and inclusive basis, particularly with those who are most disadvantaged. CED is a community-based and community-directed

process that explicitly combines social and economic development and fosters the economic, social, ecological and cultural well being of communities.”<sup>10</sup> While the origins of CED have been conceptualised as territorial, its discourse has evolved beyond this orientation in theory and praxis as a developmental approach that works with communities of people and place.

Some territorially relevant best practices for how governments should support the Social Economy have been identified in the European Union. In Spain, the Community Strategic Guidelines (CSG) contain the principles and priorities of cohesion policy and suggest ways the European regions can take full advantage of the European funds that have been made available for national and regional aid programs. The objectives of the CSG are: to reinforce the strategic dimension of cohesion policy by ensuring that community priorities are better integrated in national and regional development programs, and to ensure greater ownership of cohesion policy on the ground (bottom-up approach) by reinforcing the dialogue between Commission, member states and the regions and by promoting a more decentralized sharing of responsibilities (Noferini & Consejero, 2007). The UK government also supports territorial processes, such as through the development of the “Community Interest Company” (CIC). The CIC, the UK model of social enterprise, was introduced in 2005 with now over 2097 enterprises registered (Carter & Man, 2008). A CIC is a limited liability company with the specific aim of providing benefit to a community – which combines the pursuit of a social purpose with commercial activities. The primary “purpose of a CIC is to provide benefits to the community, rather than to the individuals who own, run or work in them” (Carter & Man, 2008, p.6).

Similar to the CIC model in the UK, Davister et al. (2004) highlights the strengthening of social enterprise in other European countries through legal developments such as the Italian “social co-operative” (1991), the Belgian “social purpose company” (1995), the creation of the “collective interest co-operative society” in France, the “social solidarity co-operative” in Portugal and the “social initiative co-operative” in Spain. In the United States, the Low-profit Limited Liability Company (L3C) is a for-profit company that is organized to engage in socially beneficial activities. Like the CIC, the L3C provides a way to track social enterprise, is not tax exempt, is not a registered charity, and aids in gaining access to capital (foundations can invest; other funders can take an equity position). Unlike Canada, the U.S. “now allows a

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10 CCEDNet Policy Brief: [www.ccednet-rcdec.ca/files/Policypercent20Briefpercent20Final-EN\\_2005.pdf](http://www.ccednet-rcdec.ca/files/Policypercent20Briefpercent20Final-EN_2005.pdf)

foundation to make investments in social enterprises out of both its endowment funds and its grant making activities and earn income without affecting the foundation's charitable status" (Martin, 2007, p.10). These Program Related Investments – or PRIs - are permitted as long as the primary goal is a social return. The L3C has recently been introduced in Vermont, and it is expected that other states will follow such as Montana, North Carolina, Georgia and Michigan. The next steps are: a move to federal acceptance, to begin to attach tax incentives, advocate for L3C's to be recipients of investments under the Community Reinvestment Act, and to develop a roster of L3C's (Corriveau, 2008; Carter & Man, 2008). The US has also created the New Market Tax Credit, which provides up to 15 billion dollars worth of credits for community investments over a five-year period (Martin, 2007).

Carter & Man (2008) highlight the CIC's and L3C's for examples of the types of features that a new Canadian vehicle may have, such as: providing opportunities to draw the best attributes from both legal structures, and to create new federal legislation to enable social enterprises to flourish. Carter & Man (2008) also propose an approach "to allow entities to be incorporated under existing general corporate statutes, such as the Canada Corporations Act, and provide other attractive features through alternative means, such as providing full or partial tax-exemption status to these entities" (p.50). In addition to these changes, Carter and Man (2008) suggest amendments to the Income Tax Act (ITA) "in order to provide attractive tax incentives to investors of social enterprise, and possibly also to allow registered charities to "invest" in social enterprise entities with their investments being counted towards meeting their disbursement quota requirements" (p.50).

In Canada, there are four regional development agencies mandated by the federal government, including: Canadian Economic Development Québec, Western Economic Diversification, Federal Economic Development Initiative for Northern and Rural Ontario (FEDNor), and the Atlantic Canada Opportunities Agency (ACOA). "Each regional development agency provides support to community projects, sectoral and population-based initiatives (with Aboriginal, Francophone, women and youth populations) that contribute to the economic and social well-being of their regions. They are responsible for delivery of the Government of Canada's Social Economy initiative" (Neamtan & Downing, 2005; p.66). An example where this government support is offered to Social Economy actors is through Community Futures Development Corporations (CFDC). Funded through FedNor and Industry Canada, these community-based not-for-profit organizations operate locally based businesses that contribute to the creation of self-supporting communities, and provide

business services and access to capital (Toye & Infanti, 2004).

In New Zealand, Australia, Mexico, and the United States Community Economic Development is a frequently used term to describe the direction of these territorial policies and programs. In Australia for example, the Regional Partnerships Program has established and funded Area Consultative Committees (ACCs) which are non-profit, community-based organizations. These ACCs serve rural, regional, remote and metropolitan communities, and position themselves as key regional stakeholders in building networks and partnerships to find local solutions to local problems. These networks provide examples of how the government is working in partnership with business and community to achieve regional economic growth.<sup>11</sup> In 2003, New Zealand initiated the Community Economic Development Action Research Project (CEDAR). One of their key objectives was to identify factors that contribute to successful community economic development (HRSDC, 2006). The process identified various factors that “impede communities from reaching their economic development goals: relationship between economic, social and cultural goals; access to skills and training; funding and resourcing for community groups; recognizing the value of strategic planning; changing government relationship with aboriginal tribes; co-ordination across government agencies; and issues facing rural communities” (Ibid, 2006; p.9).

### **2.2.1 Policy domains**

The following policy domains, or thematic categories, provide some examples of various supports for rural and urban development from jurisdictions around the world. These domains are not inclusive of all policy instruments, but rather provide a sample of what is being used for territorially development.

### **Rural development**

Andrews (2004) argues that sustainable rural development can be an effective means to combat poverty in Brazil and points to a recent study in Santa Catarina, a small state in the south, that within ten-years was able to reduce the total number of people living in poverty to 46 percent, and the total number of individuals living at indigence levels to 64 percent. These results stem from the establishment of the federal government council’s National Plan for Sustainable Rural Development (PNDRS). In this regard “the socioeconomic growth of family agriculture is to be strengthened, with support for the commercialization

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11 [www.accord.org.au/publications/ACCORD\\_CDFI\\_Report4.pdf](http://www.accord.org.au/publications/ACCORD_CDFI_Report4.pdf)

and industrial transformation [of agricultural products], expanding and improving the access to stable credit policies, technical assistance, seeking a new model of sustainable rural development” (Coligação ‘Lula Presidente’, 2001: 9 cited in Andrews, 2004, p. 482).

In Mexico, the Production Development Fund covers activities such as temporary employment programs, social enterprises, and economic development opportunities for women and Indigenous regional funds. The social enterprises program includes initiatives to create, and extend such enterprises for producers living in poor rural areas.

There are similar supports in Canada, such as the Rural Networking Initiative, supported through the Rural Secretariat of Agriculture and Agri-foods Canada who fund three types of rural community projects aimed at building community capacity: learning events, partnerships and networks (Neamtan & Downing, 2005). The Community Futures<sup>12</sup> infrastructure is a national and comprehensive program set up to do rural development, supporting over 250 Community Economic Development offices across Canada. CCEDNet’s ‘Financing Community-based Rural Development’, profiles 20 programs and instruments used to finance community-based rural initiatives. These programs and instruments represent good examples of collaboration between different levels of government, including interesting formulas for cost sharing, and innovative approaches to solving problems associated with financing rural development at the community level (Ninacs, 2003).

The Manitoba Agriculture Food and Rural Initiatives (MAFRI) has GO Centres<sup>13</sup> around the province where the provincial staff support and mobilize activities around the Social Economy, CED, co-operatives, and enterprise development. Manitoba’s Rural Development Bonds Program (Grow Bonds) initiated in 1991 is an approach to CED and economic diversification, developed as a vehicle to assist rural entrepreneurs in attracting patient, local investments to their business while protecting the local investor with provincial guarantee for their dollar (Davis, 2003). As well, the Rural Economic Development Initiative program supports mainly rural but also northern business development through technical assistance and loan guarantees. Technically, these opportunities are available for Social Economy/CED entities, but most of the assistance goes to mainstream private business (Reimer et al., 2009).

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12 Community Futures: [www.communityfutures.ca/home/index-eng.html](http://www.communityfutures.ca/home/index-eng.html)

13 MAFRI Go Centres: [www.gov.mb.ca/agriculture/contact/agoffices.html](http://www.gov.mb.ca/agriculture/contact/agoffices.html)

## Urban development

Recent initiatives have also addressed urban poverty, where in cities such as São Paulo, is reaching alarming rates. One example comes from the city of São Paulo that has implemented the ‘Oportunidade Solidária’, a program seeking to support work co-operatives, small businesses and other small-scale income-generation activities (Pochmann, 2003: cited in Andrews, 2004).

In an effort to respond with new initiatives and policies targeting local and regional development, the Québec government established Local Development Centers (LDC) in 1997. LDCs exist throughout the province and have special funds dedicated to the SE. This initiative was an important contribution in raising the visibility of the SE, and consolidating its place within Québec’s political agenda (Mendel, 2003). In Manitoba, the Winnipeg Partnership Agreement<sup>14</sup> has committed a total of \$75 million over five-years into the SE, and included decision making processes led by community leader. The Neighbourhoods Alive!<sup>15</sup> programme in Manitoba (*also mentioned in the cross-governmental section*) provides another example of urban development and revitalization.

In the United States Community Development Corporations (CDC), a type of non-profit entity, are formed by residents, small business owners, congregations and other stakeholders, to revitalize a low and/or moderate-income community. Typically, CDCs produce affordable housing and create jobs, but they also fulfil other community development goals. According to a national census of CDCs conducted by the National Congress for Community Development in 1998, there were an estimated 3,600 CDCs across America. Since the emergence of the first CDCs in the 1960s they have produced 247,000 private sector jobs and 550,000 units of affordable housing.<sup>16</sup>

### 2.2.2 Conclusion

Territorial policies provide a geographic community with support for networking, strategic planning, and collective projects. Some examples of these types of policies and frameworks that are supporting the SE include: Spain’s Community Strategic Guidelines (CSG), UK’s Community Interest Company, USA’s Low-profit Limited Liability Company, Australia’s Regional

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14 Winnipeg Partnership Agreement: [www.winnipegpartnership.mb.ca](http://www.winnipegpartnership.mb.ca)

15 Neighbourhoods Alive!: [www.gov.mb.ca/ia/programs/neighbourhoods](http://www.gov.mb.ca/ia/programs/neighbourhoods)

16 National Congress for Community Development: [www.ncced.org/CDCBreifDEC05.html](http://www.ncced.org/CDCBreifDEC05.html)

Partnerships Program, and Québec's Local Development Centers (LDC).

## **2.3 Tools for Development**

Ensuring access to suitable tools for development is an important strategy to strengthen the Social Economy. These tools include direct government involvement (grants, subsidies), or indirect involvement by enabling public policy to attract investment (tax incentives, public procurement), philanthropy, financial institutions including conventional banks, credit unions, financial co-operatives and mutual societies as well as individual investors.

An example of an enabling public policy is the Canadian federal initiative to support the creation of patient capital instruments and to open up programs to Social Economy enterprises. These tools also include provisions to support applied research, research partnerships and practitioner-driven research. Fontan (2006) argues that “collective entrepreneurs want to be heard politically, and given the same attention as private-sector entrepreneurs. They seek the same type of recognition, assistance, mobilization of resources, and interest that the state has accorded and still accords to private enterprises” (p.16). Streamlining treatment to different kinds of organizations that provide similar goods and services has also been a major objective for many jurisdictions in several European countries. In the United Kingdom for example, the same support that was given to small-businesses is now being extended to Social Economy enterprises (Taylor, 2004).

### **2.3.1 Policy domains**

The following provides examples of tools for Social Economy development including financial co-operatives, taxation policies, investments funds, loan guarantees, and social procurement.

#### **Financial co-operatives**

The ‘Co-operative Governance: guidelines and mechanisms for strengthening governance in financial co-operatives in Brazil’ are strategic guidelines prepared by the Central Bank as a contribution to the sustained growth of financial co-operatives in Brazil.<sup>17</sup> The project aims at contributing to build a strong and adequate governance environment that takes into account the specificities of

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17 [www.bcb.gov.br/?PUBLICATIONSALPHA](http://www.bcb.gov.br/?PUBLICATIONSALPHA)

**Ensuring access to suitable tools for development is an important strategy to strengthen the Social Economy**



financial co-operatives in the Brazilian financial system and socio-economic context.

## **Taxation policies**

In most countries of the western EU the four main legal forms taken by the SE enjoy some kind of specific tax treatment. The Community Investment Tax Relief (5 percent/yr) for example is a tax credit available to any individual or company with a tax liability, investing in an accredited Community Development Finance Institution where the investment is held for at least five years (HRSDC, 2006). Such legislation has been strengthened in recent years in a number of countries, such as Spain's Act 43/2002 passing its NPO taxation system, Italy's Act 460/1997 on the ONLUS, and Germany's Social Law Code governing non-profit organizations. Specific laws concerning social companies (Act of 2003 in Finland; Act of 2004 in Lithuania and Act 118/2005 in Italy), social co-operatives (Acts of 2006 in Poland and Portugal) and non-profit organizations of social utility (Decree 460/1997 in Italy) or modifications to existing laws, has provided a channel for the development of an emerging 'New Social Economy'. According to Chavez and Monzon (2007), community financial instruments have not been sufficiently available to the development of co-operatives and other Social Economy enterprises, especially in Central and Eastern Europe.

In the US, the Community Reinvestment Act (CRA), passed in 1977, and the New Markets Tax Credit Program, launched as part of the Community Renewal Tax Relief Act of 2000, have created significant pools of capital. In the former case by way of enforcement, obliging banks to invest in community initiatives; in the latter, by creating tax incentives for private investors (Mendell, 2008).

Québec has recognized CED in policy through actors' involvement in policy formation, through the creation of special funds, and the provision of tax credits for CED (Loxley & Simpson, 2007). The Co-operative Investment Plan (CIP) for example encourages investment in co-operatives by providing a tax credit to those who invest in shares in agricultural and employee owned co-operatives. This tool significantly assists co-operatives in raising capital for their businesses.<sup>18</sup> The CIP, which exists in Québec, has raised over \$200 million from the co-operative sector for new investment since 2007. In

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18 Co-operativesCanada: [www.co-operativescanada.co-operative/pdf/aboutcca/gapp/govsubmissions/national\\_co-op\\_recommendations\\_07-08\\_en.pdf](http://www.co-operativescanada.co-operative/pdf/aboutcca/gapp/govsubmissions/national_co-op_recommendations_07-08_en.pdf)

Manitoba, the Community Enterprise Development Tax Credit<sup>19</sup> created in 2004 is another successful tool for supporting the Social Economy (Loxley & Simpson, 2007). The program provides a non-refundable 30 percent income tax credit for investors in eligible community enterprise development projects (Kostyra, 2006). Nova Scotia has two tax credit initiatives targeted at raising private investment in community initiatives: the Nova Scotia Equity Tax Credit (1994) and the Community Economic Investment Funds Tax Credit (1999). Together, these programs have been instrumental in supporting 454 Nova Scotia businesses in raising \$54,486,942 in equity capital from 5,011 investors who qualified for \$15,658,376 in non-refundable provincial tax credits (Davis, 2003).

### **Investment funds**

Neamtan and Downing (2005) identify some options in the literature for how governments can provide funding for the Social Economy, including: 1) *Systematic financial support to address particular policy priorities* in which resources are allocated to different types of organizations in light of their objectives and compatibilities such as how co-operatives manage medical care in Saskatchewan (community health care) and Québec (ambulance services) 2) *Social Economy investment funds with criteria* addresses the absence of comprehensive policy making with the general aims of creating investment funds that Social Economy enterprises can access. Examples of this are highlighted in Lebosee's (2000) review on the development and scope of venture capital in Québec directed towards the SE. In order to obtain access to capital for collective enterprise in Québec, the government made it possible for certain public institutions offering risk capital to co-operatives to make capital available to not for profit enterprises. The Investissement Québec (formerly Société de développement industriel) was established out of this demand and offers financing and support to all Social Economy enterprises. The Québec government also established the Comité sectoriel de la main-d'oeuvre de l'économie sociale et de l'action communautaire to provide training and needs analysis for the Social Economy and to track the progress of job creation and enterprise development (Mendell, 2003).

Another initiative of the sector that has received government funding is the Enterprising Non-Profits Program (ENP)<sup>20</sup> which provides matching grants to non-profit organizations in British Columbia who are interested in starting

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19 CED: Tax Credit <http://web2.gov.mb.ca/agriculture/programs/index.php?name=aaa21s04>

20 [www.vancity.com/MyCommunity/AboutUs/WhoWeAre/Subsidiaries/VancityCommunityFoundation/TypesofSupport](http://www.vancity.com/MyCommunity/AboutUs/WhoWeAre/Subsidiaries/VancityCommunityFoundation/TypesofSupport)

or expanding a business. The program was established in 1997 in response to requests by organizations for support in the development of revenue-generating enterprises as a way to stabilize and diversify their funding base, create employment or training opportunities, and enhance their programs or services. ENP program funding enables organizations to conduct planning activities related to the development of a business venture. It is funded by a partnership of funders who combine their resources together to create a common funding pool that leverages their separate contributions for greater impact and efficiency.

The Co-operative Employee Partnership Program (CEPP)<sup>21</sup> is a development program that arose from a partnership between Nova Scotia's Department of Community Services, individual co-operatives, the Credit Union central of Nova Scotia, the Regional Co-operative Development Centre (RCDC), and other provincial departments. This model is a CED tool in which a successful co-operative sponsorship a new business that is organized, managed, and owned primarily by former social assistance recipients.<sup>22</sup> The major benefit of this financing and job creation process is the employment of people who have suffered from unemployment, particularly those on social assistance. Sources of funding available from the Manitoba government include the Communities Economic Development Fund (CEDF), a loan agency for northern businesses that has about \$20 million and loans out about \$5 million – most of it to small entrepreneurs but some to community development corporations and community owned enterprises (Reimer et al., 2009). In Edmonton, the Social Enterprise Fund (SEF)<sup>23</sup>, funded by the Edmonton Community Foundation in partnership with the City of Edmonton and the United Way, supports non-profit organizations or co-operatives that develop their social enterprises, or social housing projects.

The European Union's Local Social Pilot Project concluded that investment funds using small grants administered at the local level coupled with the provision of technical support provided a better way of promoting employment and social integration for groups in need than standard approaches administered by centralized bureaucracies, such as nationally defined training programs (PRI, 2005). In the UK, Community Development Finance Institutions (CDFIs) are independent financial institutions, funded from a variety of sources including

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21 CEPP: [www.socialeconomyhub.ca/hub/index.php?page\\_id=89&lp\\_lang\\_pref=en](http://www.socialeconomyhub.ca/hub/index.php?page_id=89&lp_lang_pref=en)

22 Canadian Centre for Community Renewal (CCCR): [www.cedworks.com/files/pdf/free/P203RCJ10.pdf](http://www.cedworks.com/files/pdf/free/P203RCJ10.pdf)

23 SEF: [www.ecfoundation.org/majorinitiatives/socialenterprisefund](http://www.ecfoundation.org/majorinitiatives/socialenterprisefund)

banks, individuals, charitable foundations and the government. Some of the methods used to achieve their social and financial goals include: community loan funds, micro-finance funds, community development venture capital, social banks, community development credit unions and mutual guarantee societies (HRSDC, 2006).

### **Loan guarantees**

The creation of *loan guarantees programs* or *fiscal measures* allow SE initiatives access to sources of capital that would otherwise be inaccessible to them. In the United States, loans and grants are available to community organizations and non-profits providing a range of enablers from capacity building to minority business development (Graffe, 2006). The Competitiveness and Innovation Framework Programme (CIP)<sup>24</sup> aims to encourage the competitiveness of European enterprises. With small and medium-sized enterprises as its main target, the programme will support innovation activities (including eco-innovation), provide better access to finance through loan guarantees and venture capital, and deliver business support services. It will also encourage a better take-up and use of information and communications technologies (ICT), and help to develop the information society. It will also promote the increased use of renewable energies and energy efficiency.

In Manitoba, the Co-operative Loans and Loans Guarantee Board<sup>25</sup> provides financial help to co-operative organizations and supports the growth and development of the sector. The Women's Enterprise Centres<sup>26</sup> in British Columbia (funded through Western Economic Diversification Canada) offers small loans to women entrepreneurs. Another initiative is the Aboriginal Business Development Loan<sup>27</sup>, available to Aboriginal entrepreneurs in New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, providing loans up to \$250,000.

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24 CIP: [http://ec.europa.eu/cip/index\\_en.htm](http://ec.europa.eu/cip/index_en.htm)

25 Co-operative Promotions Board: [www.gov.mb.ca/agriculture/ri/co-operative/pdf/cllgb.pdf](http://www.gov.mb.ca/agriculture/ri/co-operative/pdf/cllgb.pdf)

26 Women's Enterprise Centres: [www.womensenterprise.ca/about-us/welcome.php](http://www.womensenterprise.ca/about-us/welcome.php)

27 ABDL: [www.canadabusiness.ca/eng/summary/1228](http://www.canadabusiness.ca/eng/summary/1228)

## Social Procurement

The New Economics Foundation (NEF)<sup>28</sup> refers to procurement as the ways in which the public sector obtains goods and services, also known as purchasing, public service delivery, and frontline services. There is an emerging opportunity in purchasing and procurement where a triple bottom line vision can be put into practice using existing expenditures. Practitioners and academics are starting to identify the need to blend the financial return on investment and the social impact of purchasing and procurement decisions – values that have traditionally been held as separate and non-intersecting (Lepage, 2006). This shift can be somewhat attributed to the growth of interest in Corporate Social Responsibility (CSR),<sup>29</sup> a concept described by Industry Canada as businesses creating innovative and proactive solutions to societal and environmental challenges, as well as collaborating with both internal and external stakeholders to improve CSR performance.

The EU has a number of social procurement examples including the National Procurement Strategy that calls on authorities to: use procurement to help deliver corporate objectives including economic, social and environmental objectives set out in the community plan; encourage existing suppliers to enter a new market or develop new suppliers (e.g. by working with the voluntary or community sector); and develop diverse and competitive sources of supply, including procurement from small firms, ethnic minority businesses, social enterprises and voluntary and community organizations (HRSDC, 2006). Jadoun (2008) describes Socially Responsible Public Procurement (SRPP) as the promotion of: employment opportunities, decent work, social inclusion and Social Economy, accessibility and design for all, and fair and ethical trade.

France's social consideration in public procurement is recognized as one of the most advanced and structured in the world (Caranata, 2008). Here, procuring entities (such as the cities of Lille, Nantes, and Angers) work with public institutions responsible for social inclusion, such as the Maison de l'emploi, which allow coordination and synergies in all the activities that come to compose the Plan pour l'Insertion et l'Emploi – PLIE. The public institutions responsible for social inclusion, in turn, are active in many crucial steps of the procuring process: they may promote social awareness in potential bidders through meetings open to the firms (Caranata, 2008). In Germany, policy makers and contracting entities are opposed to social public procurement as they are feared to compromise value for money and transparency, and are not

**France's social consideration in public procurement is recognized as one of the most advanced and structured in the world (Caranata, 2008).**

28 NEF: [www.neweconomics.org/gen](http://www.neweconomics.org/gen)

29 CSR: [www.ic.gc.ca/eic/site/csr-rse.nsf/eng/home](http://www.ic.gc.ca/eic/site/csr-rse.nsf/eng/home)

considered to be the appropriate instrument to promote social considerations. However, they do promote Social Enterprise in public procurement by including: 1) the requirement of contracting authorities to split contracts into lots to allow Social Economy enterprises to bid, and 2) that contract conditions with main contractors include a clause providing for the participation of Social Economy enterprises as subcontractors (Trybus, 2008). Additionally, some German states have a general rule that gives social enterprises a fair share in public contracts (Bavarian SME Act), or requires social enterprise to be asked to bid for public contracts procedures (Hesse SME Act).

In Italy, specific legislation has been enacted to promote public procurement from entities employing disadvantaged people, NGOs and other civil society organizations (Caranata, 2008). To be considered a social co-operative the requirements specify that disadvantaged people must make up at least 30 percent of their workforce. Procuring entities may award social co-operatives that are below the threshold service contracts (services in the social and health and education areas being reserved to specific social co-operatives), following procedures divergent from the usual public procurement policies. Article 5(4) in the legislation further empowers this process by outlining that contracts will have to be executed by employing disadvantaged people. In Italy, social co-operatives are entrusted with the management of janitorial and cleaning services, nursing services and waste management (Caranata, 2008).

According to the Danish Act on Tender Procedures for Public Works – social requirements like employment opportunities and social inclusion should always be integrated in call for tenders. This is because contractors recruit a certain percentage of their workforce (normally five percent, in the City of Aarhus in Jutland ten percent) for a certain minimum period of time from the five categories of unemployed (category one of short term unemployed with good employment prospects to category five of long term unemployed with almost no employment perspective). In this system, employees are paid 50 to 75 percent of their salary by the tenderer, and the remainder by the state, creating an incentive for the tenderer.

Benefiting the Economy and Society Through Procurement (BEST) is a major initiative led by Social Enterprise East Midlands (SEEM) in the UK, and brings together a partnership of agencies from the public sector, social enterprise support organizations and experts, and social enterprises themselves.

The incubation project, led by Genesis Social Enterprise Centre,<sup>30</sup> invested £160,000 in setting up five social enterprises that have already secured £1.6 million contracts from public sector operating in a range of fields and creating quality inclusive employment.

Lepage (2006) highlights the growing momentum of socially responsible procurement policy in Canada, documented by the increased interest of the public sector in fostering Social Economy initiatives that reflect a merging of financial, environmental, and social returns. He describes the Social Purchasing Portal (SPP)<sup>31</sup> as a tool that integrates social and economic values using existing purchasing and procurement. “Blending financial and social values in purchasing and procurement throughout and across the public, private, and social sectors is an essential element in the creation of healthy local communities within an ever globalizing economy...where the Social Economy and marketplace interests intersect” (p.39). The SPP is a web-based information resource to promote and expand sales opportunities for social enterprises and social purchasing. It is currently on-line in Vancouver, Toronto, Winnipeg, Fraser Valley, Calgary, Waterloo Region and Ottawa.

A similar concept introduced in 2006 by the former Minister of Public Works and Government Services, Stephen Owen, is Citizens’ Dividend, which examines the potential measurement of public and social value created by federal government purchasing and procurement decisions. Despite barriers in public policy and trade agreements, it brings forward and strengthens the issue of a blended return on investment for government procurement decisions. Some examples include the City of Vancouver’s policies on sustainable purchasing<sup>32</sup> adopted in 2004) and the Manitoba provincial procurement principles, indicating a changing direction in government procurement.

In Manitoba, the Aboriginal Procurement Initiative, for example, builds on a sustainable procurement initiative introduced in 2000 as mandated by the Sustainable Development Act to encourage the production and use of environmentally friendly products (Reimer et al., 2009). The policy directs all government departments to increase the participation of Aboriginal businesses in providing goods and services to the Manitoba Government and

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30 For more information on this project see the website: [www.equal-works.com/PolicyPracticeList.aspx](http://www.equal-works.com/PolicyPracticeList.aspx)

31 SPP: [www.sppcanada.org/canada/index.cfm](http://www.sppcanada.org/canada/index.cfm)

32 City of Vancouver: <http://vancouver.ca/ctyclerk/cclerk/20041216/pe9.htm>

to develop annual objectives and action plans. There are four mechanisms to help facilitate the implementation of this policy including: Aboriginal Business Sourcing (which is a process by which Aboriginal businesses register with the government and are contacted when bidding opportunities arise); Aboriginal Business Content (where a specific percentage of a contract open for bidding must be fulfilled by or subcontracted to Aboriginal Businesses); Set Aside (where a procurement contract is initially only open to bidding from Aboriginal businesses); and Scoping (whereby contracts are broken down to make them more attainable by Aboriginal businesses).

The Indian and Northern Affairs Procurement Strategy for Aboriginal Business (PSAB)<sup>33</sup> works to help Aboriginal firms do more contracting with all federal government departments and agencies and assists Aboriginal businesses gain access to the overall procurement process. The PSAB, while led by Indian and Northern Affairs Canada (INAC), is a Government of Canada initiative. All federal government departments and agencies are encouraged to participate in this initiative.

In Australia, the department of Finance and Administration's Commonwealth Procurement Guidelines ensure that Small and Medium Enterprise's (SME) are able to engage in fair competition for government business. Through the concept of social coalition, business and community can join in partnership with government to enhance opportunities for social and economic participation, and ensure disadvantaged people have fair access to the community.<sup>34</sup>

The Small Business Administration's Small Disadvantaged Business (SDB)<sup>35</sup> program is a procurement tool in the United States designed to assist the government in finding firms capable of providing needed services, and at the same time, helping to address the traditional exclusion of firms owned by disadvantaged individuals from contracting opportunities. Eligible applicants must be at least 51 percent owned and controlled by one or more US citizens who are socially and economically disadvantaged. Another example is the State of Connecticut Minority & Small Contractors' Set Aside Program, established for the purpose of assuring that small and small minority owned businesses have an opportunity to bid on a portion of the states purchases. Additionally, 25 percent of that amount is reserved for small businesses, which are minority/women owned.

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33 INAC: [www.ainc-inac.gc.ca/ecd/ab/psa/index-eng.asp](http://www.ainc-inac.gc.ca/ecd/ab/psa/index-eng.asp)

34 The Non-profit sector in a Changing Economy, OECD, 2003.

35 SDB: [www.sba.gov/index.html](http://www.sba.gov/index.html)



### 2.3.2 Conclusion

Tools for development directed at small and medium sized businesses can support SE enterprises, since community-based organizations need similar access to investment tools, adequate markets, research and development, and efficient management expertise (Reimer et al., 2009). Tools that specifically recognize and support the social, environmental and cultural objectives of SE organizations enable a level playing field on which they can compete with conventional for-profit businesses. Some of these tools include the creation of financial co-operatives, community-based savings programs, taxation policies, investment funds, loan guarantees, subsidized financing, micro-credit and social procurement.

## 2.4 Sectoral policies

Social Economy enterprises offer many advantages in responding to particular sectoral challenges. They have been successful in their capacity to identify “emerging needs, propose innovative solutions and structure or occupy sectors that are not considered sufficiently profitable for private for-profit initiatives” (Neamtan & Downing, 2005, p. 57). The EU-25 for example had over 240,000 co-operatives that were economically active in 2005 in every economic sector, particularly in agriculture; financial intermediation; retailing and housing; and as workers’ co-operatives in the industrial, building and service sectors (Chavez & Monzón, 2007). In the United States, 195,000 organizations filed as public charities (non-profit organizations involved in the arts, education, health care, human services, and community service, etc.) with the Internal Revenue Service in 2002 (Salamon & Sokolowski, 2005). The Social Enterprise Alliance in the United States provides a directory that identifies approximately 30 sectors of activity in the Social Economy. The vast majority are in services ranging from advocacy to disaster assistance, health, homelessness and housing, poverty and immigration, civil and human rights, substance abuse, sports and recreation, among others (Mendell, 2007).

In Canada, government funding for this sector is particularly prominent in the fields of health, education, and social services. These reflect the form that the welfare state has taken in Canada and echoes what is found in a number of European countries. The Co-operative Development Initiative (CDI) is a joint federal government/co-operative sector partnership program to help people develop co-ops and to research and test innovative ways of using the

co-operative model. In partnership with 17 regional and sectoral organizations across Canada, it includes support for new co-operative development in priority areas including: adding value to agriculture; access to health care and home care; economic development in rural, remote or northern communities; development of Aboriginal communities; integration of immigrants into Canadian communities; and community solutions to environmental challenges.<sup>36</sup> In May 2009, the Minister of National Revenue and Minister of State announced a new and enhanced CDI program investing \$19.1 million in co-operative development between 2009-2013. The CDI and the Agricultural CDI have helped fund co-operative advisory services, started over 200 new co-operatives, and assisted more than 1,500 emerging ones.<sup>37</sup>

In Québec, sectoral policies are supporting the SE in day care, home care, social housing, and recycling. In Manitoba, sectoral policies promoting CED are predominantly in clean energy, housing, childcare youth safety, and women's health. Social Economy enterprises offer many advantages in responding to particular sectoral challenges. They have been successful in their capacity to identify "emerging needs, propose innovative solutions and structure or occupy sectors that are not considered sufficiently profitable for private for-profit initiatives" (Neamtan & Downing, 2005, p. 57). Bouchard et al., (2008) provide a comprehensive statistical portrait of the Social Economy by sector and activity in Montreal, highlighting the significant contribution towards economic growth and social development.

The SE is widely recognized by the institutions of the various EU countries in legislation and policies. In general they have created sector policies that make specific reference to the Social Economy. Some examples include: employment policies involving worker co-operatives and integration enterprises, social services policies, agriculture and rural development policies. The European Agenda for Entrepreneurship (2004) for example, introduced the EU Commission's action on promoting entrepreneurship in social sectors. In order to do this, the Commission launched a project 'Promoting Social Entrepreneurship in Europe' in 2004. In the EU, social enterprises operate mainly in the following areas: work integration (training and integration of unemployed persons); personal services (e.g. childcare services, services for elderly people, 'proximity' services, aid for disadvantaged people); and local

**The SE is widely recognized by the institutions of the various EU countries in legislation and policies.**

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36 CDI: <http://co-operative.gc.ca/CO-OPERATIVE/display-afficher.do?id=1232543849777&lang=eng>

37 CCEDNet Recommendations for the Federal Government on Community Economic Development and the Social Economy: [www.ccednet-rcdec.ca/?q=en/node/5256#fed](http://www.ccednet-rcdec.ca/?q=en/node/5256#fed)

development of disadvantaged areas (e.g. social enterprises in remote rural areas, development/rehabilitations schemes in urban areas) (HRSDC, 2006). It is not surprising, given the regulation of the numerous imbalances in the labour market that ministries of work and social affairs tend to be responsible for fostering the SE. The European Union's Lisbon Strategy, for example, recognizes the SE as the core of its employment policy.

Due to an absence of European budgetary policy for the SE, its participation has been achieved through employment and social cohesion policies, specifically the budgets to promote Social Economy enterprises and employment such as the ADAPT initiative, the EQUAL<sup>38</sup> initiative for social and work integration, the European Social Fund (SEF) and the Third System and Employment pilot action. The Progress Program (replaced Equal program) in the EU is a network of local observatories. The recent establishment of the Co-operative Research Centre in Trenton, Italy is an important evolution in this trend.

### **2.4.1 Policy domains**

Several governments in the EU are supporting sectoral socio-economic development, such as the creation of employment in recycling operations, social services in Germany (Bode & Evers, 2004), and elderly care in the Netherlands (Dekker, 2004). In Latin America, sectors such as agriculture and education are significantly represented in the Social Economy, and in North America, housing and healthcare are important contributors.

### **Healthcare**

The Co-operatives Secretariat of the Government of Canada<sup>39</sup> offers a snapshot of co-operatives serving multiple sectors across Canada. This resource points to a number of co-operative health clinics operating in Canadian communities, with the majority in Saskatchewan and Québec. They form part of the network of 'community health centers' that provide a holistic approach to care based on the needs of the communities they serve. This model of health care has proved to be cost effective and responsive to community needs, and in inner-city communities these clinics play an important role in integrating the socially excluded into the broader social system. In 2001, there were 101 health care co-operatives offering services across the country. Recent trends have shown that the model is growing in Canada, with 57 new health care co-operatives

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38 EQUAL initiative: [http://ec.europa.eu/employment\\_social/equal/news/200711-odent3\\_en.cfm](http://ec.europa.eu/employment_social/equal/news/200711-odent3_en.cfm)

39 Co-operativeeratives Secretariat: [www.agr.gc.ca/rcc-src/co-operative/index\\_e.php?s1=pub&page=soc](http://www.agr.gc.ca/rcc-src/co-operative/index_e.php?s1=pub&page=soc)

formed between 1997 and 2001 (Craddock & Vayid, 2004).

### **Community Service & Development Co-operatives**

Health Care Aotearoa in New Zealand, established in 1994, is a formal network comprised of a range of union health centres, tribally based Māori health providers, and community-based primary care providers (Crampton et al., 2001). These organizations prioritize social over financial objectives, and aim to involve their community in management and governance. In their comprehensive study, Cramptons et al., (2001) found the third sector to be largely successful in providing care to vulnerable populations, and in so doing helped to achieve key governmental health objectives. In the US, the third sector has been predominantly involved in health maintenance organizations, acute hospital care, home health agencies, dialysis centers, and homes for the mentally handicapped. Similarly, the UK third sector's key involvement includes self-help and community health groups, care and support of the elderly, care and support of people with physical and sensory disabilities, and care and support of children and families (Kendall & Knap, 1996 cited in Crampton et al., 2001).

### **Education**

Under Niger's Poverty Reduction Strategy (PRS), and its ten-year education development plan, programme decennal pour le developement de l'education (PDDE), four pillars have been established, including: a stable macroeconomic framework, the development of production sectors, guaranteed access to basic social services for the poor, and building human and institutional capacity. Successful projects in the education sector have been carried out, especially for girls and in non-formal education. The Non-Formal Education Development Support Project, for example, has enabled civil society to develop and take charge of several areas of non-formal education. Of the participants, 66 percent are girls and 22 percent are youth aged 9-15.<sup>40</sup>

### **Housing**

The Canada Mortgage and Housing Corporation (CMHC)<sup>41</sup> financed co-operative housing development for almost thirty-years, but cancelled this program in 1993. It continues to provide rental subsidies for low-income residents within these mixed income co-operatives, but provides no financing for new development. With the implementation of federal-provincial Affordable Housing Agreements in 2002, many provinces are now supporting new

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40 UNESCO: <http://unesdoc.unesco.org/images/0015/001555/155500e.pdf>

41 CMHC: [www.cmhc-schl.gc.ca/en](http://www.cmhc-schl.gc.ca/en)

affordable housing by providing capital subsidies to developers to reduce the cost of building new rental housing. This approach does not allow room for the traditional model of co-operative housing - where members collectively own and control the co-operative while they live there, but do not build personal equity in the enterprise. However, these agreements may offer potential for equity model housing co-operatives, which best serve those of moderate income levels. Of all the Canadian provinces, it appears that Québec offers the most consistent support to co-operative housing development.<sup>42</sup>

The Low-Income Housing Tax Credit (LIHTC),<sup>43</sup> created in the Tax Reform Act of 1986, has been the major federal program used to finance the development of affordable rental housing for low-income households (Cummings & DiPasquale, 1999). The basic premise of the LIHTC is to offer federal tax credits to private investors in return for their providing equity for the development of affordable rental housing. Many local housing and community development agencies are effectively using these tax credits to increase the supply of affordable housing in their communities.

In Senegal, the bureau d'assistance aux collectivités pour l'habitat social (BAHSO) was established in 1986 within the Ministry of Town Planning and Housing in Partnership with UNHABITAT, German Technical Co-operation (GTZ), and the government. BAHSO's mission is to assist the co-operative societies in the implementation of their building programs related to accessing serviced parcels of land, housing and infrastructure. Currently, BAHSO supervises over 350 housing co-operatives through Senegal's ten regions, with over 40,000 members.<sup>44</sup>

## Environmental Sustainability

The municipality of Angatuba, in São Paulo, Brazil provides an example where the local government and community of about 20,000 are adopting programs in food and energy sovereignty and security, self management and democratic governance. Their program operates a waste treatment system that collects and recycles 100 percent of the city's waste (205 tonnes/month). Thirty-five tons are recycled, providing a livelihood for over 30 families, and 170 tons of organic material is used to produce compost (Arruda, 2008).

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42 Government of Canada: [www.agr.gc.ca/rcs-src/co-operative/index\\_e.php?s1=pub&page=soc#soc2](http://www.agr.gc.ca/rcs-src/co-operative/index_e.php?s1=pub&page=soc#soc2)

43 LIHTC: [www.hud.gov/offices/ftheo/lihtcmou.cfm](http://www.hud.gov/offices/ftheo/lihtcmou.cfm)

44 For more information on this program visit: [www.catunesco.upc.es](http://www.catunesco.upc.es)

**Canada's Sustainable Development Act, initiated in 2008, is based on an ecologically efficient use of natural, social and economic resources and acknowledges the need to integrate environmental, economic and social factors in the making of all decisions by government.**

The integration of informal recycling into social and community-based enterprises has gained considerable attention in developing countries (Peredo & Chrisman 2006; Gutberlet 2005; Medina 2000). Recyclers' movements that are emerging in many countries in Latin America are occupying an important niche within the Social Economy (Gutberlet, 2008). In São Paulo, Brazil, several co-operatives have organized informal recycling activities into community programs that provide new employment, improved working conditions, and increased environmental education (Gutberlet, 2003). The city of Diadema in Brazil for example, is pioneering the redistribution of income through organized resource recovery. In December 2006, the city signed a legal agreement with the local association Associação Pacto Ambiental, a civil society organization of public interest (OSCIP) that congregates six recycling centers with 62 members. As part of the Vida Limpa program on integrated waste management the members of Pacto Ambiental are now rewarded for the quantity of recyclables they collect from the waste stream (Gutberlet, 2008). At the federal level, the government of Brazil has passed new legislation giving priority to recycling co-operatives and associations in municipalities contracting out selective waste collection services. This law seeks to encourage social inclusion, particularly of those that were unemployed or suffer from any other disadvantage. With the creation of the Secretary for Solidarity Economy in Brazil, and the mandate to promote SE initiatives, recycling co-operatives will likely continue to be supported.

The Community Recycling and Economic Development (CRED)<sup>45</sup> programme for example, also supports organizations throughout the UK that promote and encourage community-based sustainable waste management. One of these organizations is the Community Economic Regeneration Team (CERT), a social enterprise that specializes in managing and delivering job creation and community economic projects. Through their SecondByte electronic recovery and recycling initiative, valuable opportunities for training and personal development are available.

Canada's Sustainable Development Act, initiated in 2008, is based on an ecologically efficient use of natural, social and economic resources and acknowledges the need to integrate environmental, economic and social factors in the making of all decisions by government.<sup>46</sup> The Greening Government ([www.greengovernment.gc.ca](http://www.greengovernment.gc.ca)) site provides links to the 25 departments and

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45 CRED founded in 2003, operates in the UK. Website link: <http://cred.rswt.org>

46 Sustainable Development Act: [www.canada.com/oceansidestar/news/opinion/story.html?id=a3b9f60f-c0c8-4748-b362-450cf815acbd](http://www.canada.com/oceansidestar/news/opinion/story.html?id=a3b9f60f-c0c8-4748-b362-450cf815acbd)

agencies required to prepare sustainable development strategies. All Canadian communities also have access to a source of revenue for the development of Integrated Sustainable Community Plans (ISCPs) through the Federal Gas Tax funding program announced in the 2005 Federal Budget. A major policy and program in Manitoba for example, is training inner city residents how to do energy retrofitting of public housing, saving energy costs and waste, creating jobs, and improving social housing.

Municipal policy commitments are also being fostered in food security and sustainable agriculture. In British Columbia for example, the Capital Regional District (CRD) Roundtable on the Environment (RTE) and the Capital Region Food and Agriculture Initiatives Roundtable (CR-FAIR) have initiated the Food and Health Action Plan<sup>47</sup>, working collaboratively with a local non-profit (Lifecycles) to develop a Regional Food Charter and Food and Health Action Plan.

Through Ontario's Community Energy Partnerships Program<sup>48</sup> community groups, including co-operatives, non-profit groups and local partnerships would be eligible for one time financial assistance of up to \$200,000 for project planning costs, as well as environmental and engineering studies. This initiative, along with the Aboriginal Energy Partnership Program, are intended to provide communities across Ontario with the opportunity to participate in the growing green economy, a key objective of the Green Energy Act. In addition, as part of Nova Scotia's 2009 Climate Change Action Plan<sup>49</sup> wind energy is being supported by CED Tax Credits.

## **2.4.2 Conclusion**

Policies that support the emergence of specific sectors can greatly benefit social enterprises, which are more able to meet needs in society and sectors that are not otherwise adequately met in a market society. Around the world, third sector organizations are providing services in: healthcare, agriculture, education, housing, and environmental sustainability to name a few.

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47 CRD Action Plan: [www.crd.bc.ca/rte/documents/Healthy\\_phase2\\_web.pdf](http://www.crd.bc.ca/rte/documents/Healthy_phase2_web.pdf)

48 Community Energy Partnerships Program: [www.ontario-sea.org/](http://www.ontario-sea.org/)

49 Nova Scotia Action Plan: [www.gov.ns.ca/energy/energy-strategy/default.asp](http://www.gov.ns.ca/energy/energy-strategy/default.asp)

## **2.5 Supporting disadvantaged communities and populations**

The inclusion of marginalized and disadvantaged populations in the economy is a major priority of Social Economy policies. Davister et al. (2004) highlight main characteristics of the target groups as: people with a mental, physical or sensory handicap; people with social problems; “hard to place,” and/or long term unemployed, young low-qualified people; disadvantaged minorities (of foreign origin e.g); and vulnerable female target groups.

In a review of social inclusion and CED in Canada, Toye and Infanti (2004) point to the many communities in Canada, particularly in rural and northern regions, and Aboriginal and disadvantaged urban neighborhoods that are “increasingly forced to confront social, economic and cultural challenges, including growing unemployment and poverty, alcoholism, homelessness, drug abuse, political disempowerment, diminished entrepreneurial spirit and decreased public services” (p.7). They highlight the structural and institutional barriers that constrain communities to develop leadership capacity, enhance social capital, and find solutions to enhance their overall quality of life. The Policy Research Initiative (2003) suggests that Social Economy enterprises may be effective at building and helping make productive use of the kind of social capital that might benefit disadvantaged individuals. Lo & Halseth (2009) also point to the far reaching impacts of CED and SE, particularly as providing opportunities that enhance the connection for marginalized peoples to participate in local community organizations.

Support for social and economic integration of marginalized groups through employment and training programs under the Employment Insurance Act has been a major focus of federal and provincial governments in Canada (Neamtan & Downing, 2005). Despite the successes of these community-driven strategies, access to them is increasingly being restricted by government terms, contracting and eligibility criteria. Neamtan & Downing (2005) recommend that policies support flexible CED and SE programs to ensure all citizens can obtain training to participate in the economy. These policies would include federal investment of EI funds to improve access to employment and training opportunities for marginalized populations. Federal initiatives such as the Social Development Partnerships Program (SDPP)<sup>50</sup> provides grants and contributes funding to non-profit organizations concerned with advancing the social development and inclusion needs of persons with disabilities, children and their families, and other vulnerable or excluded populations.

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50 SDPP: [www.hrsdc.gc.ca/eng/community\\_partnerships/voluntary\\_sector/index.shtml](http://www.hrsdc.gc.ca/eng/community_partnerships/voluntary_sector/index.shtml)



## 2.5.1 Policy Domains

### Immigrant Communities

Immigrant groups face a wide range of challenges as they attempt to integrate into new societies. Challenges include transferring professional credentials to foreign workplaces, and preparing children, youth and seniors for the realities of a new society. These issues are often complicated by poverty, discrimination, language barriers, a lack of culturally sensitive support systems, and limited access to organizational structures that allow these communities to help themselves.<sup>51</sup> The 2005 CCEDNet publication “Creating opportunities – optimising possibilities” discusses the role that co-operatives can play in improving the socio-economic experience of immigrants and refugees to Canada. “It is specifically through their ability to generate social capital and provide real solutions for the alleviation of poverty that co-operatives can play an essential role in furthering the social and economic success of immigrants, refugees and other marginalized communities” (p.5). Although Canada has developed policies that have positive impacts on reducing the socio-economic barriers faced by immigrants and refugees, there are still many challenges to overcome.

### Employment for target populations

The Vancouver Agreement Employment Strategy<sup>52</sup> is designed to improve job and training possibilities for inner-city residents of Vancouver, especially those who are unemployed and under-employed. This specialized program serves people with multiple barriers to employment, such as: long-term unemployment, mental illness and addictions, and has been developed to serve Downtown Eastside residents. Additionally, 375 Downtown Eastside residents have found full and part-time employment through projects funded by the Vancouver Agreement such as the Stars for Success youth employment program, the Social Purchasing Portal, the Heart of the City Festival, the Carnegie Centre Arts Calendar, Justice for Girls, the Living in Community Project and the Mobile Access Project for survival sex workers.

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51 Government of Canada: [www.agr.gc.ca/rsc-src/co-operative/index\\_e.php?s1=pub&page=soc#soc2](http://www.agr.gc.ca/rsc-src/co-operative/index_e.php?s1=pub&page=soc#soc2)

52 [www.vancouveragreement.ca/EmploymentStrategy.htm](http://www.vancouveragreement.ca/EmploymentStrategy.htm)

## Programs for work integration

The Italian government recognizes the Social Economy as a means for addressing a variety of public objectives including: services for persons with disabilities, the elderly, persons with drug dependencies, and supporting the integration of disadvantaged workers (Borzaga, 2004). Social co-operatives received legal recognition in Italy in 1991 under two categories: Type A relating to activities in health, educational or social services; and Type B pertaining to agencies for integrating disadvantaged persons (e.g. the handicapped, the elderly, youth, people with intellectual handicaps, and such excluded groups as prisoners, ex prisoners, minors at risk, and drug addicts) into the labour market (HRSDC, 2006). This work integration is being supported through public purchasing as a strategy to encourage social co-operatives that in return have to hire at least 30 percent of their labour force from identified marginalized groups (Neamtan and Downing, 2005). These initiatives have helped many social enterprises develop in a market context, while directly supporting marginalized groups integrate in the market and create their own economic opportunities.

Different forms of integration enterprises, such as the *entreprises d'insertion* in France, Quebec, Belgium and Switzerland have also become particularly important for assisting a wide range of marginalised people (unemployed and disabled) who are at risk from permanent exclusion from the labour market”.

Similarly, in Finland the law on social firms (2004) states that a “social firm must become self-sufficient in three-years, be an economically independent unit, be created for the employment of people with a disability or other disadvantage in the labour market, and use its own market-oriented production of goods and services to pursue its social mission” (HRSDC, 2006, p.7).

Mexico’s Priority Groups Assistance Fund<sup>53</sup> supports disadvantaged or vulnerable groups by involving them in production and social welfare projects. Some of the main programs implemented by the Fund include the National Low-Income Agricultural Labourers Program and the National Agricultural Labourers Program. The first is designed to improve the living conditions of migrant labourers and to satisfy their health, food and housing needs, as well as social security, education, culture and recreation, employment and access to justice. The second program targets community organizations and inhabitants of rural areas living in poverty, providing production and employment projects

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53 United Nations Economic and Social Council: [www.unhcr.ch](http://www.unhcr.ch)

as well as social assistance to low-income farmers.

Similar associations aiming at specific targets (e.g. youth unemployment) in Africa have been encouraged by the public. In Senegal, for example, these associations are defined in law as Economic Interest Groups (EIG). The majority of jobs have been created through the activities of agriculture co-operatives (production, marketing, processing, etc).<sup>54</sup> Senegal's Poverty Reduction Strategy (PRS) has promoted the Creation of Revenue-Generating Activities in deprived areas for disadvantaged groups. This instrument consists of a solidarity bank and a micro-credit program. The National Solidarity Bank will finance local projects for populations in disadvantaged areas, without any collateral, at a maximum interest rate of five percent. The micro-credit program is established to finance small projects by development agencies, and NGO's. In South Africa, the concept of the Second Economy is used to describe the disadvantaged and underdeveloped sector of society and incorporates the poorest of the urban and rural communities. One of the aims of the Department of Trade and Industry is to support the second economy through capacity-building to become involved in productive activities, and boost their potential to generate and income. Some of the mechanisms to increase capacity include new opportunities through sectors such as tourism and home industries. Rural areas are being promoted as zones for economic activity to attract industries, supported by the Small Enterprise Development Agency. Through the South African Micro-Finance Apex Fund (SAMAF)<sup>55</sup> the Department of Trade and Investment provides support to the Second Economy by working with intermediary organizations to provide financial services and loans. South Africa's Broad Based Black Economic Empowerment<sup>56</sup> legislation of 2003 is another example of increasing economic participation of target populations. This includes the empowerment of all black people through diverse socio-economic strategies that include: increasing the number of black people that manage, own and control assets; facilitating ownership and management of enterprises; human resources and skills development; equitable representation in all occupational categories; preferential procurement; and investment in enterprises that are owned or managed by black people.

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54 The Contribution of Co-operativeeratives to Employment Promotion, 2001: [www.co-operativeac-gva.org/idc/co-operatives-employment.pdf](http://www.co-operativeac-gva.org/idc/co-operatives-employment.pdf)

55 SAMAF: [www.samaf.org.za](http://www.samaf.org.za)

56 [www.southafrica.info/business/trends/empowerment/bee.htm](http://www.southafrica.info/business/trends/empowerment/bee.htm)

## Poverty Reduction

Several jurisdictions internationally have adopted place-based approaches to poverty reduction and have had some success in reducing poverty and social exclusion. In the EU (Ireland and the United Kingdom), and the provinces of Québec and Newfoundland in Canada, for example, have implemented comprehensive anti-poverty strategies with explicit targets and timelines (Scott, 2008). The United Kingdom in particular has adopted a government-wide program to reduce health disparities as a part of an overall Poverty Reduction Strategy. Developed by the Social Exclusion Unit of the Deputy Prime Minister's Office, the National Strategy for Neighbourhood Renewal (NSNR) was introduced to address the issues of poverty and social exclusion by giving communities the capacities to capture market opportunities and mainstream public service (CCEDNet, 2007). The NSNR is comprised of different elements including a Neighbourhood Renewal Fund. It also development a Local Strategic Partnerships to facilitate multi-sector and multi-level efforts to improve service provision and economic opportunities in the poorest places, a program to support community capacity building, programs to promote neighbourhood security, and in 2005, the Stronger Safer Communities Fund.

In the United States, there is no single revitalization program similar to the UK; however, there is an array of funding vehicles aimed at local community renewal where the voluntary sector plays a significant role in building, supporting and mobilizing local capacity. "In addition, the promotion of tax exempt financial vehicles has engaged the financial services sector with the result that there is a higher level of private equity investment and private financing that there is in the U.K. or Canada" (CCEDNet, 2007; p.17).

In Canada, there is no federal poverty reduction legislation or framework. A report by the Canadian Council on Social Development (Scott, 2008) highlighted minimal change in the aggregate low income rate over the past 25-years, growing income in-equality, or rise of low-income rates of immigrants in particular. There are; however, some examples of national poverty reduction initiatives including a) *Vibrant Communities*<sup>57</sup>, a community-driven approach to reduce poverty by creating partnerships among people, organizations, businesses and governments, and while officially over in 2007 b) *Action for Neighbourhood Change*<sup>58</sup> (ANC), a learning initiative that explored approaches to locally-driven neighbourhood revitalization with the objective of enhancing the capacity of individuals and families to pursue change and sustain strong, healthy communities.

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57 Vibrant Communities: <http://tamarackcommunity.ca/g2s1.html#update>.

58 AFNC: [www.anccommunity.ca/index\\_english.html](http://www.anccommunity.ca/index_english.html)

## 2.5.2 Conclusion

Policies in favour of target populations provide support for the social enterprises that offer valuable employment and services to marginalized groups. They aim to integrate people deemed unproductive, often reliant on government income assistance programs into the workforce. Many European countries have made this commitment by supporting the socio-economic integration and professional training of target populations through programs. Other initiatives include: Mexico's Priority Groups Assistance Fund, Senegal's Economic Interest Groups (EIG), and South Africa's Second Economy.

## 3.0. Indigenous communities and the Social Economy

In the Canadian constitutional environment – the rights of Aboriginal, First Nations, Metis and Inuit people are enshrined in the Constitution Act of 1982 Section 35 (1). Similar rights and statuses are in place in many nations where Indigenous peoples were impacted by colonial settlement. Therefore it is imperative that any comparative public policy research recognizes this context. In the Social Economy literature, there is also particular attention paid to Indigenous approaches to development.

Wuttunee (2009) outlines the holistic nature of Indigenous approaches to development, as well as the important role these communities play in the Social Economy. She highlights important questions on understanding the Social Economy in this context, and how the Social Economy is relevant for conceptualizing and meeting the needs of the Indigenous community. “Aboriginal peoples have been practicing key elements of Social Economy (such as economic activity in the service of community, social goals rather than profit driving economic decisions, and democratic decision making) from time immemorial” (p.207). Mitigating the impacts of capitalism on Indigenous communities as well as others is a necessary step in the development of the concept of the Social Economy.

Not all communities are equally connected to the wealth, employment and other possibilities emerging in the economy. As these inequalities become more pronounced, human and social capital are not easily made, or sustained. There are a number of social programs and partnerships developing internationally that specifically target the strengthening of Indigenous communities, promoting local well-being, and inclusion. Craig & Larner (2002) describe these partnerships as “the ‘joining up’ of different levels of government and

**There are a number of social programs and partnerships developing internationally that specifically target the strengthening of Indigenous communities, promoting local well-being, and inclusion.**

local actors, and the formalizing of these relationships around shared values, population and place related goals is represented as a new mode of ‘modern’, ‘third way’ governance ‘without enemies’, a broad and liberal project in which everyone and every organization ought to be involved, and which will benefit all” (p. 2). In general, there are a number of policies and programs that are meant to benefit Indigenous communities, and have similar objectives of non-Indigenous SE organizations; however, there are very limited initiatives that link policy with SE development forms.

Atleo<sup>59</sup> (2008) discusses the potential areas for strategic partnership between the values and world views held by Indigenous peoples and those engaged in the Social Economy. He also explores the historical context of this relationship that helps set the groundwork for the greater acceptance of neo-liberalism and the contemporary Aboriginal economic development agenda. He cautions the need to critically examine the ways in which actors in the SE support Indigenous views on community development and to recognize the potential of “repackaging” the same neo-liberal policies and practices that the SE aims to dismantle. Failure to acknowledge the interconnectedness between these challenges and the complexities of Indigenous worldviews and community revitalization will result in a lack of effective and sustainable policies.

### **3.1. Australia and New Zealand**

Indigenous Australians are under-represented among Australia’s entrepreneurs. This is a result, for example, of limited commercial opportunities in rural and remote areas, and of the educational disadvantages of Indigenous people in the cities (Altman & Jordan, 2008). There are a number of government initiatives that are responding to these inequalities. In 2003-4, for example, the government evaluated the effectiveness of the existing Indigenous Employment Policy (IEP), focusing on Structured Training and Employment. Recommendations included moving Community Development Employment Project (CDEP) participants into more ‘open employment,’ and to stream CDEP into two directions; to focus on community development, and on enterprise and employment programs. In 2004, this program was restructured under the Department of Employment and Workplace Relations (DEWR). This move solidified the CDEP program status as a labour market program, with a gradual policy focus on moving CDEP participants into more ‘mainstream’ employment. The Federal Government released its Indigenous Economic Development Strategy in 2005, focusing on providing mainstream opportunities to Indigenous entrepreneurs in rural and regional areas. The

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59 [www.socialeconomyhub.ca/hub/wp-content/uploads/2009/01/catleocsehubpaperoct2008v2.pdf](http://www.socialeconomyhub.ca/hub/wp-content/uploads/2009/01/catleocsehubpaperoct2008v2.pdf)

Strategy focuses on two areas: work, asset and wealth management. Under the work component, the government promotes the Local Jobs for Local People initiative under which Indigenous communities, employers and service providers work together to identify local employment, business opportunities and training. The asset and wealth management initiatives include: increasing Indigenous home ownership, increasing personal and commercial financial skills, and exploring ways to increase economic development in Indigenous land.

In Aotearoa, New Zealand poverty is strongly racialised – disproportionately affecting Māori and Pacific Island communities (Larner, 1996). A report from the Community and Voluntary Sector Working Party (2001) “specifically identified the policy/operations split and the ‘silo mentality’ of government departments as problematic and called for more collaborative approaches based on the co-determination of needs and solutions in order to provide better quality services” (Craig & Larner, 2002, p.22). The Ministry of Māori Development Act 1991 established Te Puni Kokiri, which works to provide policy advice to government and other agencies as well as providing services to assist Māori achieve their development aims. The Māori Business Facilitation Service is a free business development service for Māori who are interested in starting a business or needing improvements on an existing one.<sup>60</sup>

The Pacific Development and Conservation Trust is an initiative of the New Zealand Department of Internal Affairs. The trust supports sustainable development, where communities are engaged and working in partnership with iwi, hapū, the local Indigenous people and communities of the South Pacific.<sup>61</sup> The Trust provides funding for charitable purposes of groups in New Zealand and the South Pacific. The objectives of the Trust are to:

- encourage and promote the enhancement, protection and conservation of the natural environment of the South Pacific and its natural resources
- promote the peaceful economic, physical and social development and self-sustainability of the South Pacific and its peoples, ensuring that the use of any natural or historic resource is consistent with its conservation
- encourage and promote peaceful conservation and development of the cultural heritage of the peoples of the South Pacific
- encourage and promote peace, understanding and goodwill between the peoples of the South Pacific.

<sup>60</sup> [www.tpk.govt.nz/en/services/business](http://www.tpk.govt.nz/en/services/business)

<sup>61</sup> [www.dia.govt.nz/diawebsite.nsf/wpg\\_URL/Services-Trust-&-Fellowship-Grants-The-Pacific-Development-and-Conservation-Trust?OpenDocument](http://www.dia.govt.nz/diawebsite.nsf/wpg_URL/Services-Trust-&-Fellowship-Grants-The-Pacific-Development-and-Conservation-Trust?OpenDocument)

### 3.2 Canada

Since the 1960s, co-operatives have been an important social and economic development tool for Aboriginal communities in northern Canada. They began as a way to market the arts and crafts of local producers, and by the 1970s they were also providing essential goods and services to their communities. Today, these co-operatives provide food supplies, fuel delivery, housing, hotel, cable television, Internet and other services in the most remote Canadian communities in Nunavut, the Northwest Territories and northern Québec. Their success has hinged largely on the formation of two co-operative federations - owned by the community co-operatives - which create economies of scale and management systems that make the entire system viable. The federations also market the work of northern artists and craftspeople throughout the world. In the western territories, they are helping build an Arctic tourism industry by promoting Inns North - the largest aboriginal-owned chain of hotels in North America. Despite several socio-economic policy initiatives aimed at the development of Aboriginal communities, a Social Economy policy framework does not exist that responds specifically to these communities.

A national initiative; however, is the Aboriginal Skills and Employment Partnership (ASEP)<sup>62</sup> program, geared to providing Aboriginal people with the skills they need to participate in economic opportunities such as: northern mining, oil and gas, forestry, and hydro development projects across Canada. Another initiative, funded by Human Resources and Skills Development Canada (HRSDC) is the Aboriginal Human Resources Development Strategy (AHRDS)<sup>63</sup>, and provides direct access to training, skills development and employment.

A notable commitment is the \$120 million conservation financing package funded through private philanthropic donations and from the B.C. and Canadian governments to help conservation management projects and ecologically sustainable business ventures for First Nations. This amount is divided into two funds: the Economic Development Fund, to support economically viable and environmentally sustainable businesses; and the Conservation Endowment Fund, a permanent endowment whose income will fund grants each year into perpetuity for conservation management in First Nations traditional territories in the Great Bear Rainforest.<sup>64</sup>

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62 [www.hrsdc.gc.ca/eng/employment/aboriginal\\_training/index.shtml](http://www.hrsdc.gc.ca/eng/employment/aboriginal_training/index.shtml)

63 [www.hrsdc.gc.ca/eng/employment/aboriginal\\_employment/index.shtml](http://www.hrsdc.gc.ca/eng/employment/aboriginal_employment/index.shtml)

64 [www.coastfunds.ca](http://www.coastfunds.ca)



Sousa & Hamdon (2008) describe a variety of initiatives in Alberta and British Columbia aimed at increasing First Nations participation in the economy. For example, the First Nations Economic Partnerships Initiative (FNEPI) developed in consultation with First Nations and industry stakeholders is guided by the following principles: supporting the development of effective partnerships between First Nations, industry, government and other stakeholders; “strengthening First Nations economic capacity; and assisting in the development of a viable First Nations private sector” (p.24). Other programs include the Strategic Economic Initiatives (SEI) to support economic capacity building; the Economic Capacity Building (ECB) Program aimed to increase the ability of First Nations to implement economic development initiatives through the development of learning networks, sharing of best practices and the development and use of training tools; and the Regional Partnership Development (RPD) Program to fund the hiring of regional economic partnership coordinators to facilitate and support economic opportunities. Another important source of support for Aboriginal development is the Alberta Indian Investment Corporation (AIIC), formed in 1987. The AIIC is owned by all First Nation communities in the province of Alberta and has become a source of loan and equity financing for First Nation owned businesses.

In British Columbia, the Economic Measures Fund (EMF) established in 2003 by the B.C. Ministry of Aboriginal Relations and Reconciliation has the following objectives: to build First Nations economic/business development capacity, to increase First Nations participation in mainstream economic initiatives, and to improve the investment climate in B.C. The Business and Entrepreneurship Skills Training (BEST) is also an important program, providing youth with job creation and skills training (Sousa & Hamdon, 2008). Natcher (2008) argues that for an effective SE framework to be developed, the policy must account for the “complexity and heterogeneity of northern Aboriginal communities and remain open to the plurality of forms Aboriginal social economies may take” (p.1).

In Manitoba, the Aboriginal Justice Inquiry – Child Welfare Initiative (AJI-CWI)<sup>65</sup> is a joint initiative among the province of Manitoba, the Manitoba Metis Federation, the Assembly of Manitoba Chiefs, and the Manitoba Keewatinook Ininew Okimowin. The initiative was developed to restructure the child welfare system in Manitoba, which included the expansion of off-reserve authority for First Nations and the establishment of a province-wide Metis mandate.

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65 [www.aji-cwi.mb.ca](http://www.aji-cwi.mb.ca)

### **3.3 Mexico**

The Indigenous Regional Funds in Mexico provides resources for expanding, improving and consolidating the production infrastructure of Indigenous communities using criteria determined by the communities themselves. The funds also facilitate Indigenous peoples' requirements in regional development strategies (Deruyttere, 1994).

### **3.4 United States**

The Administration for Native Americans (ANA)<sup>66</sup> was established in 1974 through the Native American Programs Act (NAPA), and promotes the goal of social and economic self-sufficiency of American Indians, Alaska Natives, Native Hawaiians, and other Native American Pacific Islanders, including Native Samoans. The ANA is the only Federal agency serving all Native Americans, including over 562 federally recognized Tribes, 60 Tribes that are state recognized or seeking federal recognition, Indian organizations, all Indian and Alaska Native organizations, Native Hawaiian communities, and Native populations throughout the Pacific basin. This agency provides grants, training, and technical assistance to eligible Tribes and Native American organizations. The ANA supports a number of programs including: Social and Economic Development Strategies (SEDS) for Native Americans, Economic Development Projects, Social Development Projects, Governance Projects, and the Native Language Preservation and Maintenance program.

The US Department of Housing and Urban Development (HUD) also offers a range of programs, assistance, and loan programs specifically for Native American tribes, organizations, and sometimes individuals. The NeighborWorks America<sup>67</sup> was established as a congressionally chartered non-profit organization dedicated to improving distressed communities. NeighborWorks America and the NeighborWorks network have an interest in federal policies that affect the housing and community development field. Through the Native American Community Development Training Program, specifically tailored courses are offered for the professional needs of the Native American community, development practitioners, and others working to serve these communities.

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<sup>66</sup> [www.acf.hhs.gov/programs/ana](http://www.acf.hhs.gov/programs/ana)

<sup>67</sup> [www.nw.org/network/home.asp](http://www.nw.org/network/home.asp)

## 4.0 Conclusion

This paper highlights several policy trends and instruments that governments around the world are adopting to support territorial and sector development, marginalized and Indigenous communities, and points to numerous enabling tools that are generating important public policy outcomes. The literature review “Advancing the Social Economy for Socio-Economic Development: International Perspectives,” the first paper in this three part series, pointed to an analysis that suggests that the level of development the sector achieves is directly correlated to the supportive environment, the strength of the sector infrastructure, and government commitment through policy, programming, and funding (Adeler, 2009). This paper points to clear efforts made by governments, strongly advocated by Civil Society Organizations, to use the Social Economy as a unique sector to achieve certain policy outcomes. These policy instruments are achieving territorial development and within specific sectors, are enabling tools for development and responding to the socio-economic challenges of marginalized and Indigenous communities.

**This paper points to clear efforts made by governments, strongly advocated by Civil Society Organizations, to use the Social Economy as a unique sector to achieve certain policy outcomes.**

Using the typology that CIRIEC adopts to define the level of acceptance and engagement of European countries in the Social Economy, the following policy trends follow a continuum from high to low-level engagement. High-level engagements include but are not limited to:

- Constitutional measures that guarantee rights in a plural economy (Ecuador, Bolivia.)
- Political responsibility and structure across government (Brazil)
- Legislation of state requirements and structures to support the SE (Brazil)
- Policy framework explicitly supporting SE by government (Québec, EU, Belgium)

Mid-level engagements include:

- Program funding to SE organizations (EU, Manitoba)
- Supports for social enterprise development, and sector-wide governance
- Legislation of legal forms for SE organizations (Mexico, Brazil, UK, Italy)
- Access to capital, financial and tax benefits
- Procurement policies advantaging SE organizations (e.g. Italy, France)

It should be noted; however, that in some jurisdictions mid-level policy engagements are combined with other policy instruments that have a high level

of engagement. Minimal acceptance and engagement provides some support for actors in the Social Economy and can include:

- Policy and program initiatives/statements supportive of SE organizations role in particular sectors (e.g. co-operatives & energy Ontario)
- Policy and program initiatives supportive of components of the SE but not the whole sector/system (e.g. CDI Canada)
- Program funding for the delivery of services for which SE organizations are eligible (e.g. regional development Canada)

From a comparative perspective Canada lags behind many other jurisdictions (such as the EU) by investing less in the Social Economy. Although, in two provinces there are significant public policy development to support this sector, namely Québec and Manitoba. The final paper in this series titled “The Social Economy in Canada: Strengthening the Public Policy Environment” presents an analysis based on dialogue with stakeholders. This points to policy measures that might be appropriate to strengthen the Social Economy in Canada.

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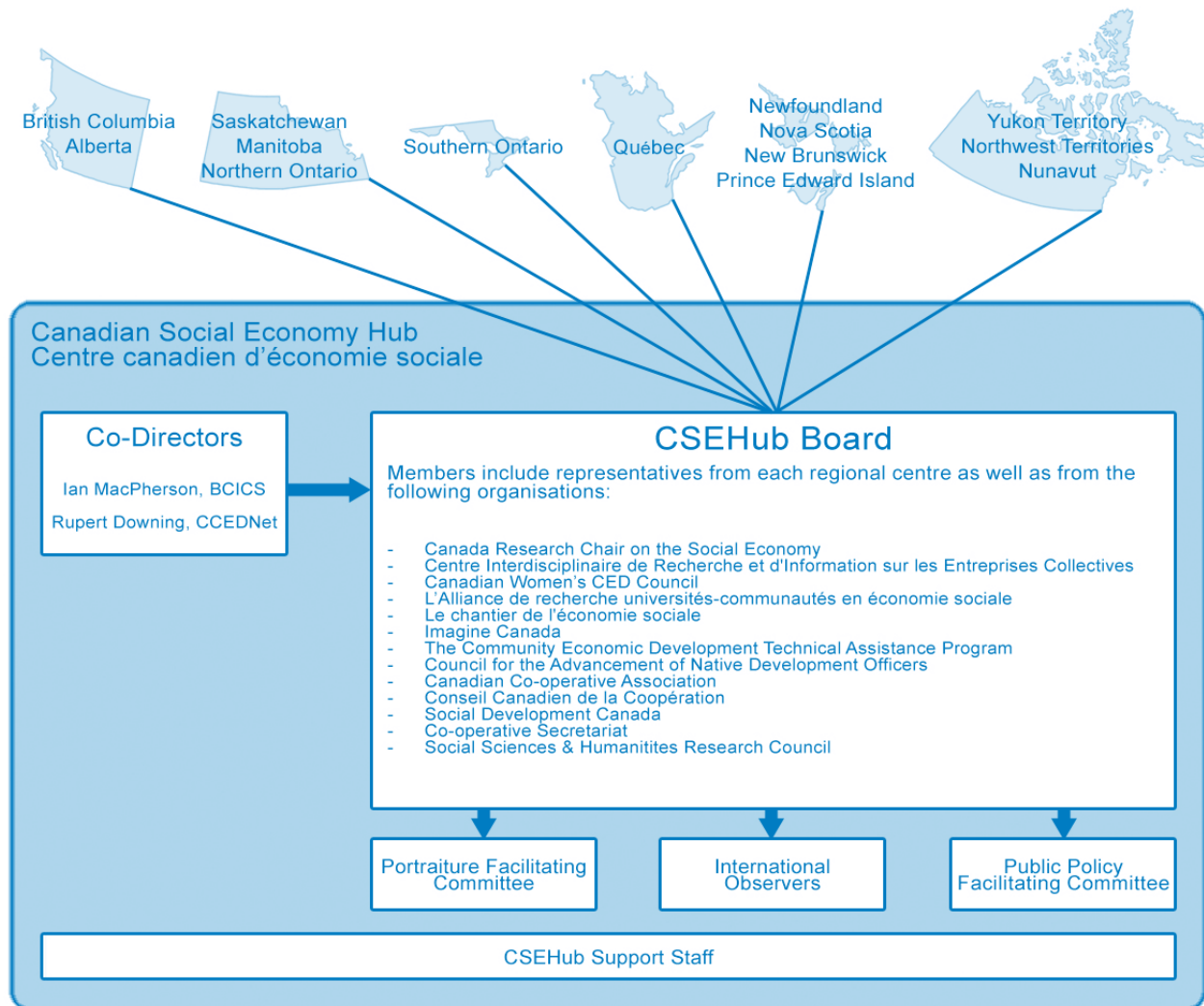
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