

## Perspective

# Community Economic Development: A Viable Solution for COVID-19 Recovery

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### ABSTRACT

The COVID-19 pandemic has laid bare many of the weaknesses in our social and economic systems, exacerbating some of these challenges and drawing attention to others as we, collectively, find a way forward that results in a sustainable, inclusive, and equitable future for all. Around the world, community economic development (CED) initiatives already foster inclusive economic revitalization, access to capital for business development, local ownership of resources, job creation, poverty reduction, and environmental stewardship. At a larger scale, CED can provide the foundation for COVID-19 recovery. This article outlines key policy proposals for CED-based recovery in Canada and elsewhere. Through the lens of reconciliation with Indigenous Peoples, intersectionality, and a just transition to a low-carbon future, the Canadian Community Economic Development Network proposes the implementation of a national social innovation and social finance strategy and other complementary proposals for a post-COVID-19 world.

### RÉSUMÉ

La pandémie de COVID-19 a mis à nu plusieurs des faiblesses de nos systèmes sociaux et économiques, exacerbant certains de ces défis et attirant l'attention sur d'autres alors que nous trouvons collectivement une façon d'aller de l'avant qui mènera vers un avenir viable, inclusif et équitable pour tous et toutes. Partout dans le monde, les initiatives de développement économique communautaire (DÉC) favorisent déjà la revitalisation économique inclusive, l'accès aux capitaux pour le développement d'entreprise, la propriété locale des ressources, la création d'emploi, la réduction de la pauvreté et l'intendance environnementale. À une plus grande échelle, le DÉC peut fournir la fondation pour la relance suite à la COVID-19. Ce document présente des principales recommandations de politiques pour la relance basée sur le DEC au Canada et ailleurs. En tenant compte de trois exigences—la réconciliation avec les peuples autochtones, l'intersectionnalité et une transition équitable vers un avenir à faible émission de carbone, le Réseau canadien de développement économique communautaire propose la mise en œuvre d'une stratégie nationale d'innovation sociale et de financement social et d'autres propositions complémentaires pour un monde post-COVID-19.

**Keywords / Mots clés :** Community Economic Development; Recovery; Economic revitalization; Local ownership / Développement économique communautaire; Récupération; Revitalisation économique; Propriété locale

Chronic and complex challenges such as unemployment, poverty, the decline of economic activity and the subsequent reduction of social services in urban and rural communities, reconciliation with Indigenous peoples, systemic racism, and climate change require comprehensive responses. The COVID-19 pandemic has laid bare many of the weaknesses in our social and economic systems, exacerbating some of these challenges and drawing attention to others as we, collectively, find a way forward that results in a sustainable, inclusive, and equitable future for all. Around the world, community economic development (CED) initiatives already foster inclusive economic revitalization, access to capital for business development, local ownership of resources, job creation, poverty reduction, and environmental stewardship.

CED is community-led action to create economic opportunities that improve social and environmental conditions. Innovative uses of the economy and marketplace improve well-being and maximize benefits to communities by creating and growing community businesses to meet local needs, keeping jobs in communities, circulating money in the local economy, and increasing income levels of residents. CED includes a variety of activities, such as community-based business development, local investing, and employment skills development for vulnerable people. By tapping into the leadership and ingenuity of community members, CED creates opportunities that become pathways to resilience and renewal. At a larger scale, CED can provide the foundation for COVID-19 recovery that allows us to “build back better.”<sup>1</sup>

### **FROM POWER AND PRIVILEGE TO PARTICIPATION AND INCLUSION: THREE CRITICAL LENSES FOR RECOVERY**

Strong communities are built around the principles of inclusion, diversity, equity, and access. Power and privilege must be acknowledged within communities, organizations, policy, and government. It is essential that active efforts are made to build more participatory and inclusive communities where diverse and traditionally marginalized voices lead.

Any recovery plan must take the following imperatives into consideration:

- Acceleration of nation-to-nation dialogue with First Nations, Métis, and Inuit peoples, and reconciliation with them that acknowledges the legacy of historic and present wrongs to Indigenous people across Turtle Island and that recognizes their rights under the United Nations Declaration on the Rights of Indigenous Peoples (United Nations, n.d.), including the right to free, prior, and informed consent to projects on their traditional territories.
- An intersectional lens must be used to address the inclusion of those made most vulnerable in our economy and society. Systemic and institutional racism underlie so many aspects of our society: employment, education, surveillance, the criminal justice system, and healthcare, among others. Similarly, systemic barriers still exist for women and gender-diverse people, and the economic, social, and health impacts of COVID-19 have disproportionately affected women, especially women of colour and recent immigrants (Sultana & Ravanera, 2020). The intersectionality of race, class, and gender create overlapping and interdependent systems of discrimination or disadvantage.
- A just transition toward an ecologically viable, low-carbon future is essential, one that takes into account the need for training for ecologically sustainable jobs and retraining for workers in carbon-intensive industries, builds on existing efforts by businesses to reduce pollution, and provides opportunities for people to help shift the economy toward sustainable alternatives.

### **SOCIAL INNOVATION AND SOCIAL FINANCE: A READY-MADE SOLUTION JUST WAITING TO BE IMPLEMENTED**

The Canadian government took a bold step when the 2015 ministerial mandate letters directed the creation of a Social Innovation and Social Finance Strategy (SISF Strategy).<sup>2</sup> The subsequent co-creation process with stakeholders across

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Canada produced *Inclusive Innovation: New Ideas and New Partnerships for Stronger Communities* (Canada, 2018a), a comprehensive report with 12 key recommendations from the SISF Strategy Co-Creation Steering Group. The 2018 fall economic statement announced a \$755 million Social Finance Fund and a \$50 million Investment Readiness Program (Canada, 2018b). However, the Social Finance Fund has yet to be rolled out; after a very successful two-year pilot, the Investment Readiness Program is set to expire in March 2021; and there has been little action on the remaining elements of the report. The 12 recommendations all have mutually reinforcing impacts, and all require action—implementing some and not others, weakens them all. Furthermore, the development and implementation of the strategy should be guided by the groups it seeks to serve, especially historically disadvantaged and equity-seeking groups. Building on the creativity and expertise of diverse community leaders and organizations will leverage extensive assets and foster truly innovative local action.

The federal government has an opportunity to simply press “go” on the SISF Strategy, which would unblock social innovation and empower communities to tackle the problems that COVID-19 has surfaced for them in ways that take the three recovery imperatives outlined above into consideration. Pressing go in time for the 2021–2022 budget would mean:

- the acceleration of the already-announced Social Finance Fund,
- the expansion of the Investment Readiness Program into an ongoing program,
- additional investment into nationally focused social innovation clusters in key impact areas, and
- the implementation of the 12 recommendations of the SISF Strategy Co-Creation Steering Group.

### COMPLEMENTARY POLICY PROPOSALS

CED-based recovery ideas do not end at social innovation and social finance. Some other policies that could be implemented nationally, provincially, and locally are outlined below. Although these policy proposals have been developed for the Canadian context, there is nothing particularly Canadian about them; they could be implemented in just about any jurisdiction in the world. Adapted to local contexts, these policies would lead to more sustainable and equitable communities regardless of location.

- Establishing a national program to grow community investment funds in each province, including awareness raising, knowledge transfer, and capacity building.
- Promoting local and social procurement policies. Focusing these policies on social enterprises, co-operatives, and nonprofit organizations would push the positive social and economic impacts even further.
- Enabling employee- and community-based ownership succession and buyouts for small and medium-size enterprises that may be closing their doors due to the current economic downturn or simply because their current owners are reaching retirement age.
- Ensuring that workforce and entrepreneurship development funding reaches vulnerable and underrepresented groups such as women, Black and Indigenous people, and people of colour.
- Combatting the trend toward more precarious work and the gig economy by advancing a decent work agenda to support good-quality jobs and workers’ rights and well-being.
- Accelerating the timeline of the Universal Broadband Fund (Canada, 2020), and using it to encourage community-owned broadband, to ensure that access to broadband increases, particularly for those with limited means and those living in rural and remote communities.

### MAKING IT HAPPEN

At the moment, these are simply ideas on paper—they will come to life when people take them on and make them happen. Too often, however, the people affected by policy decisions are rendered entirely passive in the design and implementation process. The consequence of this is that high-value and grassroots expertise is missed, thereby decreasing

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the efficacy and ultimately the value of government investments. The challenge of policymaking that does not meaningfully engage stakeholders is compounded when it intersects with marginalized communities. Government and community co-creation and consultation in programming and policy is crucial to community economic development and will help ensure that policy development and implementation will be most effective.

### NOTES

1. The slogan “Build Back Better” has been used by many civil society organizations in Canada and around the world to push for a COVID-19 recovery that makes communities more sustainable and resilient than they were pre-COVID (Organisation for Economic Co-operation and Development, 2020). The phrase was first officially used by the United Nations’ Sendai Framework for Disaster Risk Reduction document, adopted by the UN in 2015 (United Nations, 2015).
2. The Government of Canada defines social innovation as developing new solutions to social or economic challenges that improve people’s quality of life through collaborating with new partners, testing creative ideas, and measuring their impact. An example of that is social finance, which refers to investments intended to create a measurable social or environmental impact as well as to generate financial returns.

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