



# The Co-operative Innovation Project – Executive Summary\*

*Western Canada is ready for innovative co-operative solutions that will fit the unique and changing needs of rural and Aboriginal† communities.*

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?

The Co-operative Innovation Project defines rural western Canada as a combined and indivisible rural and Aboriginal space. Neither can be viewed without the other. As such, it was one of the largest projects to ever ask both rural and rural Aboriginal residents and communities the same questions, at the same time. Patterns of both similarity and difference provide a path forward to work together.

The CIP found that *yes*, the co-op model remains feasible in rural and Aboriginal communities as a locally-driven solution to address unmet needs. What is needed is 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. 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.

To promote vigorous co-op development activity in rural and Aboriginal communities, we propose that future co-operative development should:

- **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** opportunities to bring technical assistance from co-operative developers 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, and communities.

---

\* Reference: Co-operative Innovation Project (January 2016), *The Co-operative Innovation Project – Executive Summary*. Part of Co-operative Innovation Project Final Report. Centre for the Study of Co-operatives, University of Saskatchewan.

† 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.



## CIP Phase I: Findings

The creation of new co-operatives requires four components: business capacity (business knowhow and experience), social capacity (group trust, cohesion, and shared goals), a well-defined need that is not being met, and knowledge of the co-operative model. Co-operative development is the process that both creates new co-operatives and supports the environment within which existing co-operatives thrive.

Our research methodology consisted of a randomized telephone survey of 2,025 rural and Aboriginal community members and a web-based survey of 359 town/band administrators across western Canada. From December 2014 – June 2015, we held community engagement meetings across the four western provinces, inviting a total of 13 Aboriginal and 50 rural communities to attend one of 26 meetings (see Figure 1). Through these methods, we reached 649 out of 1,731 rural and rural Aboriginal communities in western Canada (37%) (see Table 1).

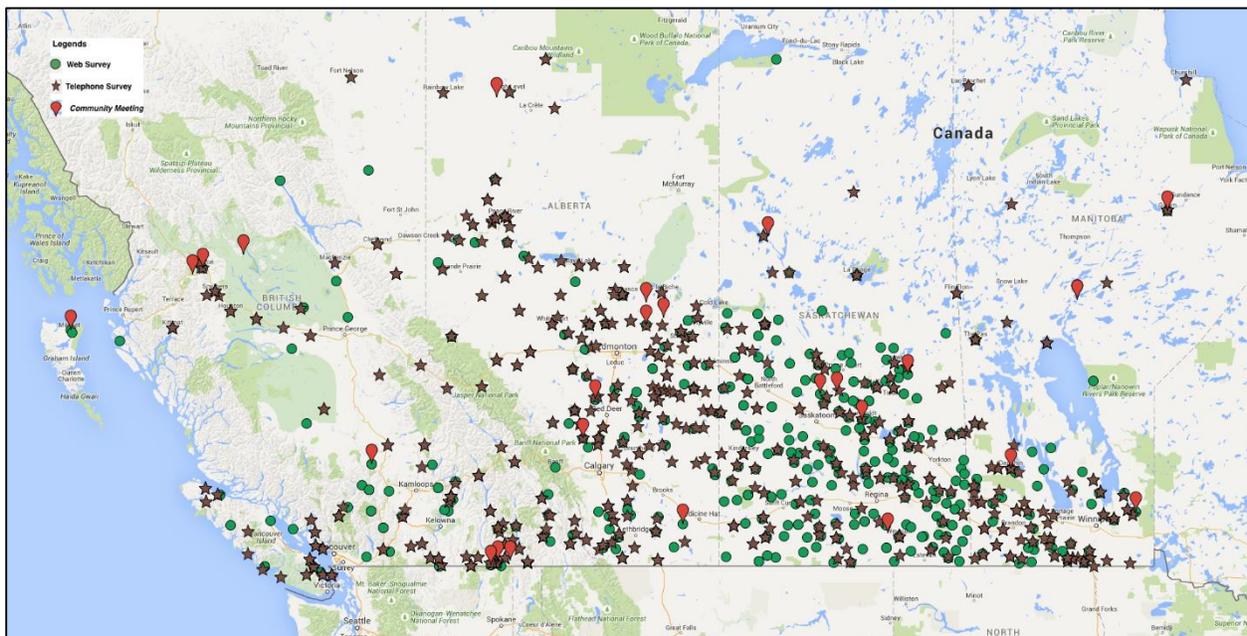


Figure 1 Co-operative Innovation Project: Community visits, telephone surveys, web surveys

Province	Rural Non-Aboriginal			Rural Aboriginal			Total		
	No. Communities	No. Contacted	%	No. Communities	No. Contacted	%	Total Communities	Total Contacted	%
Manitoba	171	82	48%	72	9	13%	243	91	37%
Saskatchewan	665	253	38%	112	15	13%	777	268	35%
Alberta	229	153	67%	59	7	12%	288	160	55%
BC	179	99	55%	244	31	13%	423	130	31%
<b>Total</b>	<b>1244</b>	<b>587</b>	<b>47%</b>	<b>487</b>	<b>62</b>	<b>13%</b>	<b>1731</b>	<b>649</b>	<b>37%</b>

Table 1: Co-operative Innovation Project: Community Reach

\*Our community list is based on Census Sub Divisions (CSDs). According to Statistics Canada, there was no population in 143 CSDs in 2011. Census Canada defines communities (CSDs) as 'Aboriginal' if the majority of its population identifies as being of Aboriginal ancestry (which includes First Nations, Métis, and Inuit). There may be many Aboriginal residents in a community defined as 'non-Aboriginal,' and vice versa. Communities that were contacted in multiple ways (telephone survey, web-based survey, community visit) have only been recorded once for the purposes of this chart, to show the broad reach of the project.



We also assessed the state of co-operative development in western Canada through literature reviews, website analyses, and in-depth interviews with co-operative developers. (See Figure 2 Word Cloud).



Figure 2: Word Cloud of interviews with co-op developers in western Canada

Through these methods, we present the following findings of the Co-operative Innovation Project. The Plunkett Foundation of the UK advocates robust co-operative development through four stages: Inspire, Explore, Create, and Thrive. We use these stages to focus our findings.

***Inspire (How to inspire communities to consider co-operative solutions to their needs?):***

**1: Communities have different strengths, weaknesses, and needs.**

- Rural and Aboriginal communities have unmet needs. The top fifteen relate to: healthcare, housing, volunteerism, transportation, retail, youth programs and services, industry and business development, infrastructure, recreation, access to services, senior services, financing, daycare, communication 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.

## **2: 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, statistics report just 183 co-ops incorporated in rural non-Aboriginal communities and 3 co-ops incorporated in rural Aboriginal communities across western Canada.

## **3: 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.

## **4: 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.

## **5: 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.

***Explore (Is the co-operative approach right for the community to solve its identified need?):***

**6: 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.

**7: 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 Metis 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.

**8: 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.

### ***Create (How do we support setting up new co-operatives?):***

#### **9: 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.

#### **10: 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.

### ***Thrive (How do we provide on-going support for the growth and development of co-ops?):***

#### **11: 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.

## Conclusion:

Current western Canadian rural and Aboriginal co-operative development:

- Does not inspire innovative co-operative solutions to address needs
- Requires capacity, knowledge, and empowerment to explore if a co-op is the right solution
- Has limited financial and technical support to create robust and sustainable co-ops
- Lacks co-ordination to help co-ops to thrive

Co-operative development, and the co-operative development environment, would grow in western Canada if these weaknesses were addressed.

**Values:** 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 (see our chapter on a Robust Co-operative Development Environment to see how our model was built).

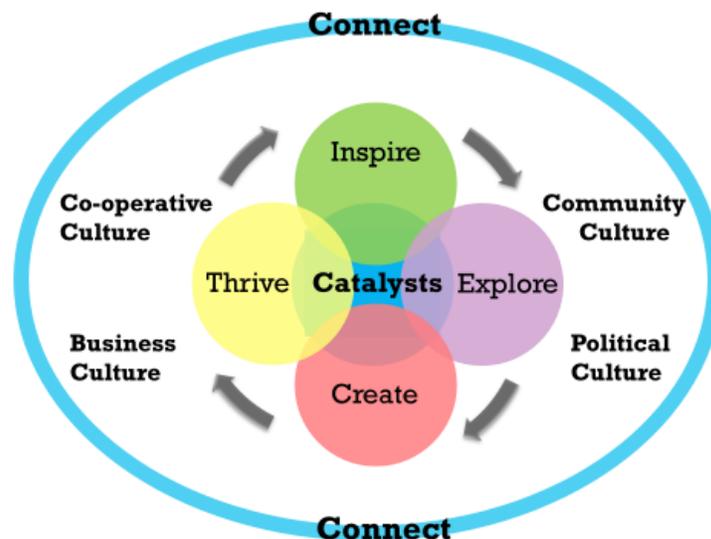


Figure 3 Model of a Robust Co-operative Development Environment