



**Exploring Applications of the  
Nova Scotia Co-op Development System  
in B.C. and Alberta**

**Final Report**

B.C. Co-operative Association (BCCA)  
Alberta Community & Co-operative Association (ACCA)

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# 1. Executive Summary

This report addresses findings from the second phase of a 2-phase project examining the Nova Scotia co-op development system and potential application of success factors from this system in B.C. and Alberta. Findings from Phase I, conducted by the BC/Alberta (BALTA) node of the Canadian Social Economy Hub, focused on 6 key areas of success for the NS system:

1. Development Finance
2. Human Resource Development
3. Planning, Advocacy and Research
4. Policy and Governance
5. Community Economic Development
6. Accountability and Evaluation

The findings also concluded that strong government relations, partnerships with other key stakeholders in the social economy (e.g., credit unions) and an small, island geography all contributed to NS's success.

The following research questions guided Phase 2 of the project:

- To what extent are the success factors in the 6 main areas of Nova Scotia's co-operative development system either present, easily replicated or desired in BC & Alberta?
- Where do gaps & opportunities exist for co-op development in each of the two provinces?

The Phase 2 Working Group, consisting of the Executive Directors of the B.C. Co-operative Association and the Alberta Community & Co-operative Association and two researchers from the Centre for Community Enterprise, held key informant interviews in B.C. (9 participants) and Alberta (9) and discussion group sessions (BC 15; Alberta 14) to solicit feedback on the two research questions, using the 6 key success areas of the N.S. model as question guides (see Appendices B & C for summaries of these sessions and Appendix D for Data Analysis).

## Goal, Objectives & Research Questions

The goal of this project was to provide the regional co-operative Associations, practitioners and key stakeholders in B.C. and Alberta with tools and strategies, based on the model provided in the Nova Scotia and Quebec case studies, that can translate into action plans for improvement in the co-op development system in the two provinces.

Two primary research questions addressed this goal:

- To what extent are the success factors in the 6 main areas of Nova Scotia's co-operative development system either present, easily replicated or desired in BC & Alberta?
- Where do gaps & opportunities exist for co-op development in each of the two provinces?

In order to achieve this goal, the following objectives were proposed for the project:

1. To describe the current co-op development system and development environment in each province.
2. To examine the co-op and social economy development and financial systems currently in place in

Quebec.

3. To engage a cross-section of the co-operative development and social enterprise development stakeholders in each province in a strategic discussion of the Nova Scotia development system lessons and tools.
4. To identify gaps, opportunities and constraints in each province's co-op development system and to map differences in scale, scope or nature from the 6 main areas of the Nova Scotia system for each province.
5. To determine whether gaps are due to deviation from Nova Scotia model or due to other factors.
6. To analyse the current context and engage stakeholders in identifying the extent to which lessons and tools emanating from Nova Scotia and Quebec are relevant in BC and Alberta.
7. To determine strategic options for strengthening the B.C. and Alberta development system that builds on the strengths and addresses key gaps/weaknesses.

## Findings

From key informant interviews and discussion sessions with 21 and 23 stakeholders engaged in BC and Alberta respectively, the researchers found that the general environment for co-op development was described more in the negative than the positive. Responses such as "under-funded," "unknown" and "challenged" were used. Likewise, the Associations in both provinces are under-resourced and there is a lack of full awareness of their roles or activities. Specific development services such as access to credit, grants, technical assistance and early stage co-op promotion and education were all noted as gaps in the system to some extent.

In both provinces there is a handful of organizations providing services for co-operatives, but technical assistance and funding are not available in all locations, and access could be improved. Respondents' awareness of the full spectrum of services was not strong, which also suggests that while services may exist, they are not meeting the need, or making themselves known to people who are active in the field.

Generally in both provinces, addressing the lack of current capacity and lack of collaboration and common vision within the co-op sectors in BC and Alberta was seen as a starting point for strengthening the systems in both provinces. This long-term strategic commitment to building the base and strengthening alliances has been missing in both provinces. The primary lesson then is that the sector needs to have a long-term vision and engage in strategy development – this work requires a clear vision while it is being developed.

Given this, many of the later stage tactics that were part of the successes experienced in NS and Quebec were seen as premature in BC and Alberta. Respondents did however support the idea of establishing alliances within the social enterprise and small business sectors, and with credit unions. They could envision stronger ties to provincial governments as well, but this too was viewed as a later stage effort that could not reasonably be undertaken until a stronger, more cohesive base amongst co-ops was established.

It is important to note that the cultural history and geography of Nova Scotia that has contributed to a supportive environment for co-operatives there, does not exist in BC or Alberta. The environment is often quite the opposite in fact, and developers feel they are "pushing up stream against the current" more often than not.

The gaps identified in BC and Alberta may in part be due to this environment. The critical gap in the development system however that the provincial associations do not have the provincial government support enjoyed by the

NS Co-op Council and Quebec Regional Councils to drive cross-sector alliances (i.e., outside of the co-op sector) or for the targeted promotion and engagement of credit unions.

There are valuable lessons here for both Associations around building co-op and “out of sector” alliances as the means to advance a more complex and robust development system.

## **Recommendations**

The following are recommendations from the Working Group, consisting of the researchers and Executive Directors of the BC and Alberta provincial Associations, based on the input from stakeholders in the interviews and discussion groups.

**British Columbia:** In BC, the Association needs to pro-actively engage existing members and other stakeholders in creating a strategy that will strengthen the presence, profile and impact of co-operatives as unique business solutions in the province.

The findings show that there are two interrelated strategies for achieving this objective: that at the Association level and at the regional level. The provincial Association would have to work with the regional councils (or other regional organizations) to ensure that regional activities are integrated with a larger province-wide strategy for the co-op development system and that support is available for the regional council activities.

In order to achieve a robust co-op development system, a number of activities need to be resourced and undertaken:

- Engage members and other stakeholders in developing strategic goals and in their implementation. Meetings with other stakeholders (such as credit unions (CUs)) could be part of this process.
- Gather data about the benefits that co-ops contribute to their communities (employment, # board members, # members, range of sectors, sales, credit union members and assets) to use in co-op promotion in general and with funders.
- Increase relationships, awareness and knowledge of co-ops among targeted regional intermediaries.
- Continue to work with the Social Enterprise coalition that is advancing a tax credit program and promotion of social enterprise.
- Meet with Provincial Government staff in several Ministries on a regular basis; find those who can be co-op champions; position co-ops as part of the solution with the new provincial Rural Secretariat for example, or within Ministry of Health.
- Explore the replicability of models for regional partnerships for co-op development support and activities (e.g., linkages between Community Futures and local credit unions).

**Alberta:** In Alberta, the Association needs to follow a similar approach of first engaging the co-op sector itself in creating a strategy that will strengthen the presence, profile and impacts of co-operatives as unique business solutions in the province.

In developing its strategies, the Association should consider the following general factors:

- The different development and education needs of for profit and non-profit co-ops.
- Establish firm commitment and involvement by the co-op sector before emphasizing approach and involvement of government.

Specific strategic options in Alberta promoted by research participants include:

1. Conduct an updated detailed analysis of the size and scope of the co-op movement in Alberta, focusing on the number of jobs supported by co-ops as a whole and by sector and the total economic output as a whole and by sector.
2. Develop a range of case studies of existing Alberta co-ops with a particular focus on those established in the last decade.
3. Develop sector-specific strategies for co-ops that would align generally with broader public and government concerns.
4. Develop and deliver a 'Co-op Road Show' that incorporates elements of the research above and the importance of the co-op movement in Alberta's history and potential contribution to meeting Albertan's needs.
5. Credit Union engagement is an essential component of any a development plan. However CU support for co-ops has not been uniform across the province.
6. Research the feasibility of establishing a co-op development fund with a primary focus on providing venture capital for new and expanding co-operatives with the flexibility to provide other financial products e.g. lines of credit or loan guarantees, when warranted.
7. Continue the development of relationships and strategic connections between ACCA, co-op developers and Community Futures.
8. Develop an alumni engagement strategy for the Co-operative Youth Program.
9. Review and revise the current membership structure that allows for the affiliation of smaller and non-profit co-ops.

The provincial Associations will be holding mini-conferences at their respective AGMs in June 2009 to explore these recommendations with a broad-cross section of members/stakeholders. At that time, a strategy document will be developed that outlines the work for building the co-op development system in each province.

## 2. Background

In March of 2007, the BC Alberta Research Alliance on the Social Economy completed Phase I of this project: a case study of the Nova Scotia Co-op Development System. The primary research question for this case study was: *What are the factors that have contributed to the emergence, development and outcomes of the Nova Scotia Co-operative Development System (NS-CDS)?* The case study looked at 6 main areas of the co-

operative development system including:

1. Development Finance
2. Human Resource Development
3. Planning, Advocacy and Research
4. Policy and Governance
5. Community Economic Development
6. Accountability and Evaluation

The findings that emerged from the study include:

1. Strong entrepreneurial leadership was significant to advancing the NS system over time.
2. The development of new and well designed finance tools was a significant strategy that contributed to co-op growth and impacts.
3. The structuring of agreements and MOUs with government and other partners contributed to the success of the co-op strategy. The relationships with government, and with credit unions in particular were significant to their success.
4. They worked to design and implement ongoing assessment of impacts within the sector which then fed their credibility and the rationale for additional supports.
5. Related to this they undertook strategically targeted research to better understand key opportunities and potentials.
6. Finally, part of the strategy was focused on an advocacy effort to build stronger relationships with government and position co-ops as integral to rural community economies.

This project is Phase II, examining the potential relevance of the lessons from Nova Scotia to co-op stakeholders in BC and Alberta.

### **3. Goal and Objectives of Phase II**

The goal of this project was to provide the regional co-operative Associations, practitioners and key stakeholders in B.C. and Alberta with tools and strategies, based on the model provided in the Nova Scotia and Quebec case studies, that can translate into action plans for improvement in the co-op development system in the two provinces.

Two primary research questions addressed this goal:

- To what extent are the success factors in the 6 main areas of Nova Scotia's co-operative development system either present, easily replicated or desired in BC & Alberta?
- Where do gaps & opportunities exist for co-op development in each of the two provinces?

In order to achieve this goal, the following objectives were proposed for the project:

1. To describe the current co-op development system and development environment in each province.
2. To examine the co-op and social economy development and financial systems currently in place in Quebec.
3. To engage a cross-section of the co-operative development and social enterprise development

stakeholders in each province in a strategic discussion of the Nova Scotia development system lessons and tools.

4. To identify gaps, opportunities and constraints in each province's co-op development system and to map differences in scale, scope or nature from the 6 main areas\_of the Nova Scotia system for each province.
5. To determine whether gaps are due to deviation from Nova Scotia model or due to other factors.
6. To analyse the current context\_and engage stakeholders in identifying the extent to which lessons and tools emanating from Nova Scotia and Quebec are relevant in BC and Alberta.
7. To determine strategic options for strengthening the B.C. and Alberta development system that builds on the strengths and addresses key gaps/weaknesses.

## 4. Methodology

Project management and administration was carried out by the British Columbia Co-operative Association (BCCA), the umbrella organization that works on behalf of co-ops and credit unions in British Columbia and the Alberta Community & Co-operative Association that performs a similar role in Alberta. The organizations promote co-ops as powerful tools for community control over local economies and as key strategies for economic and social reform. These provincial Associations partnered with the Centre for Community Enterprise (CCE) for the research component of the project. CCE is a pre-eminent source of expertise and resources in starting and strengthening CED organizations, revitalizing communities, developing community-minded businesses, CED curriculum design and delivery, and publishing - including the quarterly CED magazine *Making Waves*.

Together, representatives from BCCA, ACCA and CCE formed a Working Group for the purpose of ensuring project synergies and cohesion. The Working Group included the Executive Directors of the BC and Alberta Co-op Associations, and two contractors with the Canadian Centre for Community Renewal, one in each province.

The research was conducted largely through key respondent interviews and discussion groups with co-op stakeholders in each province. A “digest” or summary of the initial case study was prepared and participants were asked to review this prior to their participation (see APPENDIX A). The full case study was also made available to all participants as background.

There were 9 key respondent interviews conducted in each province. These interviews were conducted over the phone. Three discussion groups were held in each province. Alberta groups were convened in Edmonton, Calgary and one by conference call with 8, 3 and 3 participants respectively. In BC, groups were held in Victoria and Vancouver and one by conference call, and participation was 6, 4, and 5 respectively.

In total, respondents for both activities represent engagement of 21 stakeholders<sup>1</sup> in BC and 23 in Alberta. Overall, these stakeholders represented both rural and urban, large and small, and a range of co-op sectors including intermediaries, developers and co-op owner/managers. Females were slightly better represented than males by about 20%. Results from both of these activities were analysed for key themes and comparison to the Nova Scotia findings.

In addition, the Working Group also examined successes from the Quebec co-op development system.

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<sup>1</sup> Several BC respondents participated in both the interviews and the discussion groups.

Finally, based on the findings from all activities and included in this report, the consultants recommended strategies for strengthening the co-op systems in each province that will be considered during the AGM's of each Association.

## 5. Key Findings: Meeting the Goal and Objectives

### **Objective #1: To describe the current co-op development system and development environment in each province.**

In both provinces, the general environment for co-op development was described more in the negative than the positive. Responses such as "under-funded," "unknown" and "challenged" were used. Respondents also indicated a more recent sense of optimism however, based on the notion that the challenged economies in most communities were creating conditions conducive for the co-op model to emerge as part of the solution.

Likewise, the Associations in both provinces are under-resourced and there is a lack of full awareness of their roles or activities. In BC, Association members make up 68 out of 573 co-ops in the province and in Alberta the Association has gained 22 members out of 647 co-ops since its incorporation in 2005.

Specific development services such as access to credit, grants, technical assistance and early stage co-op promotion and education were all noted as gaps in the system to some extent. In BC, respondents were most familiar with DEVCO (founding co-op developers in BC), with credit union funders such as Vancity, and with Community Futures organizations as providing loans and business development services. In Alberta, Communitas (a co-op housing developer) was the top of mind developer mentioned, and funders included the Canadian Worker Co-op Federation, The Co-operators and the Alberta provincial government's Rural Alberta's Development Fund program in their responses. In BC the provincial government was not mentioned as part of the system at all. Most respondents were familiar with the CDI program federally, but the Co-op Secretariat and/or Co-op Zone received only sporadic mentions.

In general then, it seems fair to say that in both provinces there are a handful of organizations providing services for co-operatives, but that technical assistance and funding are not available in all locations, and access could be improved. Respondents' awareness of the full spectrum of services was not strong, which also suggests that while services may exist, they are not meeting the need, or making themselves known to people who are active in the field. If respondents who have experience and background in the co-op sector were not naming the Co-op Secretariat, what does this imply about how newcomers to the sector get access to information and services? Finally, there is a strong indication of the need for co-op promotion and education that targets existing organizations, such as credit unions, and begins to formalize and add to the range of services available.

### **Objective #2: To examine the co-op and social economy development and financial systems currently in place in Quebec**

Quebec is highly regarded for its co-op development system and for both the number and diversity of its cooperatives. With a population of 7.4 million, it boasts over 3,500 co-operatives, compared with 5,000 in the rest of Canada and 573 in B.C. and 647 in Alberta. Co-operatives in Quebec have deep roots in the caisses

populaires credit union system, founded by Alphonse Desjardin over 100 years ago. With roughly \$151.9 billion in assets, 536 caisses branches, and over 5 million member-owners, it is the sixth largest financial institution in Canada.

Other sectors well represented in Quebec include agricultural cooperatives, consumer cooperatives, forestry cooperatives, housing cooperatives, funeral cooperatives, cooperatives in schools (which demonstrate the principles of cooperative enterprises to students through cooperative bookstores and other activities), and a rapidly growing worker cooperative sector. In recent years, solidarity co-operatives (social co-ops) and worker-shareholder co-operatives (worker co-op succession from a conventional businesses) have augmented these traditional sectors. The non-financial cooperatives together have 1.4 million members, 28,000 employees, and more than \$8 billion in assets.

A 2008 report by the Quebec Ministry of Economic Development, Innovation and Export on the survival rate of co-operatives in Québec states that in 2008 the survival rate of co-operatives was 62% after five years and 44% after 10 years, which is consistent with a 1999 study.<sup>2</sup>

According to Luc Labelle,<sup>3</sup> the key to this robust co-op development sector in Quebec is “strong organizational support from established cooperatives and the federations they have created, along with the support and partnership of the Quebec government.”

### **Quebec's Model of Cooperative Development**

In today's difficult economic climate and particularly in an economic climate that hasn't always embraced the co-operative movement, it is difficult for co-ops to gain a foothold. The partnership between the provincial and regional levels and the provincial government has “significantly increased the rate of co-op formation and growth” (Labelle).

At the sectoral level, co-operatives are organized through 40 cooperative federations and alliances, and at the regional level through 11 Regional Development Co-operatives, which do co-op development work largely supported by provincial job creation contracts and also through the cooperatives in each region. These levels are supported through a 60-year old umbrella organization – the Conseil de la Coopération du Québec. The CCQ fosters a supportive environment for the development of co-operatives and works closely with the provincial government. It also is responsible for strategic planning and for the implementation of the plan through the RDCs. The province also offers tax incentives, loans and loan guarantee programs. Labelle notes that “together this partnership has created thousands of permanent jobs and dramatically increased the number of cooperatives. It is recognized as the cheapest job creation model in Quebec.”

### **Government Support**

The provincial government of Quebec supports the co-op sector, in addition to grants to the RDCs for job creation, by issuing regulations, compiling statistics and offering programs to sustain co-op development in the

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<sup>2</sup> [http://www.ontario.coop/pages/index.php?main\\_id=1](http://www.ontario.coop/pages/index.php?main_id=1)

<sup>3</sup> Luc Labelle, “Development of Cooperatives and Employee Ownership, Quebec Style,” <http://cog.kent.edu/lib/Labelle.htm> (1999)

province, including the System Cooperative Investment Tax Incentive. According to the co-op directorate's website, they offer the following support:

In accordance with the Cooperative Development Policy, the Directorate's mission is to foster the emergence and growth of cooperatives and contributes to developing the various sectors of cooperative activity by monitoring and support. It also manages:

- Partnership Agreement on the development of cooperatives;
- The Cooperative Investment Plan (CIP) - established in 1985 in order to promote the capitalization of cooperatives in granting a tax advantage to investors who acquire securities issued by an eligible cooperative. Only certain types of co-ops are eligible: producers, labour, workers' shareholder, and solidarity co-ops. In 2007, 223 co-ops benefited under the Plan for a total investment of \$225 million. The average investment was \$196,795 per co-op.
- certificates of eligibility for tax-deferred rebate.

Cooperatives are eligible for programs and services of the department, insofar as they meet their requirements.

The Department, in collaboration with the Quebec Council of cooperation and mutuality, a pamphlet entitled "The Cooperative Option." This leaflet provides general information that presents the co-operative option as a formula business.

The department also promotes the financing of entrepreneurship and the funding of social economy enterprises, administered by Investissement Québec, which primarily provides loan guarantees and loans.

### **Implications of Quebec Model for BC and Alberta**

The Quebec model of co-op development is similar to the provincial model in BC – a provincial umbrella organization with regional councils doing the "fieldwork" for co-op development. The significant difference is the level of support from the provincial government for co-op development, tax incentives and investment plans, and a broad supportive credit union sector, a similar refrain to that of the Nova Scotia system. This brief synopsis of the Quebec model, therefore, reinforces that these success factors are undoubtedly critical to the development of a strong co-op development system in BC and Alberta.

**Objective #3: To engage a cross-section of the co-operative development and social enterprise development stakeholders in each province in a strategic discussion of the Nova Scotia development system lessons and tools.**

**Objective #4: To identify gaps, opportunities and constraints in each province's co-op development system and to map differences in scale, scope or nature from the 6 main areas of the Nova Scotia system for each province.**

**Objective #5: To determine whether gaps are due to deviation from Nova Scotia model or due to other factors.**

**Objective #6: To analyse the current context and engage stakeholders in identifying the extent to which lessons and tools emanating from Nova Scotia and Quebec are relevant in BC and Alberta.**

Generally in both provinces, addressing the lack of current capacity and lack of collaboration and common vision within the co-op sectors<sup>4</sup> themselves was seen as a starting point for strengthening the systems in both provinces. Given this, many of the later stage tactics that were part of the NS success were seen as premature in both provinces. Respondents did however support the idea of establishing alliances within the social enterprise and small business sectors, and with credit unions. They could envision stronger ties to provincial governments as well, but this too was viewed as a later stage effort that could not reasonably be undertaken only once a stronger, more cohesive base amongst co-ops was established.

Notwithstanding the particular opportunities identified in the provinces for co-ops to be part of the solution in housing or in agriculture or healthcare, for example, it is also important to note that the cultural history and geography of Nova Scotia that has contributed to a supportive environment for co-operatives there, does not exist in BC or Alberta. The environment is often quite the opposite in fact and developers feel they are “pushing up stream against the current” more often than not.

The gaps identified in BC and Alberta due to this environment, result in a lack of organizational resources and capacity for driving Association entrepreneurial strategies. The most significant gaps in the co-op development system resulting from this lack of provincial government support and lack of capacity are the need for cross sector alliances (eg: outside of co-ops) and targeted promotion and engagement of credit unions. In the Alberta context, the historic political role that co-ops have played in Alberta politics e.g. the UFA was the reigning political party in Alberta from 1921 to 1936, may in fact contribute to a hesitancy on the part of government for too overt a support for the co-op model. There are valuable lessons here for both Associations around building co-op and “out of sector” alliances as the means to advance a more complex and robust development system.

The engagement and dialogue initiated in Discussion Groups will continue at the AGM of each Association in their respective provinces as well. The question however is not relevance – period – but more one of relevance at this time. The Nova Scotia lessons are very informative in terms of the strategies underlying them. This long-term strategic commitment to building the base and strengthening alliances – whether for the purpose of building additional finance tools or to strengthen other aspects of the system – has been missing in both provinces. The

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<sup>4</sup> This refers specifically to the current Association membership and participation as well as other co-ops that are outside of this at this time.

primary lesson then seems to be one of long term vision and strategy development – that this work requires a clear vision being held while it is knowledgeably advanced over time.

The findings from the study were analyzed based on the themes that emerged from the case study, that were used as a framing device for the interviews and discussion group sessions for this current study:

- Strong entrepreneurial leadership
- Well designed finance tools
- Legal agreements & MOUs between actors in system
- Accountability & quantification
- Advocacy position, and
- Strategic research

These findings are rich in insights for the sector, and often contrast with findings from the NS case study. While there were many similarities in the findings between the two provinces, where there were specific provincial findings, these are noted in chart form for each section.

### **Strong Entrepreneurial Leadership**

Respondents in both provinces were looking to their respective provincial co-op associations to provide leadership in strengthening the co-op development system. However, while the associations were seen as the natural lead, participants themselves suggested interest in providing leadership as well. While both provinces described one or two examples of credit union support for co-op development, these examples are relatively few. There is a need for much stronger leadership from the CU sector.

There was a sense that there was as yet insufficient cross co-op partnership e.g. co-ops working with other co-ops, and that the associations needed to take a stronger convening role to increase the level of interaction and communication between co-ops and their leadership. It will only be after these relationships have been strengthened and the leaders of these co-ops are on board that a more public advocacy campaign can begin.

Respondents in both provinces felt that the associations should adjust their membership structure and dues to make it more feasible for smaller co-ops to join the association. Overall, there was a sense that the co-op sector had to start “inside first” in developing its leadership capacity and strategic focus. Respondents in both provinces identified that this initial leadership and focus should be begin amongst a core leadership group from some of the larger established co-ops, and that it must include boards, not only staff.

BC Specific Context	Alberta Specific Context
<ul style="list-style-type: none"> <li>The development of the regional councils, while having the potential to support co-op development in specific regions, may dilute the role and leadership function of the BCCA. In several regions the recent (new) engagement of small co-ops was due to the local presence and visible benefits they saw in the regional council role.</li> </ul>	<ul style="list-style-type: none"> <li>Strong consensus that large co-operatives in the province need to take a stronger leadership role in the development of the system</li> <li>Emphasis on the strategic linkages with the Co-operative Youth Program, including an alumni engagement strategy</li> <li>Need to expand members in the ACCA to include smaller co-ops and ensure co-op development system meets their needs.</li> </ul>

While respondents could see the benefits of engaging larger co-ops and boards of directors in a strategy to advance the sector, it was not clear to what extent this has been part of the tactic in Nova Scotia. One can assume that in addition to the leadership of CEO Dianne Kelderman herself, she had strong board and other allies working with her. The reality in both provinces is that at the moment there is no champion prepared to drive a co-op strategy every waking minute of their lives, and that the effort will require building strong teams to make progress. The notion of relying on a single individual is not sustainable in any case.

### Well Designed Finance Tools

There was general support in both provinces for the development of a co-op fund which should be initially seeded from the co-op sector itself through tithing or a percentage of reserves. The fund should also be supported by government. The role of that fund –whether it was loans, loan guarantees, share investments, grants, etc. was less clear.

While a funding pool is important for financing growth and expansion, respondents felt that support was also key for new and early stage start-ups and thus start-up grants should form a portion of the fund disbursements. There was a strong sense that there are other financial supports that could support co-op development, however there was a lack of understanding amongst these funders of the potential of the co-op model. There is need for awareness building amongst traditional funders and financial organizations, including credit unions, on the role and potential of co-ops forms of business.

Participants in both provinces identified some difficulties in confounding the needs of non-profit, generally social service co-ops with those of for-profit co-ops. The non-profit co-ops have more in common with the social enterprise and community development sector, so perhaps their development needs may be more strategically aligned there.

BC Specific Concerns/Suggestions	Alberta Specific Concerns/Suggestions
<ul style="list-style-type: none"> <li>Though both are misunderstood, services and supports need to distinguish between non-profit and for-profit co-ops.</li> <li>Lack of clarity in regard to demand for co-op finance services.</li> </ul> <p>Strong sense that the current environment was opening up options for local investment pools to be developed that would re-invest local funds back into the community. The tax credit efforts were seen as a key factor that would make these funds feasible.</p>	<ul style="list-style-type: none"> <li>Given the presence of relatively larger established co-ops in Alberta, support for a sector-led fund seemed more feasible.</li> <li>The utility co-ops in Alberta may have some potential for contributing to the fund provided there are legislative changes allowing them to contribute portions of their reserves.</li> <li>Need to clearly distinguish the differing financial needs of start-ups and established co-ops e.g. even the credit unions and Alberta Treasury Branches in Alberta cannot meet the needs of the larger co-ops.</li> </ul>

One of the assumptions made in the design of this research was that if we had the co-op leaders at the table, they could advise us about financial products and demand. This has proven to be incorrect. There simply isn't a good basis of knowledge among those who were engaged related to the finer points of distinction between investment funds, loan funds and tax credits versus rrsp eligibility versus other incentives. As with the Nova Scotia experience, there is a "feeling" that we need more investment and grant funds, but unlike Nova Scotia, we do not yet have the information we need to determine what, or how or for whom these funds should be constructed. Interestingly in Alberta, those from the financial sector refused to answer questions about financial product priorities indicating that they needed all the tools to be available in order to meet the specific needs of any one co-operative.

Nova Scotia engaged the credit unions in part as a result of the promise of the CEDIF and their role in managing and distributing it. This was a value added for the product lines of credit unions. We do not have relationships with credit unions in either province to inform us about whether or not this would be perceived as a benefit here. The finance product strategy of Nova Scotia is simply premature given the context in BC and Alberta.

### **Legal Agreements & MOUs Between Actors in the System**

While there are MOUs between the provincial associations and other agencies in each province, they are neither at the number or level of sophistication of those in Nova Scotia. These types of documents are usually formulated following extensive strategic discussions between the association, the sector and potential partners. CFDCs were the most commonly cited partnerships in each province that would be candidates for such agreements, and thus likely amongst the first targets.

BC Specific Concerns/Suggestions	Alberta Specific Concerns/Suggestions
<ul style="list-style-type: none"> <li>• MOU with Enterprising Non Profits consists of an agreement that the provincial association is to be informed and to participate when and if there is a grant application related to a co-op.</li> <li>• MOUs with Regional Councils will require significant clarity about the roles and the nature of these relationships and should not be undertaken outside of a bigger strategy to advance the sector, but as one of the means to advance it.</li> </ul>	<ul style="list-style-type: none"> <li>• MOU with Alberta Agriculture around the role of the ACCA and the ministry in supporting co-ops.</li> <li>• MOU with the Community Futures with respect to Development officers having the basic knowledge of what a co-op is and how it benefits communities. ACCA could provide the necessary training on co-op basics to support this MOU.</li> <li>• Once the purpose and scope of a development fund is established, an MOU with contributing co-ops may be required.</li> </ul>

This aspect of the Nova Scotia approach is really about relationships and partnership building as part of their strategy. The MOUs represent a formalizing of relationships. First, they established a coalition with the small business sector and with credit unions that gave them credibility and broadened the base from which they could advance common goals. Second, they spent considerable effort courting government, but in an environment that was already paying attention to co-ops. They undertook to deliver co-op services on behalf of the government. In BC and Alberta there are no current provincial government services for co-ops specifically, so the starting point is completely different.

### **Accountability and Quantification**

Neither province currently tracks a full range of data to measure progress against goals or to illustrate and promote the size, nature or impacts of the sector. BALTA (BC Alberta Social Economy Research Node) is undertaking mapping work to define and describe the nature and extent of the social economy more broadly but this is a challenging work in progress. There is acknowledgement of the role of data in building sector credibility and profile, and in terms of being accountable to various stakeholders, but given the building work required and the limited resources, this is seen as a “nice to have” rather than a “must have” at this time.

This practice assumes there is a strategy that is driving measurement and data collection. While this is emerging in both provinces, it is pre-mature to be focused on at this time. This practice assumes there is a strategy that is driving measurement and data collection. While this is emerging in both provinces, it is pre-mature to be focused on at this time.

## Advocacy Position

There was a strong sense that economic realities being faced in BC and Alberta leave the government and the public at large “ripe” to hearing the message and advantages of co-ops, a condition that was very different even one year ago. There was a general consensus that associations should act as the “one voice” for the co-op sector in each province. While some co-ops may need to advocate for issues on behalf of their particular business sector, the associations should be the prime vehicle for advocacy efforts in regards to co-ops in general. However, participants in both provinces recognized that advocacy is the most difficult activity to resource and is often tucked in with other roles and responsibilities.

BC Specific Concerns	Alberta Specific Concerns
<ul style="list-style-type: none"> <li>The regional council approach in BC presents both some interesting opportunities and challenges in terms of advocacy. They are better positioned to reach out and build relationships and co-op awareness within their regions, but the message, the tools, the training for speakers and the nature of relationships they need to target should all be part of a province wide strategy. Clearly there is a role for BCCA in co-ordinating and resourcing such a strategy.</li> <li>In BC, while specific public policy issues related to co-op incorporation limitations were raised several times, the much bigger issue for respondents was the need for an awareness campaign that would target potential partners such as CFDCs and credit unions. This is not a public co-op promotion campaign, but an effort to build awareness, co-op knowledge and eventually support among key actors in the province. This was seen over and over as an important first step to take in order to be able to advance any other goals.</li> </ul>	<ul style="list-style-type: none"> <li>The historic political role that the United Farmers of Alberta has played in the province (they were the governing party in Alberta from 1921 to 1935) has some opportunities and challenges in terms of advocacy. With over 100,000 members and a strong delegate system, the UFA, particularly if coupled with rural utility and other large membership co-ops, could be a very powerful and effective lobbying tool for the co-op sector. While these co-ops have been largely focused on internal business activities, members of these co-ops who participated in this research displayed an encouraging degree of activism. This research project itself appears to have identified individuals willing and able to provide leadership in defining a common vision for the co-operative sector in the province.</li> <li>Echoing BC, a number of respondents identified the need for an awareness campaign targeting strategic partners. ACCA initial education and awareness building may be internal to the sector, as indicated by participant comments: “Albertans have to be reminded of their co-operative roots” and “the sector has to begin by organizing its own.”</li> <li>The Alberta Government has shown a fair degree of concern around rural development issues and struggling to find responses to the growing needs and service gaps in rural communities.</li> </ul>

It is uncertain how long it might take for the provincial associations in each province to build board supports, develop a leadership team among their members, create a common strategy to advance the sector, and then undertake the relationship building and resource development to advance that. Neither association currently has the resources for this effort. Can we someday envision in BC or Alberta that the associations host a cocktail party for provincial government that is the paramount event in their year (as per the Co-op Council in NS)? Not for many years and not without a great deal of luck and hard work.

### Strategic Research

Participants in both BC and Alberta stressed the need to have clear and updated statistics on the economic impact of co-ops in each province. Respondents identified that they would like to have information about the number, size, sector and location of co-ops, their employment figures, their sales figures, and even the secondary contributions through purchasing as a means of proving the contribution co-ops make to the local economy. Finance actors want better information about the nature and extent of demand for various types of capital from grants through to equity investments and loans.

The dominant theme in terms of a specialized research agenda was the co-operative response to health care and affordable housing issues, particularly for seniors. Participants in both provinces identified the need to develop a more comprehensive list of case studies and co-op stories of success and the mechanism to ensure these were available and shared widely.

BC Specific Concerns	Alberta Specific Concerns
<ul style="list-style-type: none"> <li>• Study on the multiplier effects of the co-op model compared to other business models</li> <li>• Need to identify the nature of demand for investment capital among start-ups and expansions</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for legislative changes to utility co-op reserve</li> </ul>

This project itself is an example of the state of co-op research efforts in BC and Alberta – they are in very early stages. As with Nova Scotia, the research agenda needs to be designed to support a longer-term strategy and inform those efforts. Until a strategy emerges this question too is premature.

### Contrast Conclusions

The strategies adopted by the Nova Scotia Co-op Council have fueled a great deal of discussion and planted seeds for possible options in BC and Alberta. The case study elevated the role of credit unions for respondents to consider. It raised questions of positioning and building alliances across sectors and in different ways than have been attempted in either province. Overall, it has focused attention on the need for a more strategic

approach to strengthening the sector that is multi-faceted. This means (for example) that the sector should not pursue a tax credit or CEDIF-like program in isolation from other tactics – that indeed it won't be successful without a multi-faceted, strategic approach over time. This has been a very powerful opportunity to think differently about the co-op sector. The summary of key themes on page 6 outlines more specific issues and opportunities that will drive next steps in each province.

It is also clear however that the contexts are quite different in BC and Alberta. The island geography and political/cultural history in Nova Scotia means that it is naturally more open to collective forms of organizing. Most respondents in BC and Alberta laugh about having co-ops referred to as “socialist propaganda” but that is a very real example of the nature of culture these two provinces face. This makes the effort to promote and position co-ops a much more challenging one.

This supportive environment in NS included a government that was already serving co-ops (albeit not very well), which neither BC or AB enjoys at the moment, and the type of singular, 24/7 entrepreneurial leadership to advance the strategy that this kind of support allows. In both BC and Alberta there will be a need to explore leadership teams perhaps that can play this role collectively, and to consider the tactics for approaching and building government awareness and support.

**Objective #7 (Recommendations): To determine strategic options for strengthening the B.C. and Alberta development system that builds on the strengths and addresses key gaps/weaknesses.**

The following are recommendations from the Working Group, based on the input from stakeholders in the interviews and discussion groups.

### **British Columbia**

In BC, the Association needs to pro-actively engage existing members and other stakeholders in creating a strategy that will strengthen the presence, profile and impacts of co-operatives as unique business solutions in the province.

In order to achieve this, a number of activities need to be resourced and undertaken:

- Engage members and other stakeholders in developing strategic goals and in their implementation. Meetings with other stakeholders (such as Credit Unions (CUs)) could be part of this process. This process needs to affirm a clear position statement or brand (such as co-ops are another form of business), and to target specific sectors (e.g., healthcare or business succession through worker buy-outs) where co-ops can be more easily and successfully promoted and positioned at this time.
- Re-think the Association's relationship to members and the ways that can be strengthened (build internal strength first). This could include strategies such as: address and formalize the roles and responsibilities between regional councils and the Association from the perspective of serving and supporting the base; consider lower membership fees for small and seasonal co-ops; identify the benefits it offers

members/communities in order to develop a strong statement around membership.

- Gather data about the benefits that co-ops contribute to their communities (employment, # board members, # members, range of sectors, sales, credit union members and assets) to use in co-op promotion in general and with funders. Case studies could be part of this if they are targeted at learning about the replication of co-ops in key sectors where there is a specific opportunity for a co-op business structure to contribute to communities. Research is also required around the demand for investment capital and/or credit in order to participate actively in the tax credit work being undertaken (see below).
- Increase relationships, awareness and knowledge of co-ops among targeted regional intermediaries. Such as: developing a clear benefit statement and ask; training Community Futures (CF) and CU staff to both identify opportunities and to assess readiness and risk; becoming more active in Central 1 events and conferences; developing a regional pilot where services and roles are tested before being replicated; target their board members for calls from Association board inviting them to a special session at the AGM; begin to participate in their events and conferences; etc.
- Continue to work with the Social Enterprise coalition that is advancing a tax credit program and promotion of social enterprise. There has been reluctance to name co-ops as a distinct actor in the social enterprise sector by some players, and this needs ongoing engagement to overcome it. The tax credit work can benefit co-ops, but the Association needs to gather better information around the level and nature of demand among its members and stakeholders.
- Meet with Provincial Government staff in several Ministries on a regular basis; find those who can be co-op champions; position co-ops as part of the solution with the new provincial Rural Secretariat for example, or within Ministry of Health.
- Explore the replicability of models for regional partnerships for co-op development support and activities (e.g., linkages between Community Futures and local credit unions).

## **Alberta**

In Alberta, the Association needs to follow a similar approach of first engaging the co-op sector itself in creating a strategy that will strengthen the presence, profile and impacts of co-operatives as unique business solutions in the province.

In developing its strategies, the Association should consider the following general factors:

- The different development and education needs of for profit and non-profit co-ops. In the case of for-profit co-ops, the emphasis may be on convincing traditional lenders including credit unions of the viability of the co-op model, with a particular focus on the stability of the model and the relatively high equity contributions by its members. Support for non-profit co-ops might be achieved by a closer alignment with the developments in the non-profit sectors with which they may have more in common e.g. Social Enterprise Fund, Enterprising Non-profits (ENP) expansion, Non-profit housing association, etc.
- Establish firm commitment and involvement by the co-op sector before emphasizing approach and

involvement of government. It may be crucial to focus, in the initial stages, on engaging the larger established co-ops including the UFA, Federated Co-ops, Calgary Co-op, Credit Unions.

Specific strategic options in Alberta promoted by research participants include:

1. Conduct an updated detailed analysis of the size and scope of the co-op movement in Alberta, focusing on: the number of jobs supported by co-ops as a whole and by sector and the total economic output as a whole and by sector.
2. Develop a range of case studies of existing Alberta co-ops with a particular focus on those established in the last decade. There are some very successful examples of for profit and non-profit co-ops in the province whose success is not widely known, even in the co-op movement itself.
3. Develop broad sector-specific strategies for co-ops that would align generally with broader public and government concerns. This research emphasized the following areas of concern, in order of priority:
  - Affordable housing, particularly seniors housing
  - health & elder care
  - services for immigrants, aboriginal groups and youth
  - conversion to co-ops due to plant closures/business succession planning
  - rural energy & renewable energy

These strategies should be backed up by examples, where possible, of Alberta co-ops that meet these needs and particular supports that might assist the co-op movement in scaling up their contribution to meeting these increasing critical concerns.

4. Develop and deliver a 'Co-op Road Show' that incorporates elements of the research above and the importance of the co-op movement in Alberta's history and potential contribution to meeting Albertan's needs. Again, this Road Show may need to travel internally first as even amongst active and knowledgeable co-op members in this study their appeared to be a relative lack of awareness of the role of co-ops in sectors other than their own. Building the awareness of the co-op movement itself on its own potential will be an important first step before campaigns to government and the general public are launched.
5. Credit Union engagement is an essential component of any a development plan however Credit Union (CU) support for co-ops has not been uniform across the province. The Association may need to work on identifying and supporting those relationships between co-ops and CUs that have worked e.g. the MOU between housing co-ops and Servus Credit Union in Edmonton which provides preferential rates for the housing co-ops combined current accounts and develop a strategy for scaling up and replicating these process with the other

CU colleagues across the province would be important. This on-the-ground strategy may be an important approach to engaging Servus, now the third largest credit union in Canada, which is in the process of establishing community engagement strategy over the next year.

6. Research the feasibility of establishing a co-op development fund with a primary focus of providing venture capital for new and expanding co-operatives with the flexibility to provide other financial products e.g. lines of credit or loan guarantees, when warranted. A deeper analysis on the development milestones, contributors and overall structure of the Nova Scotia Co-op Development fund would be necessary before the pitch for contributions is made. This fund could start off modestly in the range of 500K to 2 million and likely be supported initially by the larger established co-ops in the province. Exploring the potential of tapping into the sizable reserves of Alberta's utility co-ops to support this fund would be a strategy to consider early on.
7. Continue the development of relationships and strategic connections between ACCA, co-op developers and the Community Futures Association of Alberta, including consideration for the development of an MOU on co-op development whereby CF staff might be matched with co-op development support and co-op developers could be matched with CF staff for business development where applicable. Use this MOU and relationship as a basis for building similar strategic links with additional intermediaries, including, but not limited to the Business Link, Business Development bank of Canada, and Alberta Agriculture and Rural Development.
8. Develop an alumni engagement strategy for the Co-operative Youth Program. This could include surveying of past program participants for the current involvement and connection to co-ops in Alberta and their willingness to contribute to and support a co-op development strategy in Alberta. As an example, Marie Stelmach, the current premier's wife, is a graduate of the program (as well as a former insurance agent for the Co-operators). Over the years of its delivery, the program has worked with over 5,000 youth, and it is likely that there are number of other CYP graduates of the program are in positions of influence.
9. Review and revise current membership structure that allows the affiliation of smaller and non-profit co-ops. While the success of the overall co-op development strategy will be more rapidly advanced by engaging the support and active involvement of the larger established co-ops, (which comprise the bulk of ACCA current membership), the opportunities and challenges of co-op development are being experience by the smaller, more recently established co-ops. The Association needs to marry the political sway of the Big 5 in Alberta (UFA, Calgary Co-op, Credit Unions, the Co-operators, and the Utility Co-ops) with the realities of on the ground co-op development in our current environment.