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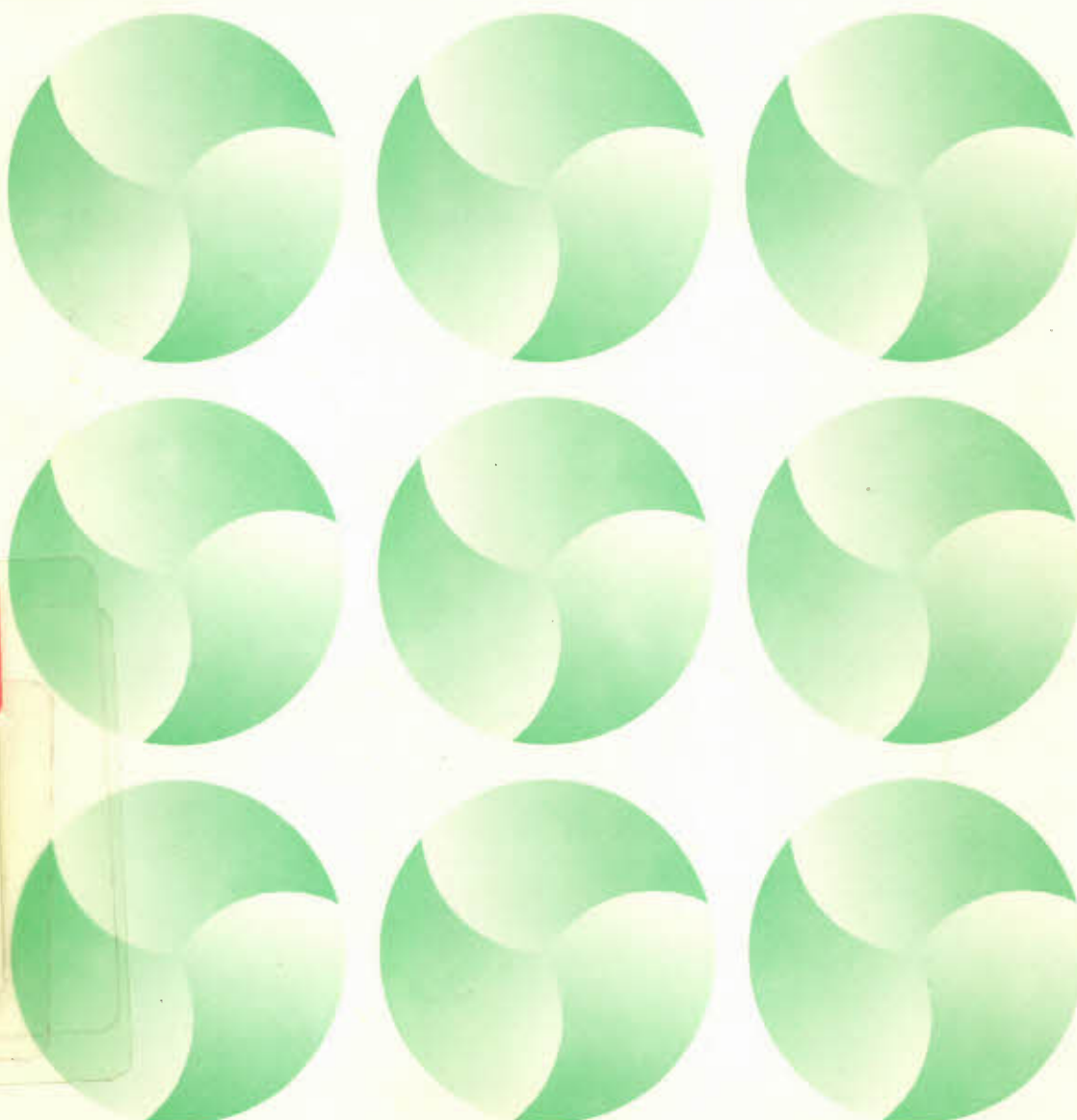


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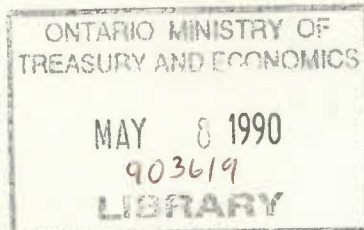
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LOCAL DEVELOPMENT PAPER NO. 19

The Local Development Organization:
A Canadian Perspective

by

Dal Brodhead, François Lamontagne,
and Jon Peirce



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ISSN-0225-8013

April 1990

CAN.
EC 28-
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1990

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FOREWORD

The purpose of the Economic Council's project on Directions for Regional Development is to look at situations in which local communities had assumed more responsibility for their own development, and to see what lessons could be learned from these experiences.

In the first phase of the research, fourteen case studies were undertaken, while a number of Issue Papers examined subjects of general concern to communities and development practitioners. The research was deliberately designed to be different from work typically undertaken by the Council in the past. The primary task was to collect instructive evidence, and to verify it where possible by drawing upon existing evaluation studies. The authors were not expected, for example, to undertake the extensive data collection needed to do cost-benefit studies. Rather, they were asked to capture the diversity of the local development experience in Canada. A unique feature of the project was its regional orientation through the use of three regional consultants who played a major role in the development of the case studies and Issue Papers and in the consultation process. Equally important were the numerous joint research ventures undertaken with a wide range of regionally based partners.

The detailed results of this phase of the research are being reported in a special collection of Local Development Papers. Releases in this collection are listed at the end of this document. A second phase of the project, which will analyse the context within which local development initiatives take place and evaluate their actual and potential impact on reducing regional disparities, will be reported later in 1990.

This particular paper is a summary of the work completed in the first part of the project. It suggests that programs sensitive to the needs of individual communities and based on some type of partnership between government and local groups may make a contribution to economic development in Canada's diverse regions. In particular, our research suggests that communities have an important role to play in identifying development priorities and the particular skill requirements of individuals and local businesses. They also indicate that such "bottom-up" strategies can be assisted by a local development organization (LDO), whose mandate is sufficiently broad and constituency base sufficiently large to enable it to take a long-term development perspective. An important feature of "bottom-up" community development strategies is their focus on community capacity-building aimed at increasing local self-reliance and innovation.

The issues on which we have chosen to focus illustrate a number of the ways in which Canada's communities have mobilized their available human, financial, and material resources to help assure a better future for themselves. We believe that the resulting papers will be of value both to community and regional development practitioners and to regional policy-makers at all levels of government.

This paper places particular emphasis on the role of the local development organization as a catalyst of local community economic development. It recalls the LDOs twin origins in the cooperative movements in Canada and in local community activism in the United States and shows how LDOs transformed themselves in the 1980s to address new possibilities and to overcome new constraints.

In another paper, Local Development Experience in Canada, to be published by the University College of Cape Breton's Centre for Community Economic Development in Sydney, Nova Scotia, the authors have expanded their discussion of local and regional development issues and provided their own interpretation of the links between the two.

Dal Brodhead was the Director of the New Directions for Regional Development project, Phase I; François Lamontagne is an Economic Council researcher with the Regional Development project; Jonathan Peirce was a Council researcher and the Series General Editor.

Judith Maxwell
Chairman

Introduction

A review of past and current development policies in Canada suggests that we are not getting much closer to finding solutions to regional problems. Starting in the early 1960s, the federal government implemented a vast array of programs designed to promote economic development but progress in the reduction of income and employment disparities has been slow. Given the relative failure of past policies and the constraints on a more active federal policy with respect to regional development, the *local development approach* offers a new direction for regional development. The increasing popularity of the approach is evidenced by the fact that together the federal and provincial governments have committed more than \$200 million to local development programs this year.

In this paper, we focus less on the local development approach and more on the tools appropriate for carrying it out. Accordingly, we describe in some detail the history, structure, and characteristic activities of the local development organization (LDO), the vehicle through which community development is most frequently carried out both in Canada and in other countries, such as the United States.

Section 1 begins by tracing the emergence of the LDO, which has its origins in the Canadian cooperative movement of the 1930s and the American civil rights movement of the 1960s, but which has since taken on quite a different character, owing in large part to the greatly changed economic environment of the past two decades. It then outlines the LDO's principal characteristics. It should be noted that while the best-known type of LDO is the community development corporation

(CDC), typically a kind of umbrella organization serving a number of different functions, the LDO may also take the much more specific form of a local financial institution (LFI) or local training institute (LTI).

Section 2 zeroes in on the role played by the LDO in the development process. A major thrust of this section is the LDO's emergence as a kind of hybrid economic institution midway between the conventional business and conventional non-profit social institution, and possessing certain of the characteristics of each.

While the LDO may and in fact often does operate its own business ventures, more typically it works through partnerships with other public and private sector organizations. The Canadian experience reveals a wide range of such partnerships between LDOs and existing for-profit businesses, trade unions, governments, and various other organizations. The role played by the LDO in these partnerships may vary considerably: it can range from active or even majority partnership, as in the case of the ventures entered into by the Great Northern Peninsula Development Corporation (GNPDC),¹ to more indirect roles such as the provision of financial or technical assistance to private businesses considered by the LDO to be serving community development purposes.

The LDO: Its Emergence and Characteristics

Its American Origins

LDOs arose in the United States during the 1960s, a period of intense social activism, especially in the area of civil rights. Throughout the later 1960s, such organizations emerged in many different locations in the U.S. Later, as veteran

practitioner Stewart Perry notes,² the movement spread from inner cities to rural areas and from black neighbourhoods to those housing other ethnic groups as well as whites. While the LDO concept came to be applied to an enormously wide range of communities and situations, all appear to have shared one thing in common: a sense of impending social and/or economic urgency which it had not been possible to respond to in conventional ways (as for example through the use of funds from ordinary government programs). Some of the early CDCs had their roots in the advocacy-oriented community organization movement spawned by people like Saul Alinsky, the well known Chicago activist; others arose out of the churches.³ All stemmed from a fundamental recognition that social and economic development are inseparable and that in order for blacks (and other disadvantaged people) to achieve full equality, political participation would not be enough: it would also be necessary to create new economic bases in troubled communities.

Though still less than a quarter-century old, the CDC movement in the U.S. has already been through three distinct stages: an 'advocacy' or experimental stage, a transition stage where the focus began to shift from advocacy and political action to economic development, and the current 'entrepreneurial' stage. Most of the early CDCs relied heavily on government (especially the federal government), private foundations, or both for support. Some suffered from mismanagement; others, from overly high initial expectations or from cyclical downturns in the economy. In all, fewer than 100 American CDCs survived the 1960s.⁴

The 1970s were marked by a political climate notably less favourable to the problems of inner cities and their inhabitants than the 1960s had been,⁵ and by an increasingly difficult economic environment as well. The surviving (and many

new) CDCs changed their style and structure in response. Organizationally leaner and with more modest, carefully focussed objectives, the CDCs of the '70s were less apt than their predecessors to start up a wide range of business ventures of their own, but much more apt to enter into financial or technical partnerships with the private sector as well as with various levels of government. Many of this decade's CDCs started in response to a particular crisis, such as the threatened demolition of an inner-city neighbourhood to make way for a new freeway or middle-class housing. Others arose out of frustration with inadequate city services,⁶ while still others represented attempts to deal with rural problems such as poor roads and inadequate sewer systems.⁷

The American CDCs of this decade were extraordinarily diverse and had an almost equally diverse range of social and economic objectives. By 1980, more than 1000 were in operation--most in the urban Northeast and Middle West or in rural areas of the Southeast or New England.⁸ An overview of the decade's CDC activity reveals four broad trends:

- Gradual movement away from advocacy or political activity, and towards economic activity;
- More modest size and scope, coupled with an increasing tendency to rely on partnerships with various private and public sector institutions rather than "going it alone";
- Increasing support at the state level, especially in Massachusetts;⁹
- An increase in CDC activity outside of traditional black ghettos, particularly in Asian and Hispanic neighbourhoods.¹⁰

Recent changes

Over the past decade, a still greater change in CDCs' tactics and strategy has become necessary, owing to the draconian budget cuts imposed by the U.S. administration on virtually all social programs, and the community development movement in particular.¹¹ Local development organizations have been forced to rely on business techniques previously found only in the "for profit" business sector itself, as well as on increasingly sophisticated partnerships, particularly with corporations but also with state and local governments. The decade's CDC activity was marked by both an increasingly strong market orientation¹² and by a sharply focussed approach to business development. While the CDC of the 1960s often started its own businesses and that of the 1970s entered into simple joint ventures, today's CDCs tend to play much more specific roles such as supplying equity capital, building business incubators, or providing technical assistance to local entrepreneurs.

Where the typical CDC leader of 20 years ago generally had experience in advocacy or other community organization work, today's CDC leader is much more apt to have management or other specialized or technical training, in addition to sensitivity to community needs and characteristics. Fund raising takes up an increasingly large proportion of staff's time and energy in even the most successful CDCs. While CDCs by and large adapted to the new, more business-oriented environment of the 1980s, this new orientation, coupled with the extreme difficulty of finding funds for basic operating expenses, gave rise to concerns among community development workers and even supportive corporation and foundation executives.¹³ Some fear that in the rush to take on projects to pay their bills, CDCs will be forced to overlook other, equally important aspects of community development work such as developing local leadership or

empowering poor residents.¹⁴ But others have emphasized the positive aspects of working within the challenging 1980s environment, such as the expanded range of networks and partnerships and increased technical skills that LDOs have had to learn to develop in order to survive.¹⁵ Whatever one's view of the past decade may be, it is clear that the key to LDOs' survival in the coming decades will be their ability to combine advocacy work with business development. In the words of one long-time community development leader, it will be necessary for these organizations and their staff to "become development technicians with a political orientation and political activists with technical development skills".¹⁶

The Canadian experience: from coops to local development organizations

The more recent history of local development in Canada differs in some important respects from the American experience. The local development organization (LDO) as we know it today only dates from the 1960s. However, the idea of community self-help which it embodies is not at all new. As we shall see, cooperatives of various kinds have been in operation in this country at least since the turn of the century, most notably in the Atlantic region. Along parallel lines, the Prairie wheat pools have played for many decades a significant development role. Similarly, credit unions, or cooperative banks as one might describe them, have a long and honourable history here. The major difference between most LDOs and the more traditional type of cooperative is that the former, particularly the community development corporation (CDC), is typically an 'umbrella' organization designed to serve a wide range of social, cultural, and economic functions, whereas the traditional coop tends to focus on specific objectives--usually economic ones. Furthermore, cooperatives are subject to very specific legal requirements that set them further apart from other types of organizations.

By the first decade of this century, coops were a significant feature of life both in Cape Breton and in Newfoundland, having been brought there from the United Kingdom by the British Canadian Cooperative and Sir Wilfrid Grenfell, respectively.¹⁷ Later, a wide range of marketing and consumer cooperatives was established on the Great Northern Peninsula of Southern Labrador. Consumer coops remained a prominent feature of economic life on the Peninsula until the 1950s, when mismanagement and the suspicion of corrupt practices brought them into disrepute.¹⁸ This pattern of prewar vigour and postwar decline observed in the Great Northern Peninsula's cooperatives appears to have held true throughout the Maritimes.¹⁹

The caisses populaires and credit unions represent the most enduring legacy of the cooperative movement outside the farm sector. Since the founding in 1900 of the first Canadian caisse populaire in Levis, Quebec, the movement has expanded to all regions and provinces of the country; in Quebec alone, there are now 11 regional federations of caisses populaires comprising over 1300 member institutions. The importance of the caisse populaire in the everyday economic life of Quebecers is suggested by the fact that in more than 600 Quebec communities, it is the only financial institution of any kind.²⁰ Nationwide, the credit union movement numbered some 8.8 million members and controlled close to \$69 billion in assets in 1987. The specific contribution made by these institutions to community development in Canada is illustrated by the Economic Council's Eagle River Credit Union case study.²¹

The Antigonish Movement, founded during the depression by Father Moses M. Coady, director of the Extension Department of St. Francis Xavier University at Antigonish, Nova Scotia, represented a large step beyond the traditional single-

purpose cooperative and may be regarded as a transition between cooperatives and community development corporations. The Movement sought to integrate economic and community development through adult education, with an eye to promoting self-help and community ownership. The Movement's comprehensive program for action included the establishment of cooperative financial institutions and of marketing and consumer cooperatives, the building up of a variety of community industries which could generate employment while also expanding the available range of goods and services, and the creation of cooperative housing, medical, insurance, and burial societies.²² While the Antigonish Movement, along with the Maritime cooperative movement more generally, declined in importance after World War II, both have left a legacy on which the community development movement in the region is still drawing, namely a widespread belief in the ability of ordinary citizens to operate businesses for the good of the community as well as themselves.²³

An equally rich and diverse experience can be found in the more recent legacy of rural development organizations, particularly in Newfoundland, New Brunswick, Quebec, Manitoba, and Alberta. These organizations stand out because of their reliance on community volunteers and, in some cases, their advocacy on behalf of marginalized groups or areas. These associations' activities are closely linked to those of the LDOs. In the Great Northern Peninsula, for instance, six rural development associations founded (and still own) the Great Northern Peninsula Development Corporation.²⁴ In Manitoba, provincial Area Development Boards played a key role in both the planning and the implementation of the Fund for Rural Economic Development (FRED) Interlake program.²⁵ Thanks in large measure to those boards, substantial program input

from Interlake residents was facilitated and community objectives, such as improved education and water and sewer services, were achieved.

Government involvement in community-based involvement dates from the mid-1960's, when the provinces of Manitoba and Alberta hired "community development officers" to assist underdeveloped communities in clearly defining their problems, and developing and implementing solutions. Subsequently, these officers were placed by the federal government in Indian communities for similar purposes. Funding cuts eventually led to a complete halt to these initiatives. In 1966, the volunteer-based Company of Young Canadians was created by the federal government. Through its 12-year history, it pursued similar community development objectives. The community development movement gained further impetus following a 1975 national conference, organized by the legal services unit at Dalhousie University, which was designed to bring together community leaders and representatives from government.²⁶ It was shortly after that conference that New Dawn Enterprises, now one of Canada's largest and most diversified CDCs, was established.²⁷

The 1970's witnessed a progressive move from ad-hoc, make-work programs to more systematic interventions in community development. The early 1970's period of rising inflation and unemployment produced a succession of short-term job creation programs such as *Opportunities for Youth*, the *Local Initiatives Program*, *Local Employment Assistance Program*, *Canada Works*, and the *Community Employment Strategy*. These programs differed from the 1950's "winter works" programs because of their attempt to focus the work projects on the economic needs of the community in which they were taking place. The programs led to a recognition at the local level (and within some government

departments) that comprehensive, community-oriented approaches had potential. The more recent federal *Community Futures* and *Native Economic Development* programs, because of their focus on locally-based institutions, may signal a trend toward building on the decade-long community initiatives.

Characteristics of the Modern LDO

Communities have used, and indeed continue to use, a variety of different organizations in their quest for economic growth and increased development. Many rely on more traditional growth-oriented organizations such as chambers of commerce and industrial commissions, whose focus and mandate are usually narrower than that of an LDO (which integrates social objectives into its activities). Such organizations may, particularly if the community is extremely underdeveloped, achieve useful results such as improvements in the community's infrastructure or an increase in the number and variety of businesses available to serve local residents and tourists. Indeed, there is some recent evidence to suggest that industrial commissions, in particular, are starting to adopt a broader, more long-term perspective toward development.²⁸ But industrial commissions and chambers of commerce still tend to focus heavily on firms and less on the overall socio-economic environment, a fact which suggests they are not usually the most appropriate mechanism for achieving overall development.

What, then, is an LDO? It is difficult to provide one specific definition because LDOs take many different forms and are established for different purposes. Generally speaking, it is an organization, sharing certain characteristics of both the public and private sectors, designed to benefit a community as a whole over the long term (more than five years). Its goals are both socio-cultural and economic;

it has a community purpose and yet it may establish strong commercial links with the private sector.²⁹ The LDO may manifest itself in three distinct ways, although it is not uncommon to find an LDO possessing the characteristics of two or three of the following subsets. Community development corporations (CDCs) tend to pursue broadly-based objectives such as an improvement in the stock of low-cost housing; local financial institutions (LFIs) aim at facilitating access to financial services for small local businesses; and local training institutions (LTIs) usually provide training for local leaders and managers, or act as delivery mechanisms for government job creation and training programs adapted to the local situation and needs.³⁰

These three forms of LDOs share a number of similarities and differences with other locally and regionally-based organizations (Table 1). First, LDOs resemble other voluntary agencies (such as charitable organizations and, in some cases, rural development associations) because of their reliance on volunteer help for routine fundraising or office work. However, one form of LDO, the CDC, is distinguished by its ability to mobilize volunteer labour for highly specialized professional and technical work such as the vetting of loan applications or the provision of specific business advice.³¹ One difference between LDOs and other voluntary agencies is the fact that the LDO generally has full-time, paid staff, which allows for greater continuity of management and a greater degree of technical expertise than volunteers are typically able to provide on their own. The creation of full-time staff positions also sends the community the message that the organization is committed and well structured.³² While the LDO often shares similar legal status, funding, and use of unpaid labour inputs with these other types of organizations, its combination of social and economic goals and its community focus make it distinct.

Recent research also suggests that the LDO does not generally engage in short-term job creation as its primary objective (Table 1). Its aim, rather, is the much broader one of helping to build (or rebuild) the community's capacity to plan, design, control, implement, and assess its own future. In this context, it should be noted that local employment initiatives, as some authors have argued, are normally insufficient to solve the problems of unemployment and economic decline,³³ partly because they do not necessarily address the underlying factors responsible for the unemployment and decline. To be sure, the pursuit of development is not incompatible with a job creation strategy, as long-term job creation will likely result from sustained development. As the Economic Council's local development papers suggest, Canada's LDOs have often been able to combine job creation and development objectives, by undertaking for-profit ventures (to create jobs and generate profits) and re-investing excess revenues in community capacity building and socially-oriented projects.

The CDC, a broadly based, umbrella-type of organization, has often established a "for-profit" business division to manage its various business enterprises. The CDC differs from the private, commercial corporation in its community purpose, in its tendency to view profit as a means to an end rather than an end in itself,³⁴ and in the extent to which it relies on the efforts of volunteers, both for service on its Board and for other work, as noted above. Its objectives of socio-economic development and the constituency it serves (marginalized individuals, target groups, etc.) represent other important differences from private businesses. New Dawn Enterprises, for instance, has separate social, cultural, and economic divisions owned by the corporation as a whole.³⁵ In addition to New Dawn, the Kitsaki Development Corporation, whose activities are

Table 4.1

Characteristics - local and regional organizations

Types	Legal Status	Membership	Objectives	Use of unpaid labour inputs	Profitable ventures	Funding
<u>Private sector business</u>	- incorporated - registered	- stockholders - owner(s)	- profit maximization	- exceptional	- <i>raison d'être</i>	- mostly private
<u>Industrial commission</u>	- incorporated	- interest groups - elected officials	- industrial development	- exceptional	- exceptional	- mostly public
<u>Rural devlpt. association</u>	- incorporated	- individuals - interest groups - local government	- rural economic development	- Board of directors - some staff	- exceptional	- shared but mostly public
<u>Local Development Organizations</u>						
• <u>Comm. devlpt corporations</u>	- incorporated	- individuals - interest groups - elected officials	- social and economic develpt.	- Board of directors - some staff	- sometimes	- shared but mostly public
• <u>Local financial institutions</u>	- varied	- individuals - public and private groups	- local access to financial services	- Board of directors - some staff	- exceptional	- shared but mostly private
• <u>Local training institutions</u>	- varied	- individuals - develpt. org.	- training in development	- Board of directors - some staff	- none	- shared
<u>Charitable organizations</u>	- incorporated as non-profit	- individuals - interest groups - elected officials	- primarily social develpt.	- Board of directors - some staff	- exceptional	- shared

Source: Compilations by the authors, 1989.

examined in considerable detail elsewhere in this paper, and the Great Northern Peninsula Development Corporation (GNPDC), are useful examples of CDCs at the mature and emerging stages, respectively, of their history.

Other types of LDO serve more specific purposes. Local financial institutions (LFIs) are, as their name suggests, designed to deal solely or primarily with financial matters. Probably the most common type of LFI is the community loan fund (CLF), which mobilizes local capital and sometimes matches it with other capital. The funds thus raised are usually managed by non-profit organizations that lend short-term, small-scale capital to community enterprises, cooperatives, worker-owned businesses, and low-income housing projects. The Third Avenue Resource Centre in Montreal, New Women's Future Fund in Vancouver, and Lethbridge (Alberta) Enterprise Trust Fund are working examples of such CLFs in Canada. These funds are relatively new to Canada, although the U.S. experience with them is rather more extensive--there is, for instance, in the latter country a National Association of Community Development Loan Funds comprising some 30 individual funds with combined assets of \$35 million.³⁶

Another important type of LFI is the business development corporation (BDC). These corporations, currently supported by the Canada Employment and Immigration Commission (CEIC), are non-profit organizations directed by community-based boards of directors which pool federal funds and local capital from different sources and, in turn, provide short-term loans to small businesses in the community. Under current regulations, BDCs may lend up to \$75,000 per firm.³⁷ There are now upwards of 100 BDCs across Canada.³⁸

One of the oldest and most successful of these BDCs is the Colville Investment Corporation (CIC), whose activities were discussed earlier in this paper. CIC was established in 1980 as a wholly-owned subsidiary of the Nanaimo Community Employment Advisory Society, itself a CDC. The Corporation has a full-time paid staff but also relies heavily on the advice and technical assistance of its Board members, many of whom have considerable experience in business and government. CIC has made direct loans of just over \$2 million to about 150 small enterprises in the Nanaimo area since its inception; its efforts have resulted in the leveraging of an additional \$6.5 million from other financial institutions.³⁹ While CIC and other BDCs are not without their problems--it remains to be seen, for instance, whether CIC can ultimately become self-sustaining, at least under the guidelines under which it is presently forced to operate by CEIC--they appear to offer promise as job-creation mechanisms and may be a useful model for other communities.⁴⁰

Yet another type of LDO, albeit one with which Canada has not had a great deal of experience, is the Local Training Institute (LTI). The purpose of such organizations may be either to train community development professionals and other practitioners or to educate community residents about the local development process through workshops, seminars, or other means--or both. It may also provide job training for special groups with employment problems and deliver government-funded training programs at the local level. The Human Resources Development Association of Halifax (HRDA), for example, has separate training and business divisions to reflect the twin thrusts of its mission (see Figure 1 for an overview of HRDA's organizational structure), thereby encompassing the characteristics of both an LTI and a CDC. Some training of both practitioners and community residents is also being carried out by such organizations as the Centre

for Community Economic Development at the University College of Cape Breton and L'Institut de formation en développement économique communautaire (IFDEC) in Montreal. These training institutions do not currently meet either group's needs, given the primitive state of community development training in Canada and the very limited number of practitioners currently involved in these programs. In particular, the need for national/regional networks (if not training schools) for practitioners has become increasingly apparent in recent years.

The modern LDO: A partner for development

The most significant difference between a standard business corporation and a community development corporation is best understood in terms of means and ends. In the CDC, profit is a means of measuring and ensuring efficiency and financial strength. In standard enterprises, profit is an end in itself. (MacLeod, 1986)

The previous section showed that, although LDOs are quite diverse in terms of their origins and characteristics, they share a number of functions that make them useful partners for community-based development. LDOs seek to mobilize local resources, to build community cohesion, to stimulate local leaders and entrepreneurs, and if necessary to obtain resources for community revitalization. In particular, the role played by Community Development Corporations (CDCs), a subset of the LDO, is worth exploring. CDCs in Canada and elsewhere have generally been able to adapt to changing economic conditions and to confront financial difficulties brought about by decreasing public funding, without sacrificing their pursuit of social and community objectives.

Such adaptation has meant, in some cases, the creation of a profit-making arm or the undertaking of joint ventures with the private sector. In other cases, CDCs have shouldered the risks associated with their activities by undertaking partnership with other non-profit organizations or the government. Recent research also suggests that CDCs have achieved a certain degree of success because of their capacity to utilize unpaid human resources (particularly on the boards of the CDCs) and by relying increasingly on highly qualified people, whether they be managers or community leaders. As will be shown later in this section, another type of LDO, the local financial institution (LFI), can have a significant impact on the supply of financial services to less-advantaged communities. For example, the Colville Investment Corporation (located in Nanaimo, B.C.) has had net positive benefits in its host community because it combined local expertise and capital to improve the financial base of local businesses. This section explores the evidence that indicates how LDOs have often become useful partners in development, and how government has helped in achieving community development objectives.

LDOs and community development: the context

It becomes clear, from a review of the previous section, that LDOs often play a central role in the development equation. At the same time, it should be noted that not all community-based development initiatives have involved LDOs. Recent case studies offer a range of instructive development experiences, seven of them describing various forms of LDOs, while the rest involved other types of development mechanisms, such as government agencies. In this context, it is worth taking a brief look at these cases, with a view of finding out why LDOs have been used, or not, and whether the presence of an LDO could have helped those

Table 4.2

Summary of case studies - some characteristics

Case studies	Geography	Govt. participation		Govt. funding ^a ('000\$)	Presence of an LDO ^b	Objectives
		local	prov. federal			
YUKON 2000, Yukon	territory	X	X	not avail.	-	- Overall develpt. ^c
Colville Invest., B.C.	small city	X	X	1,420/7 yrs	LFI	- Financial services
New Westminster, B.C.	small city	X	X	not avail.	CDC	- Economic develpt.
E.C.E.D.A., Alberta	rural area	X	X	250/1 yr	CDC	- Economic develpt.
Legal Indust. Diver., Alt.	village	-	X	2,500/12 yrs	-	- Industrial divers.
Kitsaki Dev. Corp., Sask.	Indian reserve	X	X	not avail.	CDC	- Economic develpt.
FRED Interlake, Man.	rural area	X	X	85,100/10 yrs	-	- Overall develpt.
Winnipeg Core Area, Man.	urban centre	X	X	96,000/5 yrs	-	- Overall develpt.
MRC Pontiac, Quebec	rural area	X	X	not avail.	-	- Overall develpt.
West Prince Ind. Co., PEI	rural area	X	X	66/1 yr	-	- Economic develpt.
H.R.D.A., N.S.	urban area	X	X	90/2 yrs	LTI/CDC	- Human resources
E.R. Credit Union, NFL	rural area	-	X	25/1 yr	-	- Financial services
G.N.P.D.C., NFL	rural area	X	X	675/3 yrs	CDC	- Economic develpt.

Source: Refer to the bibliography for complete references of the case studies

^a Total government funding for the period identified^b LFI: Local Financial Institution; CDC: Community Development Corporation; LTI: Local Training Institution^c Economic and social development

communities or regions that developed without one. Of similar interest is the role played by the three levels of government and the importance of partnership. Table 2 shows that most of these case studies have involved participation by all three levels of government.

Government-sponsored initiatives

In cases where LDOs were not present, it appears that either the government or other organizations have assumed various development roles. In the FRED Interlake case, for example, a joint effort by the provincial and the federal governments was responsible for launching a bottom-up planning process which involved a range of communities located in the Interlake region of Manitoba.⁴¹ Consultations at the local level were extensive, and the development initiatives that emerged out of the experience influenced the human, social, and economic aspects of development. It is difficult to assess whether the presence of an LDO would in this case have created better development opportunities (we must remember that LDOs were practically non-existent at that time). The sheer magnitude of the investment (more than \$85.1 million was invested over a ten-year period) makes such an assessment difficult because Canadian LDOs have yet to come close to achieving such investment figures and, therefore, there is no basis for comparison (nor was there any LDO operating in this area at that time, according to our research).

The Winnipeg Core Area Initiative (WCAI) was another government-sponsored development initiative that did not directly involve an LDO (although two LDOs spun off as a result of WCAI's activities). The WCAI, although formed as an independent, non-profit, locally-based project management organization, was government-conceived, designed, and delivered. This development vehicle

was not an LDO but nevertheless represented an example of community partnership (all three levels of government and various local organizations were involved) and of bottom-up planning (in the form of neighbourhood consultations and the setting up of planning committees involving ordinary citizens), much like a typical LDO.⁴² The WCAI also acted as a third party, by directly delivering many government programs and acting as an information broker (on government assistance programs) to local businesses and interest groups.

Other government-sponsored initiatives include the YUKON 2000 project, the Legal Industrial Diversification project (LID), and the West Prince Industrial Commission (WPIC)⁴³. YUKON 2000 was a comprehensive planning experience which became a central economic policy thrust of the Yukon government. Over a two-year period (1986-87), workshops, meetings, consultations, and conferences were held, and sectoral and industrial studies were undertaken; no direct investment in economic ventures has been made yet. It is still too early to tell whether the initiative will yield net positive benefits. LID was set up in 1975 under the Federal and Alberta Governments' joint Nutritive Processing Assistance program and its main contribution was a large investment (\$2.5 million between 1975 and 1986) in a single industrial project (alfalfa pellets production and distribution). Unlike YUKON 2000, LID focused its activities narrowly and conducted little consultation at the local level. Preliminary impact analysis shows that local spin-offs were minimal and little has changed in terms of the level of local business investments, out-migration, and employment creation.⁴⁴ WPIC, on the other hand, is an industrial commission which shares many characteristics of an LDO, such as high local participation, a for-profit arm, and the pursuit of community development objectives. It has operated with less than \$70,000 annually for the most recent years for which data were available. The Commis-

sion has been concerned with the lack of continuity and of long-term objectives,⁴⁵ partly after the organization's long-time director had left.

Two other case studies, the MRC Pontiac and the Eagle River Credit Union, are community-initiated projects carried out by groups of concerned citizens facing economic problems but without an LDO as catalyst. In the first case, what started out as a meeting of local representatives of provincial government departments quickly expanded into a broadly-based, bottom-up exercise in economic development planning. The enthusiasm and activism displayed by the local population of this rural area eventually "trickled up" and both the municipal and provincial governments assisted with the implementation of an economic development strategy. The second project illustrates how strategic partnerships between business, labour, and local non-profit groups can, against all odds, increase local access to financial services, in this case through the creation of a locally-based financial institution (after the local bank pulled out). It is worth noting that the establishment of the credit union took place in an area with a long history of local development activism on which the organizers were able to draw.

The active role of the LDO

Of the remaining case studies, six are development initiatives where an LDO was present. At this point, it is worth examining some of the commonalities and differences between these cases, with a view to understanding the roles of government, business, and non-profit organizations in community economic development. However, due to the wide range of forms adopted by LDOs and the extremely small number of cases being considered, it is very difficult to draw firm conclusions about such development issues as the type of partnership necessary for community development.

Regarding the role of government, all but one of the six cases where LDOs were involved have benefited from the active participation of all three levels of government. Only the New Westminster initiative was launched without federal government support, although both the local and B.C. governments were involved. In this case, the creation of the LDO was linked to a community college, and government was called upon to assist at a later stage. This LDO has emphasized community planning, consultation, coordination, and advocacy. The LDO did not undertake direct economic development, but its economic development strategy has been adopted by the municipal government as its official development policy. Given the relative newness of this initiative and its lack of direct investment in economic activity, it is too early to assess its net benefits.

In the last two cases, the role of government has been significant, translating into substantial financial commitment. The Colville Investment Corporation (CIC) has received more than \$1.4 million over the last seven years, to cover operating expenses and provide a starting capital base for its lending activity. The Great Northern Peninsula Development Corporation (GNPDC) has benefited from a three-year, \$675,000 financial commitment from the federal and provincial governments.

As the next section indicates, the creation of profit-making divisions by LDOs can be considered a strategy for overcoming financial barriers, as well as for providing additional funds for future development projects. The use of profit-making arms by LDOs is a distinctive feature shared by five of the seven cases involving LDOs. The other two, namely the New Westminster organization and the Colville Investment Corporation, simply did not consider the pursuit of for-

profit ventures as being part of their community development mandate. Of significance is the fact that, even when LDOs did not undertake for-profit activities, they often had close relationships with the local business community. In some cases, such as the WPIC and the Kitsaki Development Corporation (KDC), private businesses were directly involved in joint ventures with the LDOs. Sometimes, LDOs also played a significant role in facilitating the access to financial services for local businesses (CIC, ECEDA). In still other instances (HRDA, CIC, HRDA, GNPDA), local business people have given freely of their time to serve on the LDOs' Board of Directors.

In spite of the small number of case studies presented above, it appears that a few broad generalizations can be made:

- Government support for community development is more likely to have an impact if it is sustained and directed at problems identified by the communities themselves;
- Not all cases of community development initiatives involve an LDO; even when they do, governments tend to be closely involved in some aspects of the initiative;
- Various forms of cooperation between LDOs and the local business community characterize a vast majority of community development experiences.

Beyond these general observations, it is clear that each example of community development is unique in its own right, and that success and failure must be judged from the viewpoint of specific local conditions, structures, and circumstances. This is not to say, however, that emerging patterns and trends cannot be identified and their significance assessed. For instance, the use of for-

profit ventures to promote community development is one distinctive emerging feature of the "modern" LDO, as we note in the next section.

The profit-making arm: a step toward community entrepreneurship

One of the strategies used by LDOs to achieve social objectives within an increasingly challenging economic environment has been the creation of profit-making arms. The creation of these parallel (but linked) organizations has often had the dual purpose of insuring the LDO's own financial survival and of making possible the pursuit of community development goals. As decreasing public sources of funding have limited the availability of funds to LDOs, some LDOs have chosen the entrepreneurial route to increase their financial self-reliance. They have also taken this route to gain the economic leverage to allow them to carry on development projects in their communities.

As the history of their emergence has showed, LDOs were not initially very active in the business field. It can be said that, in the past, their survival was more critically linked to government funding than it is the case today, particularly in the United States. As government sources of funds dried up in the U.S.A., LDOs reluctantly became more active in commercial ventures. In Canada, the emergence of LDOs' entrepreneurial spirit can be traced back to the early 1970s, with the birth of New Dawn Enterprises as the first instance of this trend. While public financial support is still in some cases a large component of LDOs' revenues, most of these organizations are aiming to become self-sufficient in the short to medium term. It will be interesting to see whether this trend continues, as knowledge about successful LDOs ventures in Canada and elsewhere begins to

spread and growing budgetary constraints force governments to limit even more their support to LDOs.

The undertaking of business activity by LDOs is a form of community entrepreneurship. Assuming that "entrepreneurship" is defined in a generic sense, to refer to "new initiatives for creating productive enterprises, typically involving some degree of innovation, risk-taking and capital investment",⁴⁶ local development organizations can be an important source of community entrepreneurship. As the following cases will show, some LDOs have become successful "entrepreneurs" because they have been willing to take risks. They have often been able to identify and exploit business opportunities because of their local roots and specific knowledge of their region. Like any commercial ventures, LDOs involved in profit-making activity have had their share of failures, which is to be expected given the risks they take. But considering that the LDOs' ventures operate in some of the most unfriendly environments (typically, an underdeveloped community in a peripheral region), their growth and success are indicative of their innovativeness.

The profit-making arm of an LDO can take many forms. These arm's length, for-profit organizations represent a flexible mechanism which can operate in a number of sectors and activities, consistent with a broad mandate to promote community self-reliance. One of the differences between the profit-making arm of an LDO and a regular private business is in the meaning and the use of profits. On the one hand, profits generated within a private sector enterprise are channelled into personal savings, consumption, or reinvestment, which may also stimulate development. In the case of an LDO, on the other hand, profits beyond

those reinvested in the profit-making enterprises will normally return to the LDO to be used directly for community purposes, whether economic or social.

It is worth looking at some Canadian examples to get a sense of the extent to which less developed communities can benefit from the activities of LDOs' for-profit arms. Table 3 outlines some of the characteristics of Canadian CDCs involved in profit-making activities. The table is based on preliminary research and, therefore, remains incomplete at this stage; more work needs to be done before we can get a full understanding of the commercial ventures of LDOs. One can see from the table that many of these CDCs rely partly upon joint ventures for their existence. Table 3 also indicates that CDCs' ventures have emerged in different sectors of the economy and those CDCs involved in more than one venture have not remained confined to one or two sectors of activity. For example, the HRDA, the WPIC and the KDC have been active in 5 different economic sectors. Only the ECEDA has had a relatively large number of ventures (nine) in only a few economic sectors.

Table 3

Canadian Community Development Corporations

Name and location	Profit-making arm		# Sectors involved	Market
	# ventures ¹	# joint ventures		
• Great Northern Peninsula Development Corporation, NFL	1	1	1	regional
• Human Resources Development Association, Halifax, NS	6	-	5	local
• West Prince Industrial Commission, PEI	6	-	5	local, regional
• East Central Economic Development Association, Alta	9 ²	-	3	local, regional
• Kitsaki Development Corporation, SASK	8	4	5	local, internat.
• New Dawn Enterprises, NS	5	-	4	local, regional

SOURCE: Economic Council, *Series on Local Development*; refer to the individual case studies.

¹ Ventures in existence at any given time during the life of the CDC.

² Including 8 local development cooperatives set up by the ECEDA, most of which were involved in residential and commercial housing.

The Great Northern Peninsula Development Corporation

The Great Northern Peninsula Development Corporation, located in a depressed area of Newfoundland, was formed in 1987 by a group of six rural development associations. Initial financial support came from the provincial Department of Rural, Agricultural and Northern Development, which contributed \$60,000 for two years, and from the Innovations Program of the CEIC, which provided \$613,000 over three years. This funding has enabled the Corporation to hire an executive director, an administrative assistant, a business development officer, and a marine biologist who specializes in aquaculture. Business partnerships (in which the Corporation would have a majority ownership) in commercial ventures are now being sought. Most notably, the Corporation has been working with local sawmillers to form a consortium to supply wood chips to Newfoundland Hydro at Roddickton. Thanks in part to the Corporation's effort, the consortium has received a contract and has started delivering wood chips to the Roddickton plant. It is also negotiating with the provincial government to take

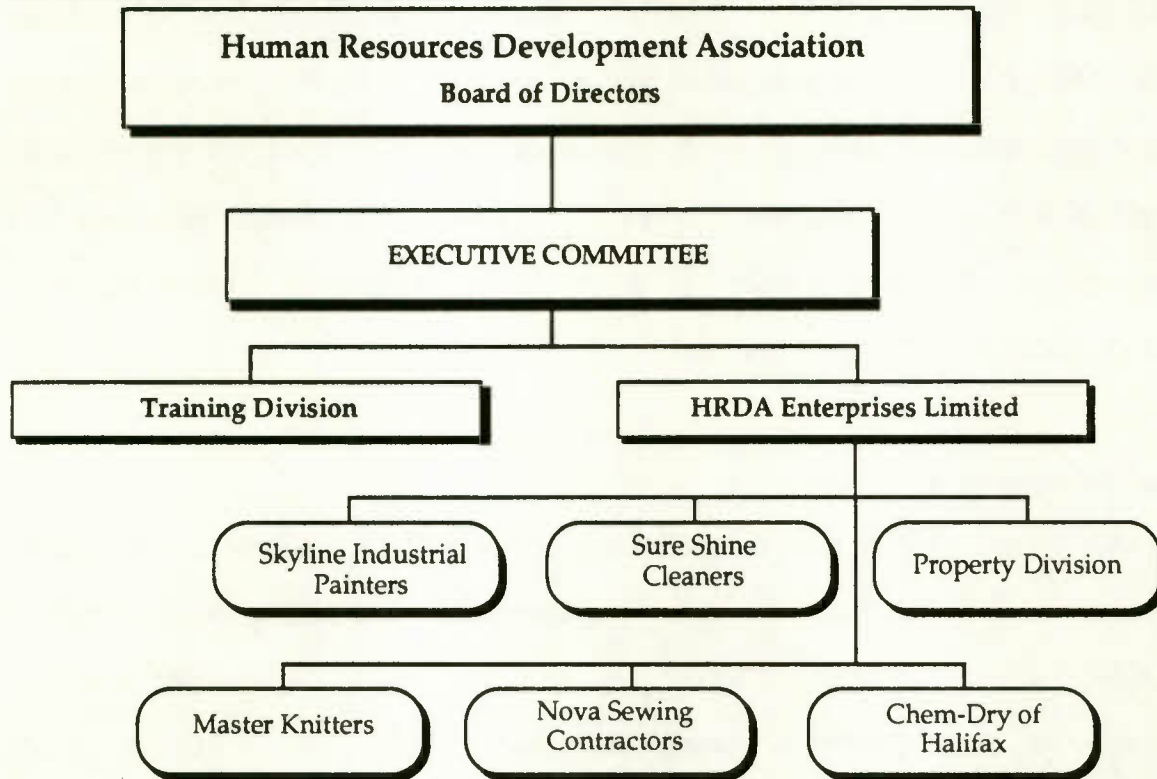
over several fish processing plants. It is too early to tell whether any of these latter undertakings will be successful. It is clear, however, that joint ventures with the private sector will form the core of GNPDC's operations. Such partnership is seen as being essential to the achievement of the Corporation's development goals.⁴⁷

The Human Resources Development Association

The Human Resources Development Association (HRDA) of Halifax, has a longer (eleven-year) track record of undertaking for-profit ventures. HRDA was established in 1978 with the dual goals of providing life skills and job training to hard-core unemployed, and of reducing the level of public assistance required by this target group. As illustrated in Chart 1, HRDA operates a profit-making arm, HRDA Enterprises Ltd., which manages six businesses in the Halifax area. HRDA Enterprises has made a small profit in each year since 1986, with an excess of revenue over expenditures of \$122,000 in 1987. The favorable financial position of HRDA Enterprises has resulted in a change in the type of subsidies provided for the hiring of target group employees. HRDA no longer receives direct funding from public authorities but instead can claim a fee for service from the municipal government (the cost being shared by the province) amounting to 50 percent of the salary and benefits paid to target group employees. Such financial arrangements have resulted in a reduction in the average cost of public funding per target group employee. In 1987, the fee for service per target group employee was on average \$376 per month, as compared to an estimated cost of maintaining the same individual on social assistance of \$460 per month (\$666 for a family).⁴⁸

Chart 1

Organizational structure
Human Resources Development Association (Halifax)



Source: Elizabeth Beale, *A Case Study of the Human Resources Development Association*,
Ottawa: Economic Council of Canada, Local Development Series Paper N° 3, 1989,
Appendix 1.

HRDA's involvement in profitable ventures has diminished its dependency on public funds and has increased its capacity to pursue other, non-commercial objectives such as training. Such increased self-sufficiency was made possible by an emphasis on sound business principles and by other factors such as the proficiency of management staff, the active role and commitment of the Board, as well as an improvement in financial arrangements.⁴⁹ The success obtained by HRDA, however, has not been without its drawbacks. First, there is a danger that the Association's for-profit ventures may be perceived as constituting unfair competition for local private businesses, because these ventures are partly

subsidized by public funds. If such a claim could be proven, it would mean that the ventures sponsored by organizations such as HRDA have little incremental value in terms of job creation and income generation, as they are simply taking the jobs away from other local enterprises. Second, Beale (1989) has pointed out that the need for financial profitability may have led HRDA to compromise its degree of assistance to target groups. The HRDA experience shows how difficult it is for LDOs to strike a balance between community development objectives and the imperatives of financial survival, a difficulty confirmed by other research (MacLeod, 1986; Ford Foundation, 1987).

The West Prince Industrial Commission

A third case study, the West Prince Industrial Commission, (WPIC) in Prince Edward Island, shows an industrial commission that has become rather like a CDC. It gradually became involved in a broad range and number of for-profit ventures, ranging from housing to biotechnology. To date, however, it lacks the mix of social and economic goals that defines the CDC model. Although we could not estimate the profitability of the Commission, data from Table 3 indicate that it controlled assets of \$1.8 million in 1987 through a number of subsidiaries and joint ventures. For instance, the WPIC owns and operates a tourism facility known as the Mill River Fun Park. It also owns Tri-West Holdings, which operates two residential rental units. Westway Industries, a manufacturer of leather products, is likewise wholly owned by the Commission. Westtech Agriculture Ltd., a biotechnology company using advanced tissue culture techniques, represents one of WPIC's most innovative endeavours. Not only has Westtech, a subsidiary of the WPIC, secured an export market for its disease-free strawberries, but it is currently undertaking a three-year contract from Agriculture Canada involving research in gene-splicing techniques.

In terms of impacts, the WPIC is credited with directly employing, through its various enterprises, close to 200 people (seasonal and full-time).⁵⁰ It operated in 1987-88 with a budget of \$66,000 funded through a five-year federal-provincial agreement that was signed in 1985. It was anticipated that this level of funding would decline by ten percent annually over five years, after which the Commission is expected to become self-sufficient (in 1990). Given this decreasing funding, the profit-making activities of the Commission take on added importance, not only as a vehicle for community development and job creation, but also as a means of survival. According to the author of the WPIC study, however, it is unlikely that the Commission will become financially self-supporting if it is to pursue community development objectives. He pointed out that secure and sustained financial commitment from government is a necessary condition for the success of organizations such as the WPIC, since a lack of long-term funding would divert the organization's resources to short-term survival rather than allowing it to focus on its original development mandate.⁵¹

The organizational structure of the WPIC is similar to that created by many CDCs: the Board of Directors is composed of non-paid local residents who possess a range of expertise relevant to community development. A paid, full-time manager oversees the day-to-day operations of the Commission and responds directly to the Board. The high level of visibility enjoyed in recent years by the Commission and the implementation of its industrial strategy have largely been credited to the dedication of its manager, who has now left his position. Such dedication may be desirable for the organization, at least in the short term, but reliance on a key individual may jeopardize its survival in the long run. This dependence on a limited leadership is a problem common to both community-

based organizations and conventional businesses.⁵² But other CDCs, one of them being the Kitsaki Development Corporation (KDC), have come up with solutions to reduce this dependence. These range from the hiring of outside experts to the pursuit of joint arrangements with private businesses, whereby financial and technical expertise is shared.

The Kitsaki Development Corporation

Like many other native communities in North America, the La Ronge Indian Band in Saskatchewan lacked the essential organizational and institutional infrastructure necessary for economic development, as well as a conducive business environment and mentality.⁵³ The Kitsaki Development Corporation (KDC), an arm's length, community-based corporation initiated and owned by the band, was incorporated in 1981. KDC's underlying principle has been to focus on profitable ventures in order to secure local employment in the long run and to help achieve economic self-sufficiency. KDC currently operates businesses in many sectors, ranging from the provision of financial services to the export of wild rice and smoked beef jerky to Europe and Japan. Of significance in this case is the arm's length relationship from, and accountability to, the Band Council, as well as the sophisticated business appraisal techniques used by KDC's management.

The arm's length approach of KDC has enabled it to function as an apolitical and relatively autonomous branch of the Lac La Ronge Indian Band Tribal Council. Early in its history, the development corporation went through a period of trial and error which led to steady overall growth but also to some business failures. Its earlier investments included a wild rice production facility (which is profitable and currently expanding), and a troubled joint venture in the trucking business (which was eventually wound up and replaced by one still operating). It

reached a mature stage in 1984 when it formally set out to hire experienced staff to run the corporation on a daily basis. Under the direction of a new manager, KDC began systematically to undertake joint venture operations. As of now, it operates seven business ventures, the majority of which are profitable or at a breakeven point (Table 4). The business investments undertaken by the Corporation have included Northern Resources Trucking, a joint venture with Trimac, one of Canada's largest trucking companies, and Northern Processors, a food processing plant which produces smoked meat products. Another venture, First Nations Insurance, is a group insurance agency acting as a broker for Great West Life Assurance Company, one of Canada's largest insurance companies, in Saskatchewan. It is interesting to note, as shown in Table 4, that four out of the seven businesses in operation are joint ventures.

Table 4

Kitsaki Development corporation - Business Development Program
Status of operational businesses, as of May 1988

Name of business	Joint venture	Status	Employment
Northern Resource Trucking	YES	Profitable	50
Keethanow Bingo North	NO	Profitable	12
La Ronge Wild Rice Corporation	YES	Profitable	2
Northland Processors	YES	Breakeven	20
First Nation's Insurance	YES	Breakeven	3
La Ronge Band Marina	NO	Breakeven	1
Hall Lake Store	NO	Losing	2

Source: M. Decter and J. Kowall, Kitsaki Development Corporation, La Ronge Indian Band, La Ronge, Saskatchewan, Ottawa: Economic Council of Canada, Local Development Series Paper N° 5, 1989, p. 32.

The study of KDC shows that the relatively low rate of business failures associated with the Band's profit-making activities has been achieved through a strict adherence to sound business appraisal and management. In fact, every

new business proposal is thoroughly screened and submitted to three kinds of appraisals: market, technical, and financial analyses.⁵⁴ Furthermore, rigorous project appraisal and a venture capital approach to the investment and reinvestment of funds have been instituted. This approach has meant that KDC has created a series of operating companies created for joint ventures. These partnership arrangements have meant that many of the risks associated with financing, management, and marketing were spread or completely shouldered by the private sector venture partner. Recently, a five-year development plan has also been implemented. The plan, which includes both short-term and long-term objectives, is periodically monitored and its rate of success evaluated. The plan also emphasizes the importance attached by the Band to capacity building. Most of the specific objectives, either short-term or long-term, highlight the importance given to building local development capacity, particularly in the areas of management expertise and financial services.⁵⁵ As the next case will attest, successful development of local capacity in areas such as management expertise is often a matter of survival.

The East Central Economic Development Association

The Regional Resource Project #1, which in 1985 became known as the East Central Economic Development Association (ECEDA), is located in the Drumheller area of Alberta. Throughout its 17-year history (Table 5), ECEDA consecutively undertook the establishment of local development co-operatives and secured government funding for infrastructure development (1972-73), became involved in speculative residential housing and the provision of commercial infrastructures (1973-76), acquired industrial land and promoted industrial development (1977-79), and unsuccessfully attempted to start a venture capital division (1984-86). The period between 1980 and 1984 was marked by the decline of

ECEDA's ventures and a parallel decrease in public funding. This led to some of the coops' going bankrupt and to a search for alternate source of development funds. Some of the problems experienced by the Association at this stage were linked to the nationwide economic recession and high interest rates. Others were associated with the lack of planning experience of the Association's Board and Coordinator.

Table 5

Summary of the history of Regional Resource Project #1 (which became ECEDA)

YEAR	EVENT
1973-76	Establishment of nine local development co-operatives, which became involved in improving housing and commercial business stock in their respective communities
1977-80	RRP#1 expands into the area of attracting local investment
1980	Economic downturn in Alberta ends profitability of several of the co-ops
1980-84	RRP#1 seeks entrepreneurs to invest in industrial development initiatives in the region
1984 RRP#1	A consulting firm recommends restructuring the ministerial funding of to match other regional resources projects
1985	RRP#1 is restructured and incorporated as the ECEDA, answerable to the Ministry of Tourism and Small Business

Source: M. Cadrin and L. Baron, The need for locally controlled investment funds and the critical role of timing in community economic development, Ottawa: Economic Council of Canada, Local Development Series Paper, forthcoming.

ECEDA established ComCap, a venture capital division, in 1985. It was launched with \$300,000 in equity capital and ninety investors (of whom 88 were local residents) as a means of attracting significant amounts of new economic development to the region.⁵⁶ ComCap failed, however, to complete its public offering and the hopes of establishing a private capital pool were dashed. The inability to find a lead order from a large financial institution (necessary to provide credibility) and to develop a workable guarantee mechanism⁵⁷ were given

as the main factors contributing to the corporation's failure to complete its offering. A commissioned study also found that the management expertise needed to manage the fund was not available locally.⁵⁸ As well, ECEDA was informed in 1987 that funding from the provincial government would be terminated by mid-1988. Following this event, the director of the corporation turned to Community Futures, a program administered by the CEIC. The program's strict eligibility criteria with respect to a minimum population threshold have obliged the corporation to expand its geographical area of jurisdiction. Whether the newly enlarged organization will survive this restructuring remains to be seen. A direct result of this change has been the departure of the project's long-time director and, in consequence, the loss of his leadership and expertise.

One can draw two conclusions from the ECEDA experience. First, it appears that there is no guarantee that LDOs will always prove to be successful vehicles for stimulating local development. Although the corporation had a significant impact on the stimulation of business activity (as exemplified by the number of new business starts and housing development),⁵⁹ there was no significant improvement in average family income or level of employment, as a comparison with a control group of communities indicated. To be sure, one could assume that the level of business activity might have been even lower had ECEDA not been active.⁶⁰ Second, this case suggests that some local development initiatives of a commercial nature are highly risky and require both an adequate capital base and an adequate level of managerial expertise, which rural communities may be lacking because of their low tax base and small population. These local factors suggest that risk must be shared in order to permit long-range planning and adequate access to financial services and expertise. The next case represents a

good illustration of how managerial expertise can effectively shoulder the risk of commercial ventures.

New Dawn Enterprises

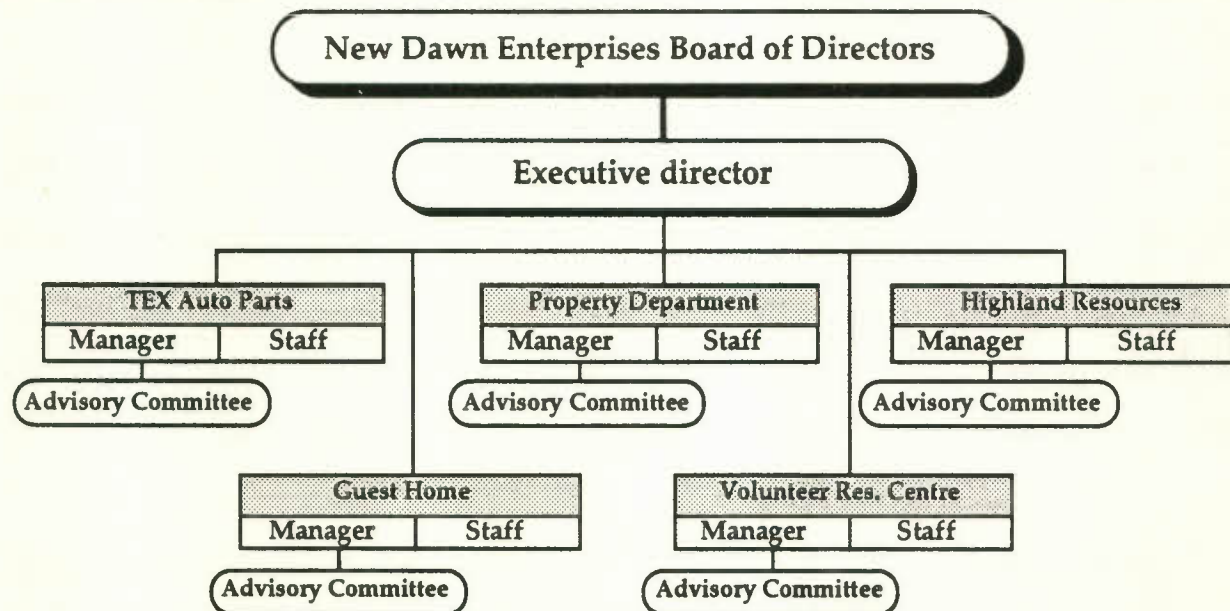
The case of the New Dawn Enterprises (NDE) in Nova Scotia, one of the best known CDCs to operate in Canada, is particularly instructive because it sums up much of the Canadian experience with LDOs undertaking for-profit activity. NDE is located in a depressed area of Cape Breton, where the natural and socio-economic environment makes it difficult to foster economic development. Its fifteen-year history is worth reviewing because it is well documented and offers some important lessons for community-based organizations wishing to undertake business ventures. New Dawn originated in 1973, when a group of concerned citizens formed the Cape Breton Association for Co-op Development (a cooperative), which was to become New Dawn Enterprises in 1976. New Dawn was not structured as a cooperative, as it was felt that such a vehicle would be constraining.⁶¹ Over the years, NDE has been involved in commercial and social ventures ranging from the establishment of dental clinics and the construction and management of housing to the operation of a community centre, the undertaking of training, and the encouragement of local crafts and music.

At the outset, it was decided that NDE would not operate a distinct, arm's length commercial operation but would rather integrate for-profit ventures into its mainstream activities. This objective was accomplished through the creation of distinct divisions, which operated with their own staff, resources, and autonomy according to their needs and capabilities, while New Dawn maintained a central administrative core to supervise, coordinate, and service the individual projects or divisions. By 1985, NDE had 5 such divisions (Chart 2) and assets of

almost \$10 million.⁶² Each of these divisions had an advisory committee named by New Dawn's Board of Directors. As a CDC, NDE has never received large amounts of public funding relative to its scale of operations. It did receive support from the federal Department of National Health and Welfare from 1976 to 1980, beginning with a \$120,000 grant in the first year, and falling to \$20,000 in 1980. NDE has also tapped some conventional job creation programs from time to time and has leveraged government mortgage monies to build up its asset base. But in spite of decreasing public support, NDE assets have grown rapidly thanks to its business ventures.

Chart 2

New Dawn Enterprises - Organizational Structure
As of 1985



Source: Greg MacLeod, *New Age Business - Community Corporations That Work*, published by the Canadian Council on Social Development, Ottawa, 1986, p.24.

While some CDCs, particularly in the United States, have adopted a narrow strategy of business development, that is, concentrating business activity in one or

a few sectors according to local comparative advantages or priorities,⁶³ New Dawn has taken the approach of fostering a broad range of business ventures on the grounds of their overall economic potential and community benefit, without favoring one particular sector. Typically, a business idea would be presented to New Dawn's Board of Directors, which would then accept or reject it after a careful assessment of the Corporation's resources and expertise, and of the project's potential profitability. There was a conscious attempt not to provide services which were already provided at a reasonable cost by government or the private sector. However, New Dawn's housing program at one point caused some friction with the local builders' association, a problem that was quickly ironed out.⁶⁴

NDE's impacts on the economy of Cape Breton have been generally positive. A 1981 study (Hanratty, 1981) concluded that, from 1973 to 1980, New Dawn directly injected more than \$4 million into the local economy, of which \$1.5 million was spent on construction projects. Although the study did not attempt to calculate the spin-offs and multiplier effects derived from NDE's activities, it estimated that the equivalent of 80 full-time jobs were created during the study period. Such employment creation, to be sure, is minimal compared to the 15,000 workers who were unemployed at the time in Cape Breton. The effects of NDE's business activity are more obvious when one looks at the services provided to the communities where the corporation has been active. In particular, NDE's involvement in housing for seniors and dental clinics has helped to relieve identified shortages. In short, New Dawn has been a useful vehicle for easing long-term problems, rather than a short-term job creation mechanism.

Summary

In general, the case studies outlined above illustrate the extent to which LDOs can represent a significant source of community entrepreneurship. By undertaking business ventures, often in conjunction with local partners, LDOs have been able to diversify their sources of funding while at the same time contributing to the benefit of their host community. The importance of partnership is emerging as an important lesson for community-based economic development. Sometimes, the need for partnership arises for purely practical reasons. CDCs have often had considerable trouble finding sufficient management and technical expertise to keep their ventures going. In the case of KDC, for example, joint ventures have provided the corporation with access to large amounts of expertise, as well as capital, that would not otherwise have been available to it. By retaining outside managerial expertise and pursuing a diversified portfolio of investments, KDC has been able to focus on business success and the training of Band members.

CDCs' local roots have in some cases enabled them to exploit opportunities that might not have been apparent to outside investors, as illustrated by the northern gourmet food processing activities of the Kitsaki Development Corporation. These case studies also pinpoint the importance of sound business principles and good management. The direct economic impacts of these CDCs' profit-making activities are small to date; this may be the price of operating small businesses in less advantaged areas. Nevertheless, the fact that these LDOs have experienced a degree of profitability in extremely underdeveloped areas while pursuing community development objectives is indicative of their resilience and potential.

A number of problems are common to many LDOs. One has been the lack of long-term funding. For many LDOs, this has meant a heavy dependence on short-term government funding and, as a consequence, a shift from long-term planning to day-to-day fund raising. Arguably, lack of funding affects many different types of organization, but this problem may become particularly acute for LDOs operating in underdeveloped areas where financial resources are limited. The lack of continuity in government programming and the government's slow response time to requests for assistance may well compound this problem. This section has illustrated that one of the responses to funding problems has been for LDOs to promote for-profit ventures and raise part of their own funds. While this strategy has worked well in a number of communities, others may need different forms of assistance because of an unfavourable socio-economic environment or an absence of community development potential and leadership. In cases where there is an absence of development potential, assistance may have to be directed to closing down the community. Such definitive action, in our view, should be attempted only once an assessment of this development potential has been undertaken by local residents.⁶⁵ Community self-assessment can not only provide local residents with a better knowledge of their socio-economic environment but, in some cases, it can uncover development opportunities that do not appear obvious at first and make the difference between closing down and prospering.

The LDO: A Tool for Capacity Building

As was suggested in the previous section, the Canadian experience and a growing body of evidence from the U.S. and Europe, illustrate the role of LDOs in the community development process, particularly their importance as mechanisms for building community capacity to mobilize local resources over the longer term. Capacity building, in this context, refers to a development strategy

whereby local resources are organized and, if needed, combined with outside resources to achieve a greater level of self-sufficiency. Greater self-sufficiency necessarily implies a greater utilization of local resources and an increase in local control and, sometimes, ownership, which takes place over the long term.

In the previous section, we noted that the LDO serves both entrepreneurial (business) and animation and mobilization (social) functions. Indeed, these functions are quite closely interrelated: the purpose of mobilizing and animating the community is to prepare it to engage in both individual and collective entrepreneurship so that it will be better prepared to take advantage of any economic and technological opportunities which may arise. These functions are very important for underdeveloped communities, given that development opportunities are generally very limited in such communities. In serving this dual social and economic function, Canada's LDOs have worked in many different ways and sponsored or supported a wide variety of programs and initiatives. This broad, comprehensive approach of the LDO is consistent with a capacity building strategy.

By demonstrating significant leadership, the LDO can also encourage greater local participation, control, and ownership, and it can introduce greater continuity, as well as establishing legitimacy for local efforts. By fostering joint ventures, it can also act as a partnership vehicle, and can pool local resources and obtain and channel outside assistance. In doing any or all of these things, it increases the likelihood of local development successes and can provide the ongoing support to "keep (growth from within) going". The LDO has, in these cases, assumed the responsibility (sometimes in partnership) for economic development in some of those less developed communities needing a catalyst.

LDOs have also played a key role in mobilizing financial resources, for example by increasing local wealth by undertaking for-profit ventures and developing an asset base. In doing so, LDOs increase the local capacity to mobilize financial resources. Such investments and job creation, however, do not necessarily amount to net benefits since their incrementality is difficult to measure. The fact that LDOs operate in underdeveloped areas and often start ventures in industries where the private sector and the government have been absent⁶⁶ suggests that the direct benefits derived from these ventures are significant, insofar as LDOs' activities do not simply serve to prolong the life of a community with no future.

A preliminary assessment

It is important to note that while LDOs may be of considerable help to underdeveloped communities, they are in no sense a panacea. Various factors, either external or internal to the community, can significantly reduce the LDO's possibilities of success. It is not realistic to expect the LDO to work miracles in communities so totally lacking in basic infrastructure and devoid of human and material resources that their demise is almost inevitable, or to overcome the effects of recessions, oil price shocks, or major fluctuations in commodity prices. The potential for growth in such communities is severely limited. Other types of difficulties, such as the absence of local leadership and of community commitment, may also limit the possibilities for development of LDOs.

Its weaknesses

First, some of the case studies have highlighted the fact that community development may result in a dependence on key individuals. For example, the Kitsaki Development Corporation, in Saskatchewan, and the West Prince Industrial Commission, in Prince Edward Island, have a successful history of community development and business ventures that partly results from the inputs of their respective managers.⁶⁷ Had these individuals not been there at first, it is questionable whether these organizations would have experienced the same degree of success. This dependence may also mean, however, that many community development projects will not be very successful if they are not, at the outset, initiated and supported by resourceful individuals (a similar dependency on key individuals often characterizes conventional business ventures). The relative lack of trained people in the community development field tends to exacerbate this dependency. In this context, one of the challenges facing community leaders is to broaden their support base so that the dependence on them can decrease. This can be done by broadening the base of local managerial, leadership, and business skills, through leader's direct supervision of staff and on-the-job training.

Second, the fact that local development ventures often operate on a small scale and within a narrow local market may create limitations on development. For example, local ventures operating in peripheral locations may be unable to expand because they lack the access to outside markets while, at the same time, the local market is too small to support their expansion. A small local market, combined with a relatively unsophisticated local labour market, often mean that community-based operations are heavily dependent upon exports for their final

products and outside resources such as managers and capital for their inputs. The case of the Kitsaki Development Corporation is typical of such behaviour: the development of international markets and hiring of an outside general manager made possible the growth of this community organization located in a distant setting. Only once a community builds its capacity and secures the markets for its business operations can it become more self-sustaining and capable of indigenous growth.

Another problem is the difficulty of combining social and economic objectives within the same strategy. Such a difficulty is apparent in a number of cases. The history of New Dawn Enterprises, a local development organization located in the Sydney area of Nova Scotia, has been marked by conflicts between socially conscious committee members and staff concerned with the financial bottom line. The Board often had the difficult task of debating over "the relative merits of the social and business divisions, and the flows of aid, money and time between the two".⁶⁸ Similar tensions were felt by the Human Resources Development Association, another local development organization, which was recently confronted by the necessity of improving the financial bottom line by reducing the number of "target group" employees, thereby deviating from its originally intended social purpose.

Its strengths

The LDO's broad constituency and organizational structure give it certain advantages over other types of local institutions. Its full-time paid staff (something not always possessed by institutions such as chambers of commerce and rural development associations) have a direct stake in the long-term success and survival of the organization, which may not be the case with volunteers.⁶⁹ As

well, these full-time staff tend to possess technical and professional expertise often not found elsewhere in the community. The LDO is also, thanks to its broad constituency, in a position to build up a knowledge base about the community and the business opportunities, which it can make available to other local development actors. And given its broad mandate, which encompasses social and cultural as well as purely economic development, the LDO is able to operate in a number of different sectors simultaneously. Of particular relevance here is the flexibility offered by the LDO's "for-profit" arm, whose enterprises frequently help to "subsidize" the social and cultural objectives of the organization's other divisions. No other type of organization we have encountered views the development process from such a comprehensive and holistic vantage point.

One advantage of LDOs over private businesses derives from their ability to mobilize local resources, particularly human resources. Many case studies have highlighted the fact that the very existence of LDOs often hinges upon the use of volunteers and/or unpaid labour inputs. At one level, many LDOs have been able to attract to their board of directors highly skilled individuals such as lawyers, accountants, or social workers. These individuals, by freely contributing their time and expertise, have allowed LDOs to reach the level of sophistication needed to prosper in an increasingly complex socio-economic environment. In the words of one author, "... survival requires technical competence among people recruited to its board."⁷⁰ At another level, volunteers have been sought after to perform a variety of tasks relating to different aspects of the organization's activities. Such individuals have served on social development committees, helped paid staff with routine accounting tasks, or acted as liaisons with other community groups. In some cases, volunteer participation has been widespread and dedicated.⁷¹

The economic contribution of unpaid labour inputs to the operations of an LDO is significant and can be measured. In the case of the Colville Investment Corporation, for example, the unpaid work performed by the Directors of the Board of the corporation was included in a cost-benefit analysis.⁷² It was found that, using a fixed hourly salary rate as a proxy, the equivalent of \$391,000 in volunteer time was contributed by the directors to benefit the corporation, between 1981 and 1987. As such, the use of unpaid human resources is value added to the community and amounts to a cost reduction method which can help the LDO achieve greater financial autonomy and thus reduce its dependency on public funding. Along similar lines, there is a debate over whether local development organizations increase local productivity because of their expertise in mobilizing underutilized resources or by increasing the productivity of already utilized resources (as by instilling a sense of pride and ownership into the local work force). Another study, on The Community as a Base for Development (Perry, 1989), provides numerous examples of community organizations that were successful at "recycling" underutilized human and financial resources.

Conclusion

This paper has focussed on the local development organization (LDO), the mechanism through which community development has most often been carried out in Canada and the United States. It should be noted that while the most common type of LDO is the community development corporation (CDC), a broadly-based, umbrella-type of organization designed to serve a wide range of social and economic functions, there are also particular types of LDO to deal specifically with financial matters and training.

The paper has shown how, by undertaking business ventures, often in conjunction with local partners, LDOs have been able to provide both economic and social benefits to underdeveloped communities. While these business ventures have admittedly been of limited value as short-term job-creation mechanisms, they have in a number of cases been of considerable help in building community capacity. The enterprises of the Kitsaki Development Corporation, for example, have provided valuable business and technical training to Band members, and the activities of New Dawn Enterprises have helped make housing facilities, dental clinics, and other critical services available to local residents.

To some extent, LDOs have taken up the slack where government and the private sector have been less active (or successful). By mobilizing underutilized resources, identifying and exploiting business opportunities, and helping to set local development priorities, LDOs have successfully undertaken long-term planning. In some cases, they have also developed needed social and economic infrastructures. They have played a certain leadership role by encouraging local initiatives and community involvement. It is clear, however, that more evaluative research needs to be done if we are to demonstrate the effectiveness of the local development organization as a tool for local development and recommend its broader application. Such evaluative work will need to include qualitative factors, in order to take into consideration the social aspects of local development.

Our assessment of LDOs reveals a range of strengths and weaknesses that are worth noting. Some of the drawbacks include a tendency toward excessive dependence on key individuals and the difficulty of combining social and economic objectives under the same organizational umbrella. But on the whole,

the strengths of LDOs appear to outweigh their weaknesses. First, by emphasizing the utilization of local, often underutilized resources, the community development approach offers an alternative to some of the failed attempts of the past. As well, by taking into account the social as well as economic infrastructures and conditions of these communities, the local development approach may in some cases have a better chance of success in fostering locally-owned businesses and encouraging local initiatives than the top-down approaches previously imposed on them.

Notes

- ¹ Peter Sinclair, "The Great Northern Peninsula Development Corporation: A Case Study" (Ottawa: ECC, 1989).
- ² Perry, Stewart E., Communities on the Way - Rebuilding Local Economies in the United States and in Canada, New York: State University of New York Press, 1987, pp. 9-10.
- ³ Peirce & Steinbach, *Corrective Capitalism*, op. cit., p. 21.
- ⁴ Ibid., p. 23.
- ⁵ A prime example of this "less favourable" political climate was illustrated by Vice President Spiro Agnew, who was quoted (see Perry, *Communities on the Way*, p. 30) as saying, "When you've seen one slum, you've seen them all."
- ⁶ Peirce & Steinbach, pp. 25-27, esp. p. 26.
- ⁷ At p. 160 of *Communities on the Way*, Perry describes the successful attempt of a group of American CDCs to reactivate the federal Rural Development Loan Fund (originally \$100 million) and have it redirected to community development groups. The CDCs were forced to bring a suit against the U.S. government in order to have the fund reactivated.
- ⁸ Peirce & Steinbach, pp. 26-27.
- ⁹ Massachusetts took the lead in supporting the CDC movement. For a more detailed description of some of that state's programs, see Stewart Perry, *Options in Regional Development Policy* (Ottawa: ECC, 1989), pp. 16-22.
- ¹⁰ Peirce & Steinbach, p. 26.
- ¹¹ Ibid., pp. 29-30.
- ¹² Ibid., p. 31.
- ¹³ Ibid., pp. 32, 34.
- ¹⁴ Ibid., pp. 32, 51.
- ¹⁵ Ibid., pp. 30-31.
- ¹⁶ Ibid., p. 35.
- ¹⁷ MacLeod, *New Age Business*, pp. 14-15; Sinclair, GNPDC case study, p. 15.
- ¹⁸ Sinclair, op. cit., pp. 15-16.
- ¹⁹ MacLeod, op. cit., pp. 15-16. Indeed, the same appears to have held true for the much broader Antigonish Movement. See S. Dodaro and L. Pluta, "The Antigonish Movement as a Model of Regional Economic Development" in M.A. Choudhury, ed., *Political Economy of Development in Atlantic Canada* (Sydney: UCCB Press, 1988), p. 70.
- ²⁰ For a useful brief overview of the caisse populaire movement, see *Nineteen Eighty Seven*, the annual report of the Desjardins Group (Lévis: La Confédération des caisses populaires et d'économie, 1987); the fact in question appears at p. 6 of this report. Quoted in future references as "Desjardins".
- ²¹ Richard Fuchs et al, "Where Credit is Due: A Case Study of the Eagle River Credit Union" (Ottawa: ECC, 1989).
- ²² Dodaro & Pluta, op. cit., esp. pp. 56-67.
- ²³ MacLeod, *New Age Business*, op. cit.
- ²⁴ Sinclair, "GNPDC Case Study", op. cit.
- ²⁵ Michael Decter and Jeffrey Kovall, "Manitoba's Interlake Region, The Fund for Rural Economic Development Agreement (1967-1977): An Assessment of the F.R.E.D. Agreement Ten Years After (Ottawa: ECC, 1989).
- ²⁶ Perry, *Communities on the Way*, op. cit., pp. 13-15, 23.
- ²⁷ Ibid., p. 24; see also MacLeod, *New Age Business*, op. cit.
- ²⁸ Dwight Brown, an industrial commissioner in interior British Columbia, has suggested that his commission would be focussing 80 per cent on growth from within and only 20 per cent on attracting it from outside the region.
- ²⁹ For a useful overview of the role of business development in the CDC's overall program, see Chapter 8 of Perry's *Communities on the Way*.

³⁰ It is worth mentioning that the LDO's role as a government vehicle for program delivery may conflict with the LDO's own development agenda. In one of the Economic Council's case study, that of the East Central Economic Development Association, the obligation for the Association to adhere to strict government guidelines regarding size of territory and types of fundable activities has led to a significant reassignment of its objectives and a change in its constituencies.

³¹ The clearest example we know is in Lloyd Baron and Noel Watson, "Loan Funds for Small Business: Lessons for Canadian Policy Makers", the Colville Investment Corporation case study (Ottawa: ECC, 1989) described in considerable detail later in this chapter. Hereafter to be referred to simply as 'Colville'.

³² Perry's *Communities on the Way*, p. 103.

³³ See Andy Flockhart, Lessons from France - A Study of Three Local Employment Initiatives, London: Centre for Employment Initiatives, 1987.

³⁴ *New Age Business*, p. 57.

³⁵ See Figure 2, later in the paper, for a visual overview of New Dawn's organizational structure.

³⁶ E.T. Jackson, "Mobilizing Capital for Regional Development", unpublished working paper (Ottawa, 1988), p. 45. See also Peirce & Steinbach, *Corrective Capitalism*, p. 81.

³⁷ Colville, p. 38.

³⁸ *Ibid.*, p. 2.

³⁹ *Ibid.*, p. 9.

⁴⁰ *Ibid.*, pp. 37-41.

⁴¹ Michael Decter and Jeffrey Kowall, *op. cit.*

⁴² Decter, Michael and J. Kowall, The Winnipeg Core Area Initiative - Area Regional Development in an Urban Context, Local Development Series Paper, forthcoming, Ottawa: Economic Council of Canada, 1989, 55 pages.

⁴³ It can be argued that this organization is not an LDO as such, although it possesses many of its inherent characteristics. For the purpose of this paper, we prefer to refer to it as an LDO.

⁴⁴ Baron, Lloyd, Rural Industrial Diversification and Regional Development: A Case Study of Legal Alberta, unpublished paper, Ottawa: Economic Council of Canada, 1989, pp. 13-6.

⁴⁵ In this case, the level of funding secured in 1985 has declined ten percent annually over five years, and the government expects the Commission to become self-sustaining by 1990. See W. MacKinnon, The West Prince Industrial Commission - A Case Study, pp. 6-7.

⁴⁶ Royal Commission on Employment and Unemployment, Building on our Strengths, Final Report, 1986, p.32.

⁴⁷ Peter Sinclair, The Great Northern Peninsula Development Corporation: An Organizational Framework for Revitalization?, Local Development Series Paper N°6, Ottawa: Economic Council of Canada, 1989, p. 35.

⁴⁸ Elizabeth Beale, A Case Study of the Human Resources Development Association, Local Development Series Paper N°3, Ottawa: Economic Council of Canada, 1989, p. 37.

⁴⁹ *Ibid.*, p. 49. Improvements in financial arrangements have come as a consequence of the good financial position of the Association and such improvements have materialized as easier access to credit lines and specialized liability insurance.

⁵⁰ Wayne MacKinnon, The West Prince Industrial Commission: A Case Study, Local Development Series Paper N°7, Ottawa: Economic Council of Canada, 1989, p. 14.

⁵¹ *Ibid.*, p. 31.

⁵² There is however, one important difference between how it affects private businesses and how it affects LDOs. While it is relatively easier to replace a manager in the private sector, thanks in part to the large number of graduates turned out every year by business schools, training opportunities for community development managers are very limited.

⁵³ M. Decter and J. Kowall, Kitsaki Development Corporation, La Ronge Indian Band, La Ronge, Saskatchewan, Local Development Series Paper N°5, Ottawa: Economic Council of Canada, 1989, p.7.

⁵⁴ *Ibid.*, Appendix II.

⁵⁵ Ibid, pp. 24-25.

⁵⁶ M. Cadrin and L. Baron, The need for locally controlled investment funds and the critical role of timing in community economic development, unpublished paper, Ottawa: Economic Council of Canada, 1989, p.20.

⁵⁷ Ibid, p. 21. It was felt that, because ComCap shares were speculative in nature, a guarantee of capital was necessary. However, the purchase agreement did not attract enough prospective investors because it was complicated and difficult to understand. In addition, interest rates on an unattractive fifteen-year payback was considered too low act as an incentive for such a high-risk venture.

⁵⁸ Ibid, p. 20.

⁵⁹ Ibid, Appendix IV.

⁶⁰ Ibid, pp. 24-29.

⁶¹ These constraints were mostly technical in nature, such as the Canadian Mortgage and Housing Corporation not recognizing co-operatives as non-profit organizations. See John Hanratty, The New Dawn Story - An experiment in economically-based community development, printed with the assistance of Health and Welfare Canada, 1981, pp. 6-7.

⁶² Greg MacLeod, New Age Business - Community Corporations that Work, published by the Canadian Council on Social Development, Ottawa, 1986, p.23.

⁶³ See Stewart Perry, Communities on the Way - Rebuilding Local Economies in the United States and in Canada, New York: State University of New York Press, 1987, pp. 211-13. Perry offers in this book many examples of American CDCs promoting sectoral intervention as part of a strategy for community (in some cases national) development.

⁶⁴ John Hanratty, *ibid*, p. 32.

⁶⁵ See Michael Decter, What We Can Do for Ourselves: Diversification and Single Industry Communities - The Implications of a Community Economic Development Approach; Local Development Series Paper N°10, Ottawa: Economic Council of Canada, 1989, 84 pages.

⁶⁶ This was the case with New Dawn Enterprises, which decided to go into senior housing development and dental clinics because of a clearly identified shortage. In other cases, such as with KDC, the LDO was able to identify and exploit new business opportunities; the incremental value of such ventures is clearly high. Along similar lines, Perry (1987, Chapter 12: *Evaluation Community Economic Development*) has reviewed empirical evidence pointing to the net financial benefits brought about by American CDCs.

⁶⁷ (1) Decter, Michael and Kowall, Jeffrey, Kitsaki Development Corporation - La Ronge Indian Band - La Ronge, Saskatchewan.

(2) McKinnon, Wayne, The West Prince Industrial Commission - A Case Study.

⁶⁸ Hanratty, *ibid*, p.20.

⁶⁹ Arguably, this is or isn't a good thing, because staff may have a stake in perpetuating the organization long after its goals have been achieved.

⁷⁰ Greg MacLeod, *ibid*, p. 59.

⁷¹ In the case of New Dawn Enterprises, for instance, between 50 and 70 volunteers have been active at any given time. (Hanratty, 1981, p. 27)

⁷² Baron, Lloyd, Loan Funds for Small Business: Lessons for Canadian Policy Makers - A Case Study of Colville Investment Corporation.

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