



shorefast

# Community Economies Pilot

## Final Report

SEPTEMBER 2022

Making it possible for local communities to thrive in the global economy

IN PARTNERSHIP WITH



COMMUNITY FOUNDATIONS OF CANADA



Canadian Urban Institute Institut Urbain du Canada



STFX UNIVERSITY

COADY INSTITUTE



Shorefast's mission is to build economic and cultural resilience on Fogo Island and to help make it possible for local communities to thrive in the global economy. We employ a contemporary form of philanthropy that leverages donations and deploys business strategies toward socially beneficial ends. Our suite of community enterprises are economic engines for the community of Fogo Island: they create meaningful employment, contribute to the local economy, and generate income to be re-invested through Shorefast's holistic set of charitable programs. There is no private gain — the businesses operate for the exclusive benefit of strengthening the cultural, ecological, and economic well-being of Fogo Island and distilling learnings for other enterprising communities across Canada.

Shorefast's model and impact has been studied extensively, including a Harvard University Business School case study: *A Strange and Familiar Way to Reimagine Capitalism*, 2020. Harvard and other communities and academic institutions are interested in how Fogo Island's community of practice can offer a living curriculum to contribute to creating a global network of intensely local places.

With nearly two decades of on-the-ground work, we know that the unit of change is community and have seen first-hand what is possible when economic development is holistic, asset-based, and rooted in the particulars of a place. With an enduring commitment to Fogo Island, Shorefast's work has expanded to address community economies across Canada through the Community Economies Pilot.

## Get in touch

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# Acknowledgements

Shorefast's Community Economies Pilot was made possible with the generous support of many contributors. Thank you to all the participants from the five Partner Communities, and the many advisors, collaborators, and consultants for helping us build toward a prosperous and resilient economic future for Canada.

## Strategic partners

Canadian Urban Institute  
Coady Institute  
Community Foundations of Canada

## Partner communities

Fogo Island, NL  
Hamilton, ON  
London, ON  
Prince Edward County, ON  
South Island (Greater Victoria), BC

## Supporters

### FOUNDING FORUM

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# Message from Zita Cobb

The litany of challenges we are facing is daunting, to say the least. The sheer scale of the risks can paralyze any concerted action. And yet, there is every reason to act — including in the places we live.

Place holds nature. Culture is a human response to a place. And so, ‘community’ is a shortcut way of naming the nature and culture of a particular place. At Shorefast, we are passionately living and working in the question ‘how can we create an economy in service of nature and culture — in service of place?’



We think that part of the answer lies in grounding economies in the places where people live: local communities. Pretty much all problems that surface in our environment and social fabric, have an underlying root cause in how our economic system is organized. Strong communities rest on strong community economies. And the global economy is a sum of all its local parts. When we build equitable and regenerative community economies, we’re building the foundation for a global economic order that serves the full ecosystem of life on our planet.

Communities are definable, relationship-based units where there is a mutual accountability between people and place. When economist E.F. Schumacher posited that ‘small is beautiful,’ he wasn’t advocating that everything stay small. Rather, he was pointing to the importance of understanding life at every scale, and the inherent resilience of smaller units that are intelligently networked to the whole. For example, our country is made of well over 5,000 individual communities, that together make Canada. We believe that community is the most critical unit of change and that it should therefore be elevated to a unit of analysis and intentional design. At the local level, we can find solutions with potential to be integrated to solve global challenges; solutions that are responsive to the whole and that cultivate a greater sense of connection to each other.

Over the past year, the collaborative learnings from Shorefast’s Community Economies Pilot have helped shape a deeper understanding of how to strengthen community economies. With the help of 17 organizations spanning community development, and the philanthropic, financial, and public sectors, and in partnership with stakeholders from five Canadian communities, we have been able to get a grasp on how national and global challenges are landing in local places. The



Pilot has affirmed the importance of working from the ground up and top down. This report is a catalogue of the many outcomes developed in conjunction with experts and partners over the course of the year, with an eye to how these results will define Shorefast’s future programmatic design.

Adapting our economy requires systems change: large scale change achieved by shifting the conditions that are holding the problems in place. Our work has only just begun in connecting communities — urban and rural — to identify common challenges and potential solutions to re-localize jobs, financial capital, commercial activity, and investment. Working towards solutions at a local-to-national scale demands a coherent space where we can come together to ask courageous questions, be open to experimentation, and view our mistakes as critical learnings that inform finding practical solutions, and building models, instruments and examples that can be adapted to different settings. Moving forward from the Pilot, we are deeply committed to building such a space.

Contrary to the popular notion that one has to “see it to believe it”, in my view we will only see a path to an economy that supports the full ecosystem of life when we believe it is possible. We are grateful to our many Pilot partners and supporters for their belief in and contributions to this work.

We look forward to the next chapter.

A handwritten signature in black ink, consisting of a series of connected, wavy lines that form a stylized, cursive name.

**Zita Cobb**  
Founder & CEO, Shorefast

# Localizing the Global Economy



*Video: An introduction to Shorefast's Community Economies thought and practice*

Conceived before the onset of COVID-19 lockdowns, but made all the more urgent by them, Shorefast embarked upon its Community Economies Pilot in the throes of a global pandemic. At its root, the year-long project aimed to answer the question “*How do we strengthen community economies?*”

Central to our approach was the 2019 book “The Third Pillar,” by economist Raghuram Rajan. Rajan makes the case that the three pillars that support society are government, business, and community, and that they are out of balance. Specifically, he argues that the community pillar has been neglected and weakened. He posits that until we see community as an integral part of resilience, the economic system will continue to fail us.

With network-building a goal of the Pilot, we recruited a cohort of five Partner Communities: Fogo Island, NL; Hamilton, ON; London, ON; Prince Edward County, ON; and the South Island region of Vancouver Island, BC. Representatives from these five entrepreneurial communities, along with leaders from all sectors, shared their experiences, successes, and challenges with us and each other.

# Key Learnings

After a year of dialogue, learning and action, several key learnings will inform Shorefast's design of a flagship Community Economies program. These include:

## Levers for Change:

To work effectively at something as complex as systems change requires an understanding of what interventions will offer the best leverage to achieve the desired outcomes. Through a collaborative and consultative process, a theory of change emerged with four focus areas:



## Networks are Critical:

The Pilot affirmed that economic progress depends on our ability to come together across government, business, and community to develop solutions from the ground up and top down.

## Centre Communities in Policy Design:

We must find ways to centre community as a unit of analysis in program discussions and policy design. Shifting power and resources to local communities will give people more agency over their future and usher in effective responses to the overlapping crises we confront.

## Promoting Success:

Communities that are successfully applying regenerative principles to develop their economies are gateways to believing and seeing. Sharing stories of these positive deviants helps motivate and inspire possibility.

## Embodied Learning:

There are limits to virtual convening. Learning together, in place, is critical to galvanize the relationships, peer learning and collective action needed for effective change making.

**Communication Tools:**

The holistic nature of community economic development defies an elevator pitch. Communication tools are needed to help synthesize complex ideas in ways that help achieve a common understanding, shared purpose, and build alignment around the impact we are working towards.

**Community Finance:**

Money is a critical enabler of the productive economy. We need to adapt current models of financial deployment to ensure that communities of all sizes have access to global capital flows that will provide agency for local actors to develop and build their economies. Shorefast's emerging Community Finance Fund will be a model for place-based investment that provides affordable, accessible capital to support economic growth and investment in communities by recognizing the unique challenges and opportunities within each.

**Room to Iterate:**

This is complex, iterative work that demands persistence. It requires partners who are awake to the need for systems change and who recognize that mistakes and iteration are part of the path to finding effective solutions.

**Local Leadership:**

People can create the conditions for change in the places they live, and the Pilot underscored how much depends upon leaders with a drive to catalyze positive outcomes. Determining ways to identify and support leaders within the many locals is key to building a network of influence.

**Urban and Rural:**

This work is relevant to communities of all sizes across Canada. The answers to many of our collective challenges can be found in the smaller scale and adapted to larger ecosystems.

**Visualizing Community Economies:**

Practitioners need tools to see and understand the relational networks of power and influence within and outside their local economies. The Mixed Economy is a tool developed to help communities visualize the various actors and the levers at their disposal.

*“As the world emerges from the pandemic, what will be the legacies of this extraordinary period affecting community life? What have we as communities learned, and what will we retain, as our ‘Covid dividend’? Through this most intense period of adjustment, surely one of the most vivid learnings is the importance of everything local to our survival: work, education, food, shelter, culture, recreation, and social connection.”*

**- MARY W. ROWE, SHOREFAST FELLOW AND PRESIDENT & CEO, CANADIAN URBAN INSTITUTE**



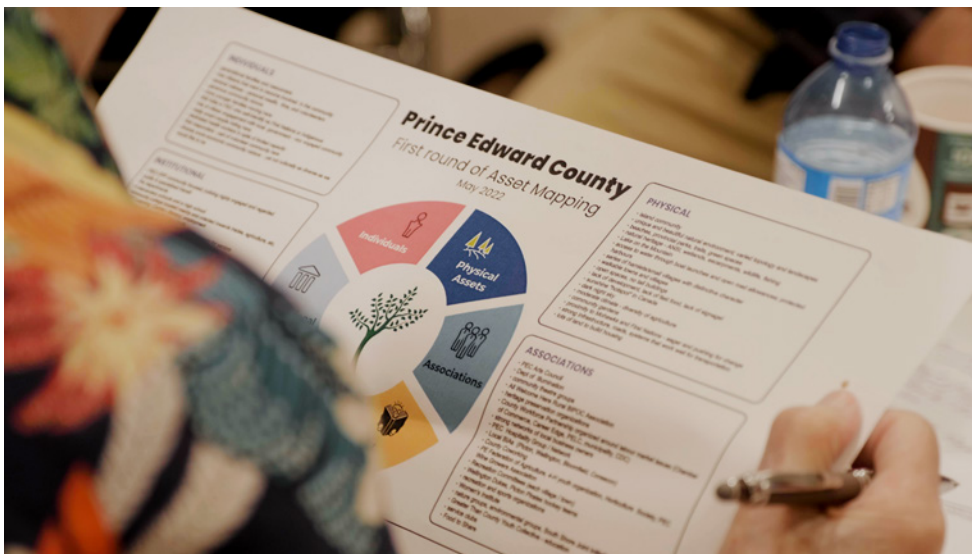
# Pilot Outcomes

The Community Economies Pilot was a significant undertaking, involving dozens of cross-sectoral contributors across government, business, and community. Many of the outputs have been made publicly available through Shorefast’s website. We invite you to explore the [Community Economies resource library](#) at your leisure.

The following pages highlight some projects of interest.

## Building Architectures for Collaboration

The change we are after cannot be accomplished by governments or businesses or communities alone, but it also cannot be done without them. The true nature of economic progress depends on our ability to come together across the three pillars of government, business, and community. Solutions will only be effective when we collaborate from the ground up and top down.

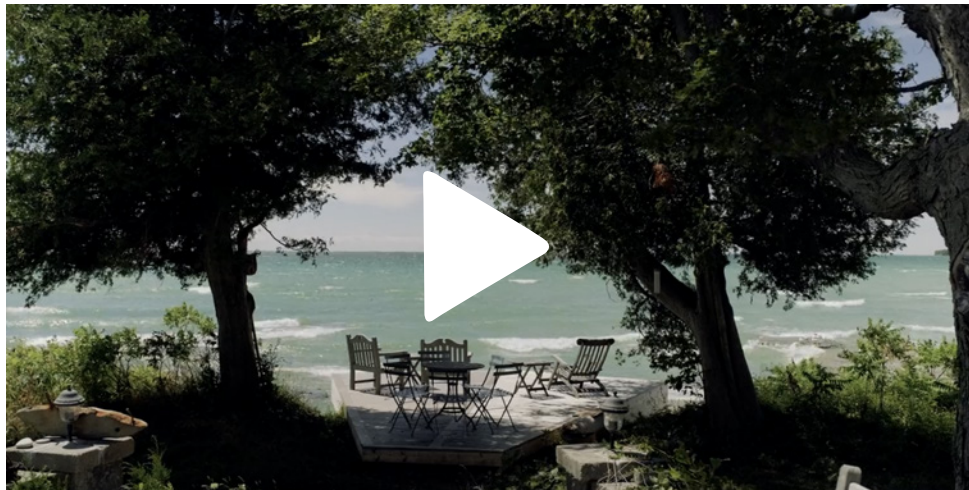


To that end, the Pilot sought to determine what architectures for collaboration will best prepare communities to be effective partners with businesses and government. With the benefit of a rich body of experience and insights to draw upon from our Partner Communities, we explored a variety of models that bring people together to act collectively, build coherence, and gain agency over economic development in their local communities. Coady Institute produced a **toolkit** that provides directions and departure points for communities seeking effective ways to work together on their economy.

With support from the Pilot team, THRIVE PEC was launched as a collaborative vision for the future of Prince Edward County.

*“The Pilot helped us catalyze ‘THRIVE Prince Edward County,’ a community-led process of discovery and planning for the socio-economic future of our community.”*

- BRIAN BEILES, PRESIDENT,  
THE COUNTY FOUNDATION



Video: *THRIVE PEC: The story of Prince Edward County's community economy*

## Attracting and Retaining Financial Capital

Over the course of the Pilot, we spoke with business owners about their financing challenges and surveyed the SME lending landscape. A key theme was that often, no single lender would take on the SME's financing need in full, requiring the SME to work with several lenders at one time. Further, available funding was often organized by a particular outcome the funder wanted to address (e.g. growth in young entrepreneurs, carbon reduction, etc.), forcing SMEs to manage a patchwork of funding streams with varying terms and commitments. The duplicity in reporting alongside the variety of metrics to be measured is creating a significant administrative burden and impeding the flow of financial capital.

## THE CHALLENGE FOR SMALL AND MEDIUM-SIZED ENTERPRISES

Canada's small and medium-sized enterprises (SMEs) employ 88% of the working population from coast to coast to coast. These SMEs are the backbone of our national GDP — and they, as well as the communities they serve, are at growing risk.

SMEs, especially those located outside the major urban centres, are suffering from a growing lack of access to financial capital. As banks consolidate their services and close branches, understanding of and access to financial markets continues to decline in many communities across our vast geography. Further compounding these challenges is the fact that some 80% of Canadian SME owners will age out of their businesses in the next decade. Without access to financial capital, it is difficult to transition to new local owners and keep businesses contributing to local places. An alarming number of communities across Canada are becoming economically stranded assets.

While some may argue that more efficiency in services creates more financial resources to distribute to the whole (a 'fewer, bigger' approach), this concept flies in the face of the fact that Canada is a country of 'many, varying-sized' places each with unique lending needs.

There is a need to find more coordinated, harmonized, coherent approaches to providing access to financial resources to communities across the country.

Money is a resource. There is a need to get this resource deployed in a broader range of community economies. It will take new models, technologies, tools, and structures to encourage and enable the flow of financial capital to the thousands of geographically distributed, differently sized communities that make up Canada.

One promising structure that the Community Economies Pilot has explored is a **Community Finance Fund (CFF)**. A CFF is conceived as a tool to bridge the gap between local places and entrepreneurs with global capital flows; to connect geographically distributed real economies across the country — community economies — with the more centralized investment economy. Shorefast's CFF is envisioned as an intermediary to deploy investment capital into specific local places, with an initial \$10M fund to be piloted on Fogo Island. Early work has been done to scope the legal framework necessary for an effective governance model, validate the financial framework, and evaluate potential partners. The Pilot learnings will be key inputs as Shorefast continues with the design, piloting, and wider roll out of a substantive CFF model for truly place-based investment that can be adapted to communities across Canada.


There is also a need to better understand financial flows in local economies and to tether financial capital to place. One strategy is **Economic Nutrition**.



*Video: An introduction to Shorefast's Economic Nutrition Initiative*

The complexity of modern supply networks and ownership structures makes it difficult to follow the impact of dollars spent. To address this gap, Shorefast developed the concept of Economic Nutrition, a financial transparency framework empowering consumers and community members to make informed purchase decisions and have visibility into how money flows in their local economies.

Over the course of the Pilot, Shorefast continued the process for securing Economic Nutrition as a Certification Mark, with a defined standard and review process to ensure its integrity. With the intent to scale Economic Nutrition into a wider transparency movement, the program was piloted at Growlers Ice Cream Shop on Fogo Island, providing a useful initial test-case within a Shorefast-controlled enterprise.

<b>Economic Nutrition<sup>CM</sup></b>	
<b>Growlers Ice Cream</b>	
<b>Community Enterprise</b>	
Unit: Whole Business	
<b>What does the money pay for?</b>	
<b>Labour</b>	<b>39%</b>
<b>Ingredients</b>	<b>39%</b>
<b>Supplies</b>	<b>12%</b>
<b>Property Costs</b>	<b>8%</b>
<b>Processing, Admin Fees</b>	<b>2%</b>
<b>Surplus</b>	<b>0%</b>
<b>Where does the money go?</b>	
<b>Local</b> 46%	<b>National</b> 11%
<b>Provincial</b> 41%	<b>Global</b> 2%
<small>* Values are calculated retrospectively and updated when changes are material. This label is based on data from 2021.</small>	
<small>Economic Nutrition<sup>CM</sup> is a certification trademark of Shorefast, used under license by Growlers Ice Cream.</small>	
	

## Building Capacity

Identifying and nurturing local leaders and developing resources to help foster skills, capacity and entrepreneurship in the many locals is key to economic vitality and resilience. Over the course of the Pilot, we convened our five Partner Communities through themed workshops captured in our [participant portal](#). Participants were led through structured introductions to topics central to Shorefast's Community Economies approach, including capital, data, asset-mapping, public policy, and architectures for collaboration. Each discussion enriched our understanding of where change is most needed and how we can make learnings scalable and shareable to achieve the greatest impact.

*“The Community Economies Pilot work has opened our minds to the possibility of shifting the paradigm for economic impact for greater good. Sharing the journey with other communities, the values and model, and the concrete action that can be leveraged, is certain to shape our future for the better.”*

- MICHELLE QUINTYN, PRESIDENT & CEO,  
GOODWILL INDUSTRIES,  
ONTARIO GREAT LAKES



Graphic Illustration by Emma Richard from Partner Community Meeting



After months of lockdown and virtual convening, the five partner communities came together for our 10th and final session in our Partner Community of London, Ontario. The gathering was an opportunity for the entire cohort to meet in-person for the first time and consolidate learnings through a dynamic series of events. Our London hosts arranged experiences and meetings that offered participants an **embodied case study** of the complexity and tensions of a mid-sized Canadian city on the front lines of finding new solutions to economic challenges. The convening enhanced collaborations and deepened connections that will continue to define our work as we build towards a national network of local community economy leaders.



Convening event, London, Ontario.

*“The Pilot created a dynamic platform for sharing across communities and deepening the understanding of the integral role of community, business and government including philanthropy in building local and inclusive economies and a better future for all.”*

- MICHELLE BALDWIN, SENIOR ADVISOR, TRANSFORMATION,  
COMMUNITY FOUNDATIONS OF CANADA



## Accessing & Leveraging Data

The availability of community-level data is critical for the many locals to make effective decisions to support their economies. To assert stronger influence on fundamental issues within their economies, communities need to understand themselves more thoroughly and in concrete ways that can plug into existing data-driven decision-making processes.

Through a partnership with Deloitte Canada and through a robust engagement process with our Partner Communities, we explored the challenges and opportunities around the access and use of data in community economic development. This work generated a set of community specific recommendation reports for each of the five communities, as well as a final report that includes a **set of recommendations on how to measure community economies** and how to advance community use of economic data, analysis, and visualization.

In addition, we partnered with Esri Canada to build **Data Hubs** to house and communicate local data. These hubs are meant to be customizable digital spaces that provide access to community-specific disaggregated data. They will be populated with localized economic data, maps, indicator dashboards, and other relevant content. As a first step, we worked to develop a beta version of the data hub for Fogo Island. It will be further developed as an internal analysis tool as well as a public-facing resource to steward, with an eye to eventually transfer its ownership to the Fogo Island Economic Development Partnership. Deloitte Canada also provided insights and recommendations on how to design and sustain this initiative.



## Scaling Change

It will take dedicated expertise and vision to build a movement around these ideas. It will also take an open posture that embraces good listening, observation, and continual challenging of one's assumptions. We have adopted these practices throughout the Pilot, testing ideas with advisors, partners, and experts in the field. The following snapshots offer insight into some of our activities to strategically shift mindsets.

### **Literature Review:**

During the Pilot, Shorefast engaged Dr. Audrey Jamal at the University of Guelph to explore the academic literature around community economic development and help connect our approach to the landscape of frameworks and theories in this area. Leading a community-engaged research project together with THRIVE PEC, and authoring a focused Literature Review, Dr. Jamal is helping Shorefast shape an interdisciplinary research agenda and a strategic direction for community economies research.

### **Public Policy Agenda:**

Although governments and businesses generally seek to make a positive contribution to local communities, unless there is an understanding of specific communities and a commitment to design programs to optimize for place, interventions will be less successful. Canadian policy expert Matthew Mendelsohn developed a paper that proposes an actionable public policy agenda for governments, and steps that businesses can take to strengthen the communities in which they operate.

*“We need to invest in them [communities] because they are nation-building assets. These investments deliver social, economic, spiritual and environmental returns.”*

*- MATTHEW MENDELSON*



### **Indigenous Knowledge:**

Indigenous knowledge offers deep learnings to help shape new paradigms to the pervasive mainstream economic models that are eroding nature and culture. To help support this work, Shorefast is partnering with the Indigenous Prosperity Centre which developed out of a partnership among the South Island Prosperity Partnership (SIPP) and South Island First Nations and Indigenous organizations. The development of the Indigenous Prosperity Centre will be led by SIPP and its local partners, and Shorefast will take an active role in synthesizing learnings from this process into valuable knowledge products to reach wider audiences through our Community Economies program.

# What's Next?

Shorefast is grateful to the Pilot's many participants and partners. Together, we affirmed the power and vitality of place-specific community economies to creating a more resilient, distributed, and inclusive national economy.

The next phase of Shorefast's work will focus on the launch of a flagship program devoted to advancing community economies. The program will be national in scope and its focus will span large urban centres to rural and remote communities. In the months to come, we will ask our donors and partners to support us in building a team to bring this vision to life. Together we will develop and deliver:

- a network of communities that engage in knowledge exchange to co-develop a body of best practices evolved through a continuous cycle of learn, teach, share;
- partnerships to learn from and amplify Indigenous approaches to economic development;
- curriculum, guides, storytelling, toolsets and case studies;
- training and convening, including embodied, real-world learning experiences on Fogo Island and other participating communities;
- research and development to determine innovations in this space (e.g. community finance; architectures for collaboration);
- a network of professionals versed in community economic development approaches (lawyers, accountants, etc.), available for contract by participating communities;
- field workers connecting with on-the-ground challenges and opportunities within participating communities to triage with network resources;
- a virtual platform to hold the tools and learnings and support the networks we are building.

Thanks to the participation of all those involved in the Pilot, the path to strengthening community economies is emerging. By working together to build productive working relationships across government, business, and communities, we can find new ways for local communities to belong to our country and to the global economy.

Thank you for being with us on this journey.







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