Co-operative Innovation Project: Conclusion

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Introduction

The Co-operative Innovation Project (CIP), a two-year pilot project funded by Federated Co-operatives Limited, was created to examine two questions: is the co-op model feasible in rural and Aboriginal† communities in western Canada, and *if so,* what is needed to inspire rural and Aboriginal communities to explore and create co-operatives that thrive?

To address these questions, the Co-operative Innovation Project held community meetings in rural and Aboriginal communities across western Canada, and conducted extensive telephone and web-based surveys. The result was one of the largest projects ever undertaken to simultaneously investigate rural and Aboriginal community needs.[1]

In undertaking the surveys and the research, CIP defined rural western Canada as a combined and indivisible rural and Aboriginal space, one in which neither community can be viewed without the other. While rural and Aboriginal communities experience many of the same issues, our research provides a snapshot of western Canada that shows some sharp differences between them.

The Co-operative Innovation Project asked: Are co-ops a fit in rural and Aboriginal communities in western Canada? The answer is yes. The CIP community visits showed an appetite in rural and Aboriginal communities to learn more about the co-op model and to start building co-ops. Participants in the community meetings clearly saw co-ops as a way to capture local energy to address locally-defined needs.

So, given this interest and understanding, why aren't more co-ops being built, and what can we do to help existing co-operatives to thrive? And given their location and the similarity in the problems they face, why aren't co-ops being used by rural and Aboriginal communities to fulfill their needs *together*? Addressing these questions was a key thrust of the project.

This chapter provides an overview of the CIP findings related to current policy, practices, and existing cultures that are part of the larger co-op development environment and that, taken together, provide some tentatative answers to these questions. The findings point to the importance of the larger policy environment and the role of jurisdictional boundaries in western Canada, the role of continuous innovation and what that could look like at the community level, and the critical importance of local leadership.

This chapter wraps up the Co-operative Innovation Project by asking: What are some of the larger social and policy issues we should consider? What were our major findings? What is the way forward? What are the research questions still to be asked? What should the future

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† The Co-operative Innovation Project uses the term "Aboriginal" to denote Canada's First Nations, Métis, and Inuit communities. This usage reflects contemporary census and other documentation which provide source citations throughout this project. We honour and respect the identities of each of Canada's communities.

of co-operative development look like in rural and Aboriginal communities in western Canada?

The Policy Environment in Rural and Aboriginal Western Canada

The policy environment (the rules and regulations that rural and Aboriginal communities live within) is becoming increasingly complex. Governments are moving away from being a primary provider of services and towards being a provider of grants and supports that communities are expected to access as they provide more for themselves. While there is much promise in this move, its execution is difficult.

The current policy environment is linked to the history of rural communities. Rural western Canada enjoyed a post-war building boom linked to prosperity and a still-large and politically powerful rural population. Road and highway improvements, electrification, sewer and water services, and recreation facilities such as rinks and swimming pools and town halls brought increased quality of life to communities. Governments at all levels supported this development through financing or constructing infrastructure.

Over time, rural depopulation, growing urbanization, and shifting rural economies brought change. Rural 'hub' communities grew, while those in between the hubs declined and in some cases became ghost towns. Good highways and good cars meant people would travel farther to see to their needs – shopping, health care, supplies and entertainment – which in turn exacerbated the depopulation. Farm families moved to town, commuting back to the farm on a seasonal basis as needed. The trend has continued: rural residents expect to travel — at least for some things.

Yet travel is not always easy. Aboriginal citizens, aging and young citizens can find it difficult to travel to access services. Working families often face long commutes each day, first for work, and then for recreation and services.

Aboriginal communities, embedded in rural regions, have additional challenges. Reserves rarely have robust local economies, and people tend to be poorer on average. They also have younger, and growing, populations. Although tied to nearby rural communities through shopping or accessing services, jurisdictional differences usually mean that Aboriginal development, infrastructure building, and service delivery must navigate a different policy environment.

Changing demographics, along with changing technologies also altered the manner in which government services were delivered. Centralization became the buzzword, which resulted in regional amalgamations: school and health districts became larger, for example, and rural schools and hospitals were closed. As part of a search for greater efficiency,

governments contracted out services, fuelling the growth of many non-governmental organizations and businesses.

Growing demand for services, combined with an enhanced desire for accountability, resulted in an increase in the number of agencies and departments that must be involved in providing services and meeting the needs of rural and Aborginal communities. In an attempt to deal with the resulting complexity, governments have created targeted and streamlined policies and programs that promote uniform community-based development. But, these kinds of wide-scale programs are neither responsive nor flexible.

Communities in rural western Canada struggle with this complex environment. Anxious to improve infrastructure and services for their citizens, communities worry about an increased tax burden on aging residents. Other communities note that strict guidelines for new projects create significant difficulties as they tried to fit local needs to available funding requirements, instead of the other way around. Many people simply don't know where to begin and fear navigating the complex system in case they end up losing the supports they do receive.

Role of Co-operatives
The move toward a community-based system of service has potential, but governments need to shift their focus from community-based to community-led solutions. Such a move would address the mismatch between pre-packaged programs or policies inserted into a community, and a solution that is built from the community perspective, addressing and solving the issue in a way that makes sense, and will work sustainably, for a community.

In a community with a limited local economy, the new policy environment is risky. Delivering goods and services in rural areas may not attract businesses or investors – the potential profit margin is too small. What is needed is an organizational model built to provide the service, rather than (as in a typical business model) to make money.

The co-operative business model is an excellent fit for this kind of environment. Because co-operatives are businesses built to address needs and opportunities defined in a local context by local people, they can operate with a different set of goals and expectations. This different set of goals and expectations allows the co-operative to find new and innovative ways to provide the goods and services required in rural and Aboriginal areas.

Crossing Jurisdictional Barriers

One of the most critical barriers that prevents communities from working together is jurisdictional boundaries. There is underlying tension when jurisdictional boundaries do not align with how people live. Different communities, such as rural versus Aboriginal or a rural municipality versus a village, access different development funds and supports. There

are also mismatched sector boundaries: a health district, for example, may not have the same boundaries as the school district or the rural municipality.

Mismatched jurisdictional boundaries can create feelings of unfairness between neighbouring communities that could or should be working together. During the community events, participants reported that funding and reporting mechanisms tied to jurisdiction can place severe restrictions on finding ways for communities to work together. (See chapter on Community Needs in this report).

Rural communities, from rural municipalities and counties to large towns, are bound by provincial jurisdiction. Funding and reporting flow from and to the provincial model. For most Aboriginal communities, particularly First Nations reserves, federal jurisdiction is paramount. Lobbying efforts, as reported in the community meetings, have different targets. Aboriginal participants look to federal government for the most part; rural residents focus their efforts on provincial government.

This jurisdicational divide is reflected in the way policy makers define the problem. For instance, rural Canada, which should include rural Aboriginal communities in both its definition and in its strategy, often does not. In *Rural Canada 2013: An Update,* prepared for the Federation of Canadian Municipalities, there are few specific references to the rural Aboriginal population and no strategies listed in the document that call for better collaboration and co-operation between rural and rural Aboriginal communities. Rural does not consider Aboriginal within its mandate or parameters as often as it should.[2]

Despite these strong and longly-held views, some groups are starting to consider Aboriginal communities as an integral part of the rural landscape. One important example is a report by the Canada West Foundation in 2009 on economic development issues for rural communities in western Canada.[3] However, even when there is an explicit recognition of the need to connect rural and Aboriginal communities, the policy process as it exists today can exacerbate jurisdictional divisions. An example will provide a picture. In Alberta, a 2010 report called *Connecting the Dots: Aboriginal Workforce and Economic Development in Alberta* was released by the MLA Committee on the First Nations, Metis, and Inuit Planning Committee. This report, put forth by a provincial (not federal) task force, looked at ways to support Alberta's Aboriginal workforce and grow their presence as valued economic drivers in Alberta's economy.[4]

While the report was an important intiative that shows Alberta's commitment at the provincial level to recognize, intervene, and support Aboriginal communities, there was no engagement at the rural/Aboriginal community interface, no engagement with rural communities where many of the jobs and industry positions exist, and no direct calls or supports for First Nations communities to work side-by-side with their nearby rural counterparts. The approach and dialogue involved connecting the provincial and federal government directly with Aboriginal communities, skipping the critical local picture entirely. One of the goals of CIP was to consider ways in which rural and Aboriginal communities could work together side-by-side.

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As expected, there are many challenges to consider, some of them very large. During the community visit process, the CIP team found that Aboriginal communities had critical internal protocols and expectations around community meetings that were different than rural expectations (see CIP Overview). The majority of the Aboriginal communities that CIP contacted requested their own community event, instead of attending a regional event at our invitation. It was clear that Aboriginal communities were worried that their voices and concerns would be lost or swept aside in a larger event, or that their needs or perspectives might be directly at odds with their rural neighbours. There are, as yet, few places in western Canada where cross-jurisdictional community events that explicitly connect rural with Aboriginal communities happen on a regular basis.

In rural regions, the concept of 'community' is expanding. During CIP community engagement events, rural residents mapped their communities in ways that often included several nearby communities, parks and other recreational areas, and nearby urban centres. Residents are clearly mobile and source their needs — and increasingly, their identity — from multiple layers of 'community'. However, nearby Aboriginal reserves, or other communities with a unique heritage (such as Mennonite or Hutterite) may not always be included in the rural concept of 'community.' Aboriginal communities were more inclined to include other nearby Aboriginal reserves in their concept of 'community,' but not necessarily nearby service centres or rural neighbours.

During meetings in both rural and Aboriginal communities, the Co-operative Innovation Project noted a lack of trust and engagement between the two types of communities. There is racism and fear, language and cultural barriers, and a deep history of colonialism that affects current relationships. Yet, there are places where rural and Aboriginal communities are actively working to forge new relationships, repair and address damaged ties, and find productive and empowering ways to work together. There can be a natural symbiosis. In many cases, Aboriginal underemployment and high youth populations can fit well with nearby rural communities who may need younger workers to counteract an aging population base. Shared services across a larger population base can counteract rural and rural Aboriginal decline.

The recent report of the Truth and Reconciliation Commission *Call to Action* expresses several points that specifically call on municipal governments, including rural municipal leaders, to support change and reconciliation. The Federation of Canadian Municipalities issued a direct call: "Positive relations between municipal and Aboriginal governments and organizations are rooted in acknowledging past wrongs and building trusting relationships. Municipalities can be models of partnership between local governments and First Nation communities, as many have developed comprehensive agreements, shared service delivery, increased Aboriginal representation on relevant boards and agencies, trained municipal staff, generated joint economic development opportunities and many other initiatives."[5] Bringing nearby rural communities (of all origins) together will require a concerted effort, but such an effort has the potential to meet the needs of both.

Role of Co-operatives

One of the strengths of the co-operative model is its flexibility. When communities express frustration at the jurisdictional barriers that can prevent communities from working effectively together to solve needs on a regional basis, CIP asked: can co-ops help? The simple answer is: yes. Just as co-operatives can be built by a group of people, they can also be built by existing entities, such as businesses or incorporated entities such as municipalities, bands, or tribal councils. The recently-incorporated Aboriginal Technical Services Co-operative in Saskatchewan is a co-operative of Saskatchewan tribal councils. Co-operatives offer a model that overcomes jurisdictional boundaries in a way that preserves identity and autonomy, while leveraging collective power.

Role of Continuous Innovation

Rural and Aboriginal communities across western Canada are frustrated. Outside businesses, organizations, and governments have attempted to create reforms, undertake development, or impose policies that just don't fit the local contexts. There is a call for change and innovation that suits people 'on the ground.'

Innovation is more than creativity. It's the process whereby new ideas are generated, tested, refined, and advanced. It's commonly assumed that innovation leads to a new end product (policy, retail widget, activity, for example), but in fact innovation is the journey, not the destination. Innovation is originality combined with effectiveness. It combines a new way of thinking, while at the same time asking, does it work? Will it always work, or does it need to continously change and adapt? What can be done to make it even better? These questions lie at the heart of true innovation.

In many cases, innovation has become a catch-all term that can sometimes mean innovating once, then never again. In this variation, innovation is creating a new whatzit or whizbang, then marketing it on a large scale. But, if innovation is only for new products, this narrow view eliminates transformative ideas that can come from a range of areas or functions, from governance to production to ideas.[6]

One of the clearest lessons from the Co-operative Innovation Project is that there is no such thing as a 'one size fits all' or a 'silver bullet' solution that will fit every community, in every instance, all the time. Communities in western Canada are all different; the classic saying amongst community development experts is, *once you have seen one rural community, you've seen one rural community.*[7] Assuming that rural or Aboriginal communities are cookie-cutter models, all the same except perhaps in size, is a fallacy.

Government initiatives, even with the best of intentions, often fall back on 'best practice', imposing the same solution across multiple communities. While this approach has

advantages from a government perspective in terms of fairness, replication, cost savings, accountability, and ease of reporting, it doesn't always work from a community's viewpoint. Top-down practices emphasize form (what should it look like?) over function (what is it supposed to do?) and effectiveness (does it actually work?).

Developing programs and activities that work in rural and Aboriginal communities requires a flip. First, define the problem locally instead of implanting pre-conceived, pre-packaged 'solutions.' This puts the focus back where it should be, on defining the problem at hand and figuring out how best to address it. Solutions are then based on fit (will it work here?) and performance (will it work well?), not compliance with outside guidelines. This approach leaves space for introducing innovative and novel local solutions.

Solving the company-town problems in Gillam, Manitoba, or addressing tourism and transportation needs at Masset on Haida Gw'aii, resolving intercultural differences in Bow Island, Alberta, or creating regional-based solutions around Arborfield, Saskatchewan, western Canada's rural and Aboriginal communities know that each community has its own unique set of challenges. Each community also wants to leverage local skills and capacity to solve those challenges. In addition, communities themselves change, sometimes quite rapidly. Something that works in a community for a period of time, may not work in the future.

Continuous innovation recognizes that western Canada's rural and Aboriginal communities are all different, that each community is itself constantly changing, and that the 'silver bullet' style of policy implementation does not produce the best outcomes. *Continuous innovation* rejects the notion that the goal "…is simply to identify silver-bullet policy solutions faster, rather than to respond better to changing conditions over time. Once promising ideas are identified, this notion holds that replication must rightly displace innovation."[8] In reality, scale can, in fact, intensify, not eliminate, the need for innovation, particularly at the local level. Continuous innovation "figure[s] out what works best today and … remain[s] perpetually open to asking the same question all over again tomorrow."[9]

Closely related to the idea of silver bullet policy solutions is the problem of 'capability traps,' where governments use new words and rename organizations but are trapped by old resources and perceptions around how 'development' should work.[10] To resolve this problem, four core principles are suggested: (1) focus on solving problems generated and defined by local community (not importing wholesale 'best practice' ideas or solutions from elsewhere); (2) create an environment where communities have authorization to experiment and try new things; (3) support immediate and continual learning and change on-the-fly for those experiments (rapid experiential iterative learning); and (4) engage a broad set of agents that are part of these reforms, support and learn from them, share them, and make sure that they are viable, legitimate, and relevant to the community and to the problem (not a top-down expert-driven approach).[11]

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Role of Co-operatives

Robust co-operatives, and a supportive co-op development environment, embrace the four core principles above. In fact, CIP suggests that these four core principles align strongly with the four phases of co-operative development at the heart of our model of co-op development. Identifying problems from the local perspective is the first phase, *Inspire*. The second phase, *Explore,* authorizes a community to experiment with new ways of solving that need. In the third phase, the mechanics of that solution are worked out, and changed on-the-fly, through the *Create* process. Finally, a co-operative that *Thrives* is able to use the processes of continuous innovation, perpetually asking, *what is working today? What does this community/these members need? What must the co-op change?*

Sometimes, a co-op is *not* the answer. Sometimes, a co-op itself needs to change: does the community still need a business designed to fulfil that particular need, or has the reason for the co-op changed? At the heart of the discussion is: what makes a strong community, and what makes a strong co-operative enterprise? Continually finding when and where those two ideas meet is at the heart of continuous innovation.

Role of Community Empowerment

Strong rural and Aboriginal co-operatives have a deep connection to their host communities. In many of these communities, need is measured as a direct factor of locally available goods, services, or other requirements. For this reason, the community — and its support for the co-operative business — are integral to its success.

One of the key issues raised during community engagement meetings was the importance of social capacity. Social capacity is not only how well people in a community work together, but whether they are *allowed* to work together. There must be a certain social license that supports new ideas and new initatives. (For an overview of these points, see the CIP report chapter on Community Capacity.)

The co-op model requires local empowerment. Communities must embrace the co-op model themselves; it cannot be imposed. To be genuinely useful, "problems must offer local agents a pathway to find solutions."[12] While there remains a role in this model for external agents (such as, for example, co-operative catalysts or co-op developers), the point is that the solution must fit the local context.

But to do that, community members must believe that they, themselves, have permission and power to initiate change, and that they can experiment with what that change might look like. These are two separate, but related points.

In our community engagement events, participants noted that community inertia is strong in some rural and Aboriginal communities. There is also some fear, that even if there is a new idea, there will be active opposition or passive apathy. A common comment was, "Change is hard, people are scared of change or to try anything new." Either fear or apathy can derail a new idea. In many cases, communities need positive encouragement and support to embrace or put energy into a new idea. They require permission, sometimes from government or from another entity, sometimes from members of the community, that they are allowed to try new ways of solving local problems.

The second aspect of supporting new change is to let communities know that not only do they have the permission and power to make change, should they choose to do so, but that they can experiment with what that change might look like. Instead of taking institutional or policy 'solutions' and applying them to their community, in this environment a community can muddle through, creating and molding 'positive deviations' from ideas, making them conform to and support the local context.[13]

Medicare is a very good example of rural communities creating change that suited local context. The roots of Medicare, which is now a Canadian institution, run deep in rural western Canada. Medicare wasn't an idea crafted and imposed by government. Instead, it grew from rural local innovations that were supported by — or, at least, not obstructed by — the provincial government. Some rural municipalities hired their own doctor, using local taxes to do so. Some chose to build and operate a local hospital. Others decided to create local health and hospital insurance schemes to support local citizens and spread costs. These small rural innovations eventually rolled up to regional, then provincial, and finally national policies. But they started as local innovations and adaptations — and each one suited the local context and community choices.[14] This is a gradual and incremental approach to problem solving, where a community can explore ideas and create change that works, in a stepwise fashion.

A related idea is the concept of shared value. In this view, social and economic advances are viewed together, not one following the other. Such a concept supports the idea that communities must be active participants in creating value, and that any business must work to benefit the health and welfare of its host community. It shifts power back to communities who can be a part of the conversation around defining success.[15]

Active learning is the key to local experimentation. Bringing in ideas from other contexts, drawing lessons from each other, sharing ideas, and learning as you go along is part of the process. The communities at the root of Medicare made adjustments, requested policy or legal changes from government to match their ideas, and embedded step-by-step learning into the process. In no place, and at no time, was there an expectation that this was 'it,' that the problem was 'solved,' or that there was only one possible way to go about addressing the need. Trial and error, negotiation, and failure were all accepted as part of the process.

Today, communities express fear that they have to come up with the 'right' solution the first time, that there is no room for error or failure. In addition, more information seems to

be available than ever before — which can make it harder for rural or Aboriginal administrators or other leaders to wade through the information to find the ideas and the solutions that are working in other contexts. As a result, the default setting for fear can lead to no action at all, or to simply continue doing things the only way they've been done before, even if the results continue to be unsatisfactory or ineffective.

Contrary to popular belief, in most cases communities don't want provincial and federal governments to swoop in to 'solve' their problems — in fact, there is a high degree of doubt that such a thing will ever happen. Communities recognize that sometimes an imposed 'solution' can often cause greater harm than good. Instead, rural and Aboriginal communities are looking for three things: (1) an atmosphere where government at all levels support local innovation (instead of creating barriers); (2) flexible financial support that can be targeted to suit local context; and (3) direction, not dictation, on what might be possible.

One community said it best: "The government is seen as a tool for accomplishing their goals, but not as the source of inspiring their goals. The community members talked about being able to come up with solutions to their own problems, and then turning to the government to help them accomplish their set-out goals."

Role of Co-operatives

Co-operatives, at their core, are local innovations designed to address local problems. They start with problems that have not been solved via other mechanisms or through other structures. Co-ops cannot be imposed from the outside — they must be created from within. It's a model that is highly versatile and adaptable: there are co-ops in almost every sector of society, and in every kind of business — and new co-ops are always evolving. Like community-led innovation, co-operatives are about on-going learning — understanding a problem, forming a solution, testing and refining it through new approaches, and changing and growing.

Role of Leadership

Local leadership and advocacy is crucial to addressing local need. While part of this issue stems from the role and importance of gatekeepers (see Community Capacity), community participants during the community engagement events reported that local leadership is required to initate any kind of change. A common point was that a community "will take action as long as there is a leader or community spearpoint to get everyone going in the same direction."[16]

The CIP project uncovered a particular area of concern around local leadership. Volunteerism in rural and Aboriginal communities is in crisis. Working-age volunteers and youth volunteer in different ways than older volunteers who come from a tradition of board service with regular meetings. Older volunteers are burning out, and younger volunteers may or may not be ready or able to step into the gap. Communities are deeply concerned about the decline in the volunteerism culture. (For more on the issue, see Community Needs and Community Capacity).

Role of Co-operatives

Leaders inclined to develop co-operative business models are quite different than conventional business leaders. For example, a co-op leader has a strong commitment to community, is dedicated to shared leadership and team building, works well with others, and has good business acumen. Other characteristics include holding a shared vision of the purpose of the co-operative business, quiet leadership that "leads from the middle" and listens to other perspectives, is dedicated to the project over any local or other political considerations, is acutely aware of the social importance of the co-op business, and displays controlled energy. (These characteristics are explained more fully in Co-operative Development: Building Strong Co-operatives).

While such a list may appear somewhat insurmountable and unattainable in one person, co-operatives are built by numerous people and these characteristics are typically shared between multiple leaders.

Leadership is something that can be developed. In the co-operative community, leadership comes from boards of directors. From a co-operative perspective, these boards must understand and embrace the co-operative model, since it is a fundamental part of the business model.

Board and director development and training programs are an important part of co-operative business models; they are critical in developing the leadership potential and strength of those in decision-making roles. These programs may be of use at the community level, to develop broader community capacity in leadership, governance, and related requirements — perhaps targeting people who may not generally become involved in current leadership, such as youth, new immigrants, or rural Aboriginal residents. Such community capacity can help communities in multiple directions, including (but not limited to) new co-operative business development.

There may be a mismatch going forward: are the current and future generations of local leaders trained in aspects of board leadership and governance? Will such board leadership (and related policy and procedures) need to change to suit current and future volunteer needs? There is a particular concern for future co-operative development. If, as is usually the case, a co-op requires a strong voluntary commitment, particularly in its early stages as the business is being formed, how will that fit the current decline in volunteering? It may

be that co-op development techniques or supports must change to fit the new volunteer environment in communities. It may also be that governance models built on board meetings may need to adapt to today's social requirements.

Summary of Co-operative Innovation Project Findings

The Co-operative Innovation Project was a two year pilot project created to investigate co-operative development in rural and Aboriginal communities in western Canada. The result was one of the largest projects ever undertaken to simultaneously investigate rural and Aboriginal community needs, through asking rural and rural Aboriginal residents and communities the same questions, at the same time. Below are a review of our findings.

Communities have different strengths, weaknesses, and needs.
- Rural and Aboriginal communities have unmet needs. The top fifteen (related through direct community visits) relate to: healthcare, housing, support services, industry and business development, community barriers, seniors' services, transportation, accessing services, volunteerism, recreation, infrastructure, youth, shopping and retail, entertainment and culture, and education. There is wide variation from one community to the next; on average, needs in Aboriginal communities are greater and more complex.
- Rural communities are aging while Aboriginal communities have many younger members. Demographics affect community needs, ability to work together, business knowhow, and volunteer time.
- Need is locally defined. Rural and Aboriginal communities perceive their needs differently. Aboriginal communities have a greater need for secondary services such as programs to support healthy living or recovery. Rural communities identify a higher need for basic services such as health care, housing, or industry and business development.

There are limited statistics regarding co-operative formation and operations in western Canada.
- Data collection and reporting mechanisms to serve co-operative development and the co-operative sector in general are lacking. Data on new start-ups are costly to obtain, and data on overall co-op activity are extremely dated. The up-to-the-minute data required for development and policy work do not exist.
- Between 2000 and 2014, limited and incomplete statistics report just 183 co-ops incorporated in rural non-Aboriginal communities and 3 co-ops incorporated in rural Aboriginal communities across western Canada.

There is limited knowledge and take-up of the co-op model in western Canada.
- Knowledge of the co-op model is weak (across government, the co-op sector, the legal, financial, and business community, and the general public). Most people see co-ops as a specific organization (e.g. a retail co-op or credit union) rather than a

solution to problems. During community meetings, almost no one could apply the model in innovative ways.

- In the telephone survey, 23% of rural respondents and 41% of Aboriginal respondents answered 'no' to the question, "Do you know what a co-operative is?"
- There are geographic pockets of good co-operative understanding and activity in areas where there is active community-based co-operative development, but they are few and far between.
- Current co-op development practice in western Canada requires groups to already know about the co-op model. Given declining and restrictive knowledge, relatively small numbers of co-ops are developing.

Robust co-operative development is an active, lengthy, and political process that is best done through face-to-face consultation.
- Community-based agents are critical for co-operative development – but are virtually non-existent. Where active co-op development exists at the community level, more co-ops start.
- Open community-based meetings that focused on discussing community needs drew enthusiasm. There was a clear desire to learn more about innovative co-op models that could address local needs. In some cases, our visits led to further exploratory development.
- Provincial apex co-operative associations in western Canada have different structures, strengths, members, partnerships, and mix of mandates. Their different goals and priorities make it difficult to cross-coordinate, share resources, or leverage initiatives beyond provincial borders.
- Co-op development in rural and Aboriginal communities requires a defined long-term and pan western-Canadian mandate. It demands investment in training, travel, and time beyond the reach of the individual provincial associations.

Co-op development has political and cultural implications. Community gatekeepers are a critical element of the development process.
- Co-op development has both informal and formal political implications that must be acknowledged. It interacts with the power dynamics in a community in ways that may or may not be advantageous.
- Gatekeepers – those with formal or informal power – can help or hinder co-operative development. They can be found in many places, including communities and regulatory agencies.
- Local leadership and advocacy is crucial to addressing local need and developing new co-ops. Previous positive and negative experience with co-ops is also important.

The co-op model requires social and business capacity support from the community.
- Communities display substantial differences in social capacity and business capacity, due to local social, economic, or cultural reasons. If social and business capacity are low, the challenges to start co-ops are greater.

- Aboriginal residents (on average) had less co-op knowledge, had lower business capacity, and perceived a lower willingness to work together and lower safety/security than rural community respondents. Aboriginal communities require more time to lay the groundwork to secure community strength and support. Fewer Aboriginal community co-op start-ups can be expected in the short term.

Specialized community knowledge and a robust toolbox of co-op examples are needed.
- Each culture, demographic, generation, and community sees something different in the co-op model. Robust co-op development continually shares new co-op ideas (a toolbox of stories and examples) from around the corner and around the world, while encouraging local innovation.
- Aboriginal co-operative development requires specialized knowledge: governance, politics, legislation, culture, trust and legitimized power are crucial components. Time-intensive, in-person relationship-building is critical, as are Aboriginal co-op examples and Aboriginal mentors.
- Given the challenges that exist at the band/reserve level, Aboriginal co-operative development may find greater traction amongst bands and/or at the Métis Council, Tribal Council or Grand Council level.
- In rural regions, the concept of 'community' is expanding, and can include several communities and rural areas. Residents are mobile and source their needs from multiple communities. Co-operatives encompassing multiple communities (which may include both rural and Aboriginal) may be a solution if policy and local political barriers allow.

The co-op model requires local empowerment. Communities must embrace the co-op model themselves; it cannot be imposed. It is not always the right model.
- The policy environment in Canada has changed. Instead of top-down provision of services, governments are looking to support community-based initiatives and solutions. The co-op model fits this environment.
- Community members must believe that they, themselves, have permission and power to initiate change, and that they can experiment with what that change might look like.
- Co-ops are not always the right answer. Effective co-op development recognizes when not to develop a co-op. The co-op model cannot be imposed; a community must decide if the model is right for them.

Some technical knowledge exists to develop new co-ops. Co-op development funding is necessary.
- Western Canadian co-operative developers have the technical knowledge to develop new co-ops. They are connected to cross-Canadian expertise in co-op development and understand provincial regulations.
- Co-op developers indicated that Aboriginal co-op development requires specialized technical knowledge, which takes significant effort to learn. Few co-op developers

have this skillset. Aboriginal groups may prefer to collaborate with co-op development experts and organizations that embody Aboriginal perspectives.

- Provincial co-op apex organizations have limited ability to influence policy and business rules that affect co-ops. This weakness could be mitigated through a unified pan-western Canadian effort.
- Funding for co-operative development (developing business and social capacity) is different than financing the resultant business. Without co-op development funding, which is currently very limited, there would be no business and no need for financing. There is a lack of integration between funding and financing.
- There may be barriers to co-operative development related to business financing, given that there are few entities that can provide specialized business financing for new co-operatives. The Canadian Co-operative Investment Fund (CCIF) hosted by Co-operatives and Mutuals Canada (CMC) is an important example of an initiative that aims to address this barrier.

Volunteer patterns have changed.
- Volunteerism is in flux. Working-age volunteers tend to support large events or short-term commitments over traditional board or service activities. Older volunteers are burning out.
- Aboriginal communities have few existing volunteer-based services and different expectations around volunteering, which may include pay.
- Given that co-op development requires a strong volunteer commitment, innovation in governance models or co-op development techniques or support may be required. There are potential synergies with director development training programs offered by existing co-operatives.

Technical knowledge exists to support existing co-ops to thrive but it is neither coordinated nor well-used.
- Co-operative businesses, apex organizations, policy and regulatory experts, business and community developers, and co-operative developers exist and work hard in western Canada, but they are limited by provincial boundaries and are not cross-coordinated.
- Connected co-ops have a higher survival rate. There is no mechanism to connect and support small co-ops and/or those that lack a sector-wide association to advocate on their behalf.
- Co-ops, once they are up and running, do not always invest in their own growth and development, and as a consequence run the risk of failure. There is limited focus on, and uptake of, co-op Thrive activities such as member engagement and recruitment, business and social capacity check-ups, governance training, internal talent management and development, and merger or demutualization advice. Co-ops that are struggling need intervention and support services to bring them back to a healthy operating business.

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Where to Go Next?

Real-time Data

One of the challenges of this project — and a challenge for the larger co-operative environment — is the difficulty in accessing real-time data about historical and current co-operatives in western Canada, including data on groups currently in the process of developing new, growing existing, or closing down or amalgamating current co-operatives.

One of the recommendations of the Co-operative Innovation Project is that a great deal more emphasis be placed on co-op data collection and reporting across western Canada. Specifically, data needs to be collected from co-operatives, co-op associations and government registries on the activities of current co-ops and credit unions, on the status of nascent co-operatives, and on the manner in which co-operatives are changing and evolving (e.g., amalgamations, demutualizations).

In addition, real-time data about co-operatives needs to be stored in such a way that it can be easily accessed and manipulated, so that it can be used to support co-op development and policy goals. Without this data and its retrieval, co-op development will be hindered and the co-operative sector will lose the ability to be effective in policy development and implementation.

Further Analysis

The Co-operative Innovation Project collected a substantial amount of data about contemporary issues in rural and Aboriginal western Canada. As a two year project, with less than one year devoted to data collection and analysis, CIP has had insufficient time to fully analyze the many datasets that have been developed.

There are multiple communities where CIP collected data from three separate sources: the telephone survey, the web-based survey, and direct community visits. Cross-referencing these three sources, on a community-by-community basis, would provide a more complete picture of community needs, community capacity, and community opportunity. Such an analysis would provide an important source of information to support co-op development in rural and Aboriginal communities.

The telephone and web-based surveys asked a series of questions related to quality of life. The analysis of a portion of this information is currently the focus of a Masters student's thesis in the Johnson Shoyama Graduate School of Public Policy. However, there is a great deal of additional analysis that could be undertaken by graduate students. Such analysis is particularly important in showing the importance of co-operatives and co-op development to the quality of life in communities.

During both the telephone and web-based surveys, participants had the opportunity to provide other feedback through open comments. In the telephone survey, these were recorded by the survey team; particpants could write their own comments in the web-based survey. Analysis of this data would provide a further indication of issues, concerns and ideas that community members find important.

Examples, Please

During the ommunity visits, participants energized and excited by the co-operative model immediately asked for more information: what kinds of co-ops have other rural and Aboriginal communities tried? What's working, what's not, and what are the latest ideas? In short, there is a clear appetite for more stories about co-ops.

Yet, society today is inundated with information. Producing yet more stories about co-ops is not necessarily the answer. Nor are stories about urban bicycle co-ops going to find much traction in a rural setting. Matching co-op stories to the needs put forward by rural and Aboriginal communities requires a focused investment in finding, curating, and presenting these stories to rural and Aboriginal communities in a timely, useful and accessible way.

Stories of co-op examples that can be used by co-operative developers and communities to inspire new ways to use the co-operative model to solve community-level concerns is an important part of co-operative development. In short, in combining needs with co-op solutions, communities will have targeted and refined ideas that they can build on to suit their own local situation.

Funding and Financing

One of the key findings from the Co-operative Innovation Project was a better understanding of the difference between co-operative development funding, and financing co-operative business ventures. Although the two are related, they are not the same. A key feature of co-operatives is that they are a combined business and social entity; both the business side of the co-op, and the group dynamics and social capacity side of the co-op requires support. Research and action are required on both.

Future work must be done to create a real-time environmental scan of co-operative enterprise financing in western Canada, particularly to identify those policies, programs, and supports that identify and target co-operatives as a place to invest. A contemporary scan will reveal the current players in co-operative business financing and underpin a gap analysis that will show areas that require investment and change.

As well, western Canadian communities and nascent co-operative groups require support as they move through the development process. There are significant costs involved in

inspiring, exploring, and creating co-operatives that not only start, but grow and thrive. Group dynamics and member ownership require different kinds of support than leasing business space, purchasing stock or developing human resources. Funding co-operative development is critical.

Additional Research Questions

There remains a major role for research into a set of questions regarding the larger co-operative environment. A common comment from community participants about co-ops was the importance and (negative) impact of local co-op failures on the local community, on the community's willingness to try the co-op model, and on local leadership skills. Participants also cited co-operative amalgamations as an area of concern. Is there any evidence that could address these questions and concerns? If not, how could this evidence — one way or the other — be developed?

Conclusion

Co-operative Development in Rural and Aboriginal Western Canada

The Co-operative Innovation Project reconceptualizes co-operative development through the lens of rural and Aboriginal western Canada. This reconceptualization rejects the idea that co-op development is a simple series of steps to work through to develop one co-op. Instead, co-op development is seen as a continuous process that develops co-operatives in all stages of formation across a wide geographical area. In addition, robust co-operative development needs a dual approach: vigorous co-op development activity at the community level; and focused effort at the pan-provincial level to leverage economies of scale and connect the western Canadian co-operative community.

The policy environment in Canada has changed. Instead of top-down provision of services, governments are looking to support community-based initiatives and solutions. However, communities in rural and Aboriginal western Canada struggle with this complex environment.

There are jurisdictional barriers and cultural divides that are hampering rural and Aboriginal communities across western Canada from finding ways to work together to address needs collectively. In some cases, there are mismatched sector boundaries, funding mechanisms, or reporting structures. In other cases, there are institutionally-supported barriers that must be directly addressed. Sometimes, those barriers are cultural and embedded in concepts of 'community'. Jurisdictional barriers can be overcome using the

co-operative model, where issues of identity and autonomy reinforced through jurisdiction become assets, as a way to leverage collective power. Co-operative enterprises encompassing multiple communities, which may include both rural and Aboriginal, may be a solution if and where policy and other barriers can be overcome.

Effective government support for local innovation provides flexible financial funding that can be targeted to suit the local context. Effective support also changes the government role from dictation (do it like this) to direction (what will work for your community? How can we help make that happen?). Supporting community-led innovation (as opposed to community-based, which can be just a local manifestation of an outside solution) means allowing for and encouraging local ideas, experimentation, muddling through, learning, and even failure as part of the innovation process. The co-op model fits this notion of innovation.

The co-op model requires local empowerment. Communities must embrace the co-op model themselves; it cannot be imposed. To do so, it is critical that community members believe that they, themselves, have permission and power to initiate change. Moreover, they must be supported in an environment that allows them to experiment with what that change might look like. It is critical that the governing structures that define the lives of western Canadian rural and Aboriginal residents are flexible enough to accommodate and support locally-led and locally-defined solutions.

Local leadership and advocacy is crucial to addressing local need and creatively finding locally-based solutions, including those that use the co-operative business model. It is known that co-operative leaders display unique characteristics that may or may not be present in conventional business leaders. The style of local leadership required to build rural and Aboriginal co-operative businesses is similar to the kinds of leaders that communities need to increase community capacity. There may be a role for existing co-operatives to support leadership and to develop the directors of the future at the community level.

Finally, local leaders, and the development of local leaderhhip, requires a concerted effort. With volunteerism in rural and Aboriginal western Canada in decline, current and future co-operative leaders may be difficult to find. Innovation in governance models, policies and procedures around meetings and decision-making, or changes to co-operative development techniques and supports may be required.

Our research results indicate that people will explore and create innovative and thriving co-operatives *if* they are inspired to do so, and supported through politically-aware relationship-building and connections throughout the process. Co-op development should encompass five activities:

- **Inspire** co-operative development at the community level through direct engagement events and relationship-building with potential co-op leaders.

- **Explore** innovative uses of the co-operative model that address locally-defined and constantly-changing community needs.
- **Create** co-operatives that match community needs, supporting technical assistance from a range of co-operative developers with varying capacities, connecting to communities looking to build or grow co-operatives.
- Direct a robust co-operative environment, supporting co-operatives to **Thrive**.
- **Connect** those involved in rural and Aboriginal co-operative development activities across provincial boundaries, the co-operative sector, the business sector, and communities.

We value co-op development that: inspires ideas aimed at solving problems defined by local people and contexts; explores the ideas by empowering local decision-making and adaptation, and by addressing community politics; creates ways to innovatively use and transform the co-op model so that co-ops start strong; helps co-ops thrive by monitoring and supporting growth and health; and connects a set of agents (catalysts) who ensure new adaptations are supported and shared across the co-op development environment.

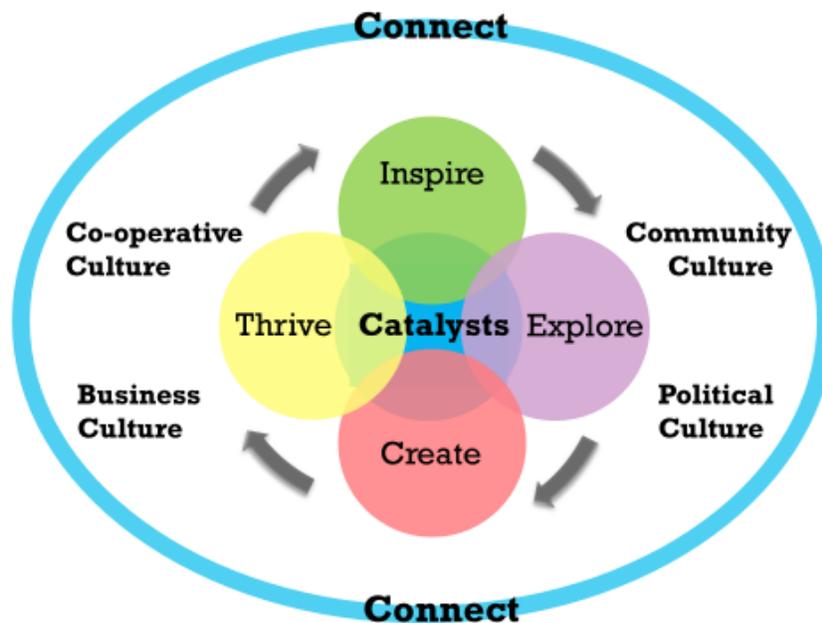We have translated these values into a working model of robust co-operative development.

Figure 1 Model of a Robust Co-operative Development Environment

Rural and Aboriginal communities in western Canada are, each one, unique. They have their own strengths and weaknesses, their own needs and concerns, their own culture, language, and history. The co-operative model, as one of the world's most flexible business models built on a social base, remains an excellent fit for rural and Aboriginal communities to use to solve locally-defined problems, together.

Endnotes

[1] As university-based researchers (unlike, for example, government-led initiatives where there may be funding or policy programs to offer communities), our project may have drawn unique responses from community participants.

[2] Ray D. Bollman, Rural Canada 2013: An Update: A statement of the current structure and trends in Rural Canada. Prepared for the Federation of Canadian Municipalities, January 2014.

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[5] Federation of Canadian Municipalities, http://www.fcm.ca/home/media/news-releases/2015/statement-of-fcm-president-on-the-work-of-the-truth-and-reconciliation-commission.htm.

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[7] Quoted in Bollman, p. 4.

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[10] Matt Andrews, Lant Pritchett, and Michael Woolcock, "Escaping Capability Traps thorugh Problem-Driven Iterative Adaptation," UNU World Institute for Development Economics Research, Working Paper No. 2012/64, United Nations University, July 2012.

[11] Andrews, Pritchett, and Woolcock, 2012.

[12] Andrews, Pritchett, and Woolcock, 2012: 10.

[13] Andrews, Pritchett, and Woolcock, 2012: 10.

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[16] CIP community engagement event, field notes, 2015.