

A Review of Rural and Regional Development Policies and Programs

A research project undertaken by Canadian Policy Research Networks
on behalf of the Newfoundland and Labrador Federation of Labour.

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Contents

Foreword	ii
Executive Summary	iii
1. Introduction	1
2. Overview of Public Policy Approaches to Promote Rural and Regional Development	2
3. Innovative Examples of Policies and Policy Instruments for Rural and Regional Development	9
4. Key Learnings from Canadian and International Experience	23
5. Conclusion	28
References and Further Reading	31
Appendix 1. Canadian and International Policies and Policy Instruments for Rural and Regional Development	43
<i>Government of Canada</i>	43
<i>Ontario</i>	52
<i>Quebec</i>	54
<i>British Columbia</i>	55
<i>European Union</i>	57
<i>United Kingdom</i>	58
<i>Scotland</i>	61
<i>Denmark</i>	62
<i>Iceland</i>	63
<i>Norway</i>	64
<i>United States: Alaska, Oregon, Wisconsin</i>	65
Our Support	71

Foreword

The province of Newfoundland and Labrador is facing both exciting prospects and difficult challenges. There is an economic boom concentrated in the Avalon Peninsula, particularly St. John's, which is experiencing unprecedented economic growth and development that is expected to continue into the future. However, while Newfoundland and Labrador is emerging as a "have" province, the rural parts of the province face major challenges in developing new industry, dealing with out-migration (especially of young people) and population decline and preserving public infrastructure.

The Newfoundland and Labrador Federation of Labour is embarking on a series of public forums to stimulate public discussion on how to address the social, economic and other challenges facing the province – how to ensure that all segments of society and regions of the province share in the economic boom. To help inform participants in these dialogues about possible approaches to addressing these challenges, the NLFL asked CPRN to review recent literature on rural and regional policy development and to identify innovative policies and instruments in Canada and selected other countries.

This report, by CPRN Research Associate Mark Goldenberg, examines a wide variety of policies and policy instruments to promote rural and regional development. It finds that traditional approaches and instruments such as regional development programs and support for economic development, job creation and enterprise development are insufficient for meeting the challenges of regional, rural and community development today. Rather, these must be combined with more holistic community- and place-based approaches and initiatives that involve the local community and citizens and that help create and build on local assets and resources. Goldenberg points to the importance of effective partnerships involving government, business, labour, educational institutions and others. The report describes some innovative approaches taken by other provinces in Canada and by other countries, and provides an overview of policies and practices in the jurisdictions examined.

I would like to thank Mark Goldenberg for his valuable review of rural and regional development policies and programs and his insights into the combination of approaches that need to be considered in the current context. I would also like to thank the Newfoundland and Labrador Federation of Labour for the opportunity to work with them on this important project, and for their support for this research.

Sharon Manson Singer, Ph.D.
March 2008

Executive Summary

Canadian Policy Research Networks (CPRN) has undertaken an examination of innovative public policy approaches to rural and regional development on behalf of the Newfoundland and Labrador Federation of Labour (NLFL).

The NLFL wishes to stimulate public discussion in Newfoundland and Labrador on how to address social, economic and other challenges facing the province: making sure all segments of society and regions of the province share in the current economic boom; supporting an ageing population; addressing issues of de-population and out-migration from rural regions; and providing public services and public infrastructure in rural regions.

At the request of the NLFL, CPRN has examined policies and policy instruments for rural and regional development in Canada – at the federal government level and in several provinces – and in other selected jurisdictions, including several European Union countries and several states in the United States. CPRN has also undertaken a review of recent literature on rural and regional policy development.

Public Policy Approaches to Rural and Regional Development

The research suggests that public policy approaches in this area can be seen as falling into several broad categories:

- “traditional” approaches, using primarily economic instruments;
- innovation and technology development;
- community economic development and the social economy; and,
- community development and capacity building.

New Governance Models

Cutting across many of these different approaches to rural and regional development are new governance models that are increasingly being adopted by governments.

Key themes of these new governance models are: partnerships among governments, the private sector, communities, voluntary organizations and others; greater devolution to the regional and local level; new roles for the state as an “enabler” and “convenor”; and the sharing of power and authority with the community itself.

Innovative Policies and Policy Instruments to Promote Rural and Regional Development

CPRN examined a large number and wide variety of policies and policy instruments to promote rural and regional development, which are described in the appendix to this research report.

The report also highlights a number of policies and policy instruments that appeared to be particularly innovative and that illustrate different types of policy approaches. These include:

- Ontario’s Rural Economic Development (RED) Program;
- Quebec’s ACCORD program to support the development of regional niches of innovation and excellence; Quebec’s financial support for community development corporations and for community and volunteer action;
- The Resilient Communities project in British Columbia;
- The European Union’s LEADER+ approach to the development, implementation and delivery of rural development policies and strategies;
- The United Kingdom’s Community Empowerment Action Plan and its Local Strategic Partnerships to strengthen communities through “place-based” local governance and “joined-up” public services;
- Scotland’s Investing in Communities Fund and One-Stop Service Shops;
- Finland’s Rural Policy and Village Action programs;
- the Norwegian system of land and resources ownership, which gives municipalities significant income from renewable energy development; and
- the United States Rural Community Empowerment, Rural Champion Communities, and Rural Economic Area Partnership Zones programs; Oregon’s Regional Investment Funds; Alaska’s Community Development Block Grants; and Wisconsin’s Community Facilities Direct Loans and Grants program.

Lessons Learned from Canadian and International Experience

CPRN’s review of recent research literature on rural and regional development, and its examination of policies and instruments in Canada and other countries, suggest a number of key learnings:

- Traditional approaches and instruments such as regional development programs and support for economic development, job creation and enterprise development, are insufficient for meeting the challenges of regional, rural and community development today;
- Rather, these must be combined with more holistic community- and place-based approaches and initiatives that involve the local community and citizens and that help create and build on local assets and resources, while bringing other resources to bear;
- In this context, strategic investments – in people, communities, local asset building, and technology – can make a difference;

- A range of policy instruments and measures will need to be brought into play, including financial assistance for developmental projects; seed monies; support for innovation and technology; support for community development and capacity building; resources for consultation, planning and community empowerment and involvement; and expert and technical assistance;
- Effective partnerships – involving government, business, labour, educational institutions and others – are essential;
- Strategic planning, involving the local community and citizens, and full and active consultation, are critical;
- Governance matters. Effective governance – including consultation mechanisms, planning, networking, delivery systems, and monitoring, accountability and evaluation – must involve the local community, citizens, the private and non-profit sectors, government, education, and others.

Conclusion

Rural and regional development policies are continuing to evolve to reflect changing economic, social and demographic realities.

Governments in Canada and in other countries have introduced a wide variety of innovative policy instruments in this area in recent years. Some of these may well be of interest to Newfoundland and Labrador in considering how best to address the province's current and future challenges.

It is hoped that the overview of policies and policy instruments presented in this research report by CPRN will be helpful in encouraging public discussion about these issues.

Further analytical work in this area could include more detailed examination of the characteristics and success factors associated with the different policy approaches, as well as key issues and challenges in their implementation, and more in-depth analysis of specific initiatives and innovations in different jurisdictions that might be of particular interest to Newfoundland and Labrador.

A Review of Rural and Regional Development Policies and Programs

1. Introduction

Context

The Newfoundland and Labrador Federation of Labour (NLFL) is undertaking an initiative aimed at educating, informing and broadening the debate among workers, civil society organizations and community leaders, and with government, on key public policy issues important to the social and economic development of the communities of Newfoundland and Labrador and the people who reside in them.

Newfoundland and Labrador is currently experiencing an unprecedented period of economic growth and development that is expected to continue into the future. At the same time, the province faces major challenges in addressing issues such as: ensuring an equitable sharing of this economic boom across society and in all regions of the province; supporting an ageing population; dealing with de-population and out-migration from rural regions; and the provision of public services and infrastructure in rural regions.

The NLFL asked Canadian Policy Research Networks (CPRN) to undertake research on the various public policy mechanisms that have been implemented in other jurisdictions to address challenges in rural and regional development similar to those currently present in Newfoundland and Labrador.

Approach and Methodology

CPRN has undertaken a scan and analysis of innovative public policy instruments regarding the sustainability and social and economic development of rural communities and regions in the following jurisdictions:

- Government of Canada and the provinces of Ontario, Quebec, and British Columbia;
- European Union;
- United Kingdom, with special attention to policies in Scotland;
- Denmark, Finland, Iceland, and Norway; and
- United States: Wisconsin, Alaska, and Oregon.

This research report is based on a review of government documents and the research literature pertaining to the subject and to the jurisdictions listed above.

CPRN's research focused on policies, programs and instruments that relate *directly* to rural and regional development. It did *not* include overall broad economic and social policies – for example, macroeconomic policy, income support (social assistance, unemployment insurance, pension policies), family policy, or social services – that are not specifically designed to address rural and regional development, although it must be noted that such policies and instruments certainly benefit regional development and rural communities. Investment and taxation policies that are targeted at rural and regional development are included.

Organization of This Report

The first section of the report gives an overview of broad approaches to public policy to promote rural and regional development, identifying different policy approaches and recent trends and developments in public policy-making in this area.

The report then highlights a number of policies and policy instruments implemented by different jurisdictions that appear to be particularly innovative and that illustrate these different policy approaches.

A summary table is also provided organizing the examples of policies and policy instruments cited in the report according to the broad policy categories.

The report then concludes by summarizing the key lessons that can be learned from Canadian and international experience, and that might help inform public debate and dialogue on these issues in Newfoundland and Labrador.

The appendix to the report identifies examples of rural and regional development policies and policy instruments for each of the jurisdictions examined.

2. Overview of Public Policy Approaches to Promote Rural and Regional Development

Governments in Canada and internationally have long pursued policies to promote rural and regional development, in the interest of equity and social justice as well as economic development and prosperity.

The Organisation for Economic Co-operation and Development (OECD) defines *regional development* broadly as a general effort to reduce regional disparities by supporting economic activities in regions, including employment and wealth-generating activities, and involving inter-related fields such as rural development, regional competitiveness, urban policy, and multi-level governance.¹

Policies and public policy instruments to promote rural and regional development have varied over time and in different countries, and are continuously evolving in response to changing social and economic realities.

For the purposes of this research report, several broad categories of policy approaches to rural and regional development have been identified:

- “traditional” approaches, using primarily economic instruments;
- innovation and technology development;
- community economic development and the social economy;

¹ Organisation for Economic Co-operation and Development (OECD). www.oecd.org/document/62/0,3343,en_2649_34413_36878654_1_1_1_1,00.html

- community development and capacity building;
- new governance models cutting across many of these approaches.

These broad categories are presented here for illustrative purposes, recognizing that there are not “hard-and-fast” distinctions among them, and that there can be considerable overlap among categories and instruments.

“Traditional” Approaches to Rural and Regional Development

Traditionally, countries have sought to foster rural and regional development primarily through the use of a wide variety of economic instruments.

This approach has included, notably:

- providing subsidies to agriculture and other sectors and industries prominent in the targeted regions;
- supporting job creation activities;
- offering various kinds of assistance for the development of businesses and enterprises;
- facilitating access to capital; and
- pursuing initiatives to increase investment in the targeted regions.

The policy and program instruments used in these approaches include:

- grants and contributions;
- loans and other measures to assist firms in accessing capital;
- tax incentives; and
- financial measures targeted at small businesses and enterprise development, as well as advisory and information services.

Some examples of the “traditional” approach to rural and regional development outlined later in this paper include: the programs of Regional Development Agencies in Canada and the United Kingdom and of Highlands and Islands Enterprise in Scotland; Forward Wisconsin; and zone-based enterprise development programs and tax incentive measures in Oregon.

Innovation, Technology, and Regional Clusters

Governments in Canada and in other countries have increasingly turned to an innovation-based approach to promoting rural and regional development, recognizing the impact and potential of globalization, the knowledge-based economy, and new and transformative technologies.

Innovation can be defined as the application of knowledge to develop new products and services or new ways of designing, producing or marketing existing products and services.²

Current thinking about innovation emphasizes several key aspects of the innovation process: the importance of different kinds of knowledge, including “know-how” and “know-who,” as well as “know-what”; collaboration across sectors; flexibility; responsiveness; and the social and interpersonal dimension. Regions and smaller communities, with their diverse and specialized local resources, as well as the networks of community-based organizations that exist in them and serve them, are well suited to bring these attributes to bear in fostering innovation.³

Governments have introduced a wide range of policies and initiatives to promote innovation as a driver of economic development, including:

- investments in research and development (R&D);
- tax incentives and various forms of financial support to firms and industries;
- measures to support commercialization and marketing of innovative products and services;
- support for the development of innovation “clusters”; and
- investments in skills and learning.

In some instances, innovation policies and initiatives contain elements or strategies that are targeted to regions or rural areas.

Some examples of the innovation-based approach to rural and regional development that are outlined later in this paper include: the Canada Foundation for Innovation, Atlantic Innovation Fund and Community Access program; the ACCORD initiative in Quebec; Innovation Norway; and the GTS Institutes and Globalization Council in Denmark.

Community Economic Development and the Social Economy

This approach to rural and regional development is based on local economic development and is driven by the work of non-profit community-based organizations.

Community economic development (CED) has been defined as “local action to create economic opportunities and enhance the social and environmental conditions of communities.”⁴

It is about people organizing themselves to take action in the community where they live to create economic opportunities on a sustainable basis. While community economic development

² Government of Canada. 2001. *Achieving Excellence. Investing in People, Knowledge and Opportunity. Canada's Innovation Strategy.*

³ Neil Bradford. 2003. *Cities and Communities that Work: Innovative Practices, Enabling Policies.* Canadian Policy Research Networks (CPRN).
Sherri Torjman and Eric Leviten-Reid. 2003. *Innovation and CED: What they can learn from each other.* Caledon Institute of Social Policy.

⁴ Canadian Community Economic Development Network (CCEDnet). 2003. *Strengthening Canada's Communities. Towards a New Community Action Agenda.*

organizations are non-profit organizations, what distinguishes them is their focus on local economic development – structural economic change, labour market development, local ownership of resources, environmental stewardship, and access to capital – and the application of business economic skills and methods in addressing social and community concerns.

The *social economy* has attracted attention recently, both in Canada – notably in Quebec – and abroad. Closely related to community economic development, the social economy is about the use of business and entrepreneurial means by organizations operating in the marketplace to pursue social ends. The concept is centred around addressing community and individual needs through the work of non-profit organizations that provide social and other services and that are also involved in a wide variety of economic activities.⁵

Also closely related to both community economic development and the social economy is the *co-operative* movement. Co-operatives are organizations that are owned and controlled by their members, who use their services. Co-operatives are in the marketplace but give primacy in their activities to the needs of their members and the quality of life of the community; they serve both a social and an economic purpose; and they share any surplus profits. They are involved in the production of goods or services in all sectors of the economy, including health care, housing, groceries, retail, financial and insurance.

The term *social entrepreneurship* is also frequently used to describe the application of business skills and methods to the pursuit of a social goal, and is often used almost interchangeably with community economic development and the social economy.

The rise of social entrepreneurship can be seen as the leading edge of a remarkable development that has occurred across the world over the past three decades.

David Bornstein, *How to Change the World: Social Entrepreneurs and the Power of New Ideas*

Social entrepreneurship ... takes many forms but it includes nonprofits using the market to either generate income for mission-driven activities or provide social benefits through outcomes such as employment.

The rise in nonprofits borrowing from the for-profit world comes precisely at a time when society is developing a clearer vision of how the three spheres, government, private sector, and voluntary sector should inter-act productively and in appropriate equilibrium to engender and sustain a healthy and sustainable economy, social system, and physical environment.

Tim Draimin, *Engaging the New Social Entrepreneurism*

⁵ See William Ninacs. 2002. *A Review of the Theory and Practice of Social Economy / Economie sociale in Canada*. Social Research and Demonstration Corporation (SRDC).

Governments have introduced a variety of policies and measures to support community economic development, the social economy, and social entrepreneurship. These include:

- supporting community economic development and social economy organizations and initiatives for “community capacity building”;
- strengthening financial capital through access to loans and supporting alternative financial institutions;
- investing in the acquisition of skills and knowledge; and
- supporting sustainable resource management.

Some examples of this approach to rural and regional development that are outlined later in the paper include: Canada’s Community Futures Program; programs of financial support for community development corporations and for community and volunteer action in Quebec; British Columbia’s Community Revitalization Tax Exemptions; and Wisconsin’s Rural Co-operative Development Grants.

Community Development and Capacity Building

While closely related to community economic development and the social economy, *community development and capacity building* can be seen as a broader, more holistic approach to the overall development of communities in their economic, social, environmental and other dimensions.

Central to this approach is the enhancement of the ability of communities to identify problems and issues, set goals and objectives, and develop and implement strategies and initiatives in order to take charge of their own development.

Key characteristics of the community development and capacity-building approach to rural and regional development include the following:

- Initiatives under this approach are comprehensive and broad in scope, addressing a range of issues rather than a single concern;
- They are holistic, seeking to break down the artificial boundaries and compartmentalization that characterize the ways that governments generally tackle social and economic issues;
- They are multi-sectoral, encouraging partnerships and collaborative working arrangements across economic sectors and among government, community, private, voluntary, educational and other partners, and requiring new forms of multi-level governance;
- The approach is inclusive, involving all segments of society and the community in identifying and working on solutions;

- Initiatives are usually longer-term and developmental in nature, seeking to build capacity and structures in the community and mobilize community resources to foster social and economic development, rather than making remedial spending interventions to reduce or compensate for specific identified problems.⁶

The community development and capacity-building approach to rural and regional development is closely related to a number of other, sometimes overlapping, concepts and policy approaches, including *place-based* policies, *asset building*, *social capital*, and *resilient communities*.

The increasing importance being attached to place-based policies reflects growing recognition of the complexity and interrelated nature of modern social and economic issues and the need for effective community-based and community-driven strategies that are rooted in local knowledge, draw on and mobilize local resources and expertise, and are delivered through networked relationships and real partnerships.

Place-based policies emphasize joint problem-solving that is driven by community rather than government leadership; however, support is often needed from senior levels of government to enable and sustain them. These policies involve a wide array of tools, interventions and actions in order to address community challenges, while cutting across economic and industrial sectors, institutional and jurisdictional responsibilities, the public, private and voluntary sectors, and the social, economic and environmental spheres.

Current thinking on community development and capacity building also emphasizes the importance of *asset building* – policies and policy instruments designed to augment the resources and assets of communities and individuals and thereby strengthen their ability to address their own needs and development.

Asset building can include both the resources of individuals – including skills and learning, as well as personal savings and assets – and of communities, such as improving community infrastructure, transportation and the capacity to deliver public services, and providing greater access to opportunities and financial and other services.

It can also include investing in the development of *social capital* – the networks of social relations that provide access to needed resources and supports.

In Canada and internationally, asset building is increasingly being recognized as an important strategy for social and economic development; in the United Kingdom, for example, it has been described as the “third pillar” of the social welfare system, along with education and income security.

The term *resilient communities* is now also often being used to express the broad approach of equipping and enabling communities to take charge of their own development by acquiring needed assets and resources.

⁶ Sherri Torjman and Eric Leviten-Reid. 2003. *Comprehensive Community Initiatives*, Caledon Institute of Social Policy.

The features of “resilience” (or “vitality”) associated with a community include: its natural assets, as well as its citizens and institutions; the outlook of its residents and the quality of their relationships; the availability of financial and organizational resources; and the ability to address change and challenges. This approach affirms the strengths of communities and seeks to expand local capacity and opportunities.⁷

Governments support community development and capacity building, and the other related concepts outlined above, in a variety of ways: through their broader economic and social program instruments; through financial and other support for voluntary, community organizations and for organizational and community capacity building; through specific asset-building initiatives; and through governance measures, such as the devolution of responsibilities and authority, aimed at facilitating community involvement and community empowerment.

Examples of the community development and capacity-building approach to rural and regional development that are outlined later in this paper include: Quebec’s Rural Pact; the Village Action Plan in Finland; the United Kingdom’s Community Empowerment Action Plan; Scotland’s Rural Development Small Award Fund; the Rural Community Empowerment program in the United States; the Rural Community Action Program and Community Development Block Grants Program in Alaska; and the Main Street program in Oregon.

Other examples outlined later in this paper, and which emphasize community and individual asset building, include: the Government of Canada’s LearnSave and Individual Development Accounts demonstration projects; Ontario’s Northern Communities Investment Readiness Initiative; the Resilient Communities and Coastal Communities projects in British Columbia; the United Kingdom’s English Partnerships and National Regeneration Agency; Scotland’s Growing Community Assets Fund; Alaska’s Community Mapping Grants and Statewide Infrastructure Inventory; and Wisconsin’s Community Facilities Direct Loans and Grants Program.

Partnerships and New Governance Models

Cutting across many of these different approaches to rural and regional development are *new governance models*.

This is especially the case for more holistic, place- and community-based strategies and approaches, which require a cross-cutting and multi-level governance approach, policy and service integration, and the bringing together of a wide variety of actors.

A key theme of new governance models is the importance of true and effective partnerships among governments, the private sector, communities, voluntary organizations, and educational and other institutions.

Greater devolution to the regional and local level, new roles for the state as an “enabler,” “convenor,” and partner, the sharing of power and authority with the community itself, and new modes of accountability are also all part of the emerging new governance models.

⁷ *Ibid.*

New governance models also include new ways of delivering public services in regions and rural areas. Governments are introducing innovative ways of improving service delivery in rural and isolated localities through various service points such as “one-stop” shops, rural transaction centres and multi-service centres, by pooling resources among municipalities, and by adopting other measures designed to better coordinate service delivery with better links to local needs and situations.

Examples of new governance models and initiatives in support of rural and regional development that are outlined later in this report include: British Columbia’s Community Charter and Urban Development Agreements; the LEADER+ network and Local Action Groups in the European Union, including the United Kingdom, Scotland, Denmark and Finland; Norway’s system of land and natural resources ownership; the United Kingdom’s Public Service Agreements; and Scotland’s One-Stop Service Shops.

Other Policy Approaches

As noted earlier, this paper does not examine other government policies and initiatives that, while not rural and regional development policies per se, can and do impact on this area and help to address many of the problems and challenges faced by rural and regional communities.

An example in Canada is Quebec’s various family policies, such as parental benefits and child care, which are helping to address demographic-related challenges regarding low birth rates, rural out-migration and labour market participation.⁸

3. Innovative Examples of Policies and Policy Instruments for Rural and Regional Development

This section of the research report outlines some examples of rural and regional development policies and policy instruments that appear to be particularly innovative and that illustrate different policy approaches as described in the preceding section.

The appendix to this report provides a more extensive identification of policies and instruments for each of the jurisdictions examined by CPRN.

The summary table at the end of this section of the report organizes these examples of rural and regional development policies and instruments, including both the examples in this section and those cited in the appendix, according to the broad policy categories identified in the report.

It should be noted, however, that policies or instruments can be seen as responding to more than one policy approach category, i.e. a policy initiative in a given jurisdiction can be seen as fostering innovation, as well as community economic development or community development and capacity building.

⁸ Laurent Roy and Jean Bernier. *Family Policy, Social Trends and Fertility in Québec: Experimenting with the Nordic Model?* Government of Quebec, Ministère de la Famille, des Aînés et de la Condition féminine.

Ontario's Rural Economic Development (RED) Program

Ontario's Rural Economic Development (RED) Program is an example of the community development and capacity-building approach. The program is designed to work through a partnership approach among rural residents, business people, community organizations, and municipal leaders.

The objectives of the RED Program are to create diversified business climates in rural Ontario; create and retain long-term jobs; ensure a strategic and coordinated local and regional approach to economic development and the creation of alliances and partnerships; and develop information, tools and resources to enhance rural economic development.

Initial priorities for the RED Program have been:

- Community revitalization;
- Improved access to health care services; and
- Skills training and enhancement.

Projects are cost-shared, with the provincial government normally investing up to 50 per cent of the project's eligible cost in most cases.

Eligible expenditures include: some capital costs including renovations or specialized equipment/furnishings; feasibility and business plan preparation; software and other communication technology; skill enhancement costs for specialized training; and, consultants and project management, architectural, engineering, legal, accounting or other professional fees. Since its inception in 2001, through 2006, the Program has co-invested over \$100 million in projects worth over \$600 million in new economic activity in rural Ontario.

The Business Retention and Expansion (BR+E) component of the RED Program supports projects which seek to retain local business in rural communities and help businesses expand in those communities.

The BR+E component is designed as a community-based, volunteer-driven economic tool to improve the competitiveness of local businesses by helping them evaluate and address their needs and concerns.

Funding is provided for projects that use the Business Retention and Expansion (BR+E) Tool Kit and complete the BR+E Community-readiness Checklist. Funding is normally provided up to a maximum of 50 per cent of eligible costs, which generally should not exceed \$35,000.

Quebec's ACCORD Program

An example of the innovation-based approach, the ACCORD (Action concertée de coopération régionale de développement [concerted action for regional development co-operation]) program seeks to build, in each major region of Quebec, a competitive regional production system by identifying and developing niches of excellence.

The program's specific objectives include fostering innovation and exports; supporting "structuring" economic projects in Quebec's regions; identifying collective projects geared to enhancing the quality and vitality of communities in the regions; and promoting the development of intra-regional and inter-regional industrial networks.

Under the ACCORD program, regional agreements are signed to support the implementation of action plans for developing niches of excellence. The program also makes available the services of a specialized consulting firm mandated to conduct studies on trends and market opportunities.

The program offers technical assistance in structuring financing for regional initiatives, as well as financial assistance under various Quebec government programs.

Quebec's Financial Support Programs for Community Development Corporations and for Community and Volunteer Action

The Quebec Government has introduced programs to provide financial assistance for a wide variety of community organizations, including local non-profit organizations, multi-sectoral organizations, umbrella organizations, and community development corporations.

This assistance is intended to support such organizations in their efforts to foster overall community development, including local economic development and the social economy.

Funding is provided under three-year agreements.

Overall, in 2005-2006, the Quebec Government granted \$634.7 million to community organizations under 63 community organization programs or financial support measures administered by some 20 government departments and agencies.

Resilient Communities Project in British Columbia

Resilient Communities is an action-research project of the University of British Columbia in collaboration with other partners, including community groups and First Nations.

Funded by the Social Sciences Humanities Research Council of Canada (SSHRC), it is an example of the community development and capacity-building approach to rural and regional development, and is focused on asset building and the development of social capital.

Coastal communities in British Columbia are threatened by the depletion of fish, mineral and forest resources and by fluctuations in global markets. The research study is giving priority to studying *social* factors rather than the usual emphasis on economic ones, in order to address these challenges. It will examine the extent to which social capital can stimulate or hinder adaptive economic activity, and provide buffers against economic decline and resources for economic growth and diversification.

The three stages of the research involve: community profiling, including the development of an Economic Performance Index and a Social Capital Index for all 100 coastal communities; the

selection of some 20 communities for more in-depth study, focusing on social capital assets and resources; and Community Ethnographies, examining a small number of communities and the processes through which social capital is built and employed in even greater depth.

The Coastal Communities Project (CCP) is a follow-up multi-year research initiative, also funded by the SSHRC, of the University of British Columbia and the Coastal Communities Network in partnership with communities situated along the Pacific coast of British Columbia.

The CCP is a “Community-University Research Alliance,” meaning that community partners have an equal hand in deciding research goals and procedures. The goal is to work with decision-makers, leaders, and others on issues of community social and economic development, sustainability, governance, education, and community health and wellness to help communities achieve their development goals.

The CCP research team works with partner communities to build capacities for local actors to take advantage of the new responsibilities and opportunities that are emerging from economic restructuring. This capacity building takes several forms, including academic research into questions of community concern, specific advice and evaluation of opportunities, assistance with strategy and inter-governmental relations, and consensus-building processes regarding community needs and priorities.

The CCP is not about “studying communities,” but working with them to bring both local and expert knowledge to bear on issues of local concern.

The project’s priority theme areas are: social and economic development; local governance in a global context; community health and wellness; environment and sustainability; and education, skills and knowledge. The projects that emerge through this process are focused on immediate needs and local or regional concerns.

The European Union’s LEADER+ Initiative

The European Union has introduced the LEADER+ approach to the development, implementation and delivery of rural development policies and strategies. Among the European countries being examined in this research study, the United Kingdom, Scotland, Finland and Denmark use the LEADER+ approach.

LEADER stands for “Liaison Entre Actions de Développement de l’Économie Rurale” [links between the rural economy and development actions].

An example of the new governance models being adopted by different jurisdictions, the LEADER+ program is widely seen as successful in rural areas, despite relatively small budgets.⁹ The European Union is proposing to adopt LEADER+ in all “mainstream” rural development policies over the next five years.

⁹ See Organisation for Economic Co-operation and Development (OECD). 2005. *The New Rural Paradigm: Policies and Governance, 2006* and European Commission, *Synthesis of mid-term evaluations of LEADER+ Programmes. Final Report*.

LEADER+ is financed by European Union structural funds and is designed to help rural actors develop the long-term potential of their local region by encouraging the implementation of integrated and original strategies for sustainable development.

LEADER+ aims to ensure better governance at the local level and promote the utilization and development of local resources to stimulate growth and job creation. It is characterized by: a bottom-up approach; local capacity building; competition to promote innovation; public-private sector partnerships; networking and cooperation; and the integration of mutually supportive actions across policies for the economy, environment, agriculture, sustainable development, and innovation.

The four priority themes for LEADER+ are:

- using know-how and new technologies to make the products and services of rural areas more competitive;
- improving the quality of life in rural areas;
- adding value to local products, in particular by facilitating access to markets for small production units via collective actions; and,
- making the best use of natural and cultural resources.

Under LEADER+, funding is awarded to Local Action Groups (LAGs) to take decisions on projects that are community-driven, have a wide community benefit, and will lead to achieving the desired outcomes.

One-third of LAG membership is drawn from municipalities, one-third from local associations or enterprises and one-third from local people. Each LAG is funded, in part from European Union structural funds, to support local priorities for rural development.

There are currently some 1000 LAGs active in the Europe Union.

Regional priorities for funding are set through Rural Development Contracts, which are intended to support land management, business development, diversification and wider rural development measures, including access to public services for people in rural areas.

The OECD identifies the key factors for the recognized success of the LEADER method as: adaptability to different local socio-economic situations; capacity to bring local private sector, community voluntary and government actors together and mobilize resources to create value-added synergies; responsiveness to small-scale projects and activities; an “active” as opposed to “passive” mentality of approach; and the integration of environmental concerns.¹⁰

¹⁰ *Ibid.*

The United Kingdom's Community Empowerment Action Plan

A joint initiative of the Department of Communities and Local Government and the Local Government Association (LGA), the broad objectives of the Community Empowerment Action Plan are to encourage public participation and empower citizens and local communities, and improve the quality of public services.

An example of the community development and capacity-building approach, the action plan focuses on three priority areas:

- increasing and deepening local empowerment opportunities through new forms of information, communication and citizen engagement, including a legislated “duty to consult,” “participatory budgeting,” the use of “citizens’ juries” to advise on public policy, and development of an e-consultation hub;
- supporting citizen participation in their community through a national “Take Part” campaign, development of a menu of opportunities and toolkit of ways to participate in the local community, better access to performance information, the transfer of assets including land or building, and increased financial support for community “anchor” organizations; and,
- strengthening local representative democracy through initiatives such as greater local authority and accountability, the use of local “charters” and “voluntary agreements” between communities and local government authorities, and a new “*concordat*” to guide relations between the central and local governments.

As of 2008, every area in the country will have a new Local Area Agreement (LAA). These are individual agreements to be signed by central government with local authorities and their partners. They will set out the priorities in the local area and how the local authority and other public service providers, such as health care providers and the police, will respond to them.

The United Kingdom's Local Strategic Partnerships (LSPs)

Local Strategic Partnerships (LSPs) are part of a broader governance initiative designed to promote and facilitate more “place-based” local governance and offer “joined-up” public services by linking the different government agencies with each other and with a broad range of other partners in a locally-responsive way. The initiative illustrates the community development and capacity-building approach, as well as being an example of a new governance model.

An LSP is established through the negotiation of a voluntary agreement between a local authority and the government to improve the delivery of local public services by focusing on targeted outcomes.

LSPs are non-statutory, multi-agency bodies that match local authority boundaries and that bring together at the local level the public, private, community and voluntary sectors. They serve to promote an overarching partnership in local areas, tying services, policy initiatives and existing partnerships into a broader, strategic framework.

LSPs are involved in decision-making about local priorities and funding, and the development of a Community Strategy for their area.

Scotland's Investing in Communities Program

Through its Big Lottery Fund, Scotland will invest 50% of all lottery funds available in the country – £257 million from 2006 to 2009 – in community-related initiatives under its Investing in Communities Program. (Note: The use of lotteries to fund public initiatives is controversial. However, the kind of support for community investment provided under the program is innovative.)

The Growing Community Assets component will support communities in acquiring and managing assets to make them more sustainable, including land and buildings. Funds can be used to purchase or develop assets, help diversify the local economy, and provide or improve essential local services.

Funding is available only to community-led organizations, including both non-profit and for-profit organizations (if profits are distributed primarily for community benefit). Funding can be for 50%, 75% or up to 100% of total costs, depending on the program component, and is available for a period of up to five years.

The Life Transitions component supports skills development, employment opportunities and other measures targeted at individuals.

The Dynamic Inclusive Communities component supports voluntary organizations and community groups for a variety of activities, including civic engagement.

The Supporting 21st Century Life component supports activities to help people and communities address social issues and changes such as population ageing, changing family structures, and the introduction of new technologies.

Scotland's One-Stop Service Shops

As an example of new governance models, Scotland has introduced “one-stop service shops” in a wide range of service areas, including education, social services, business support and community services, notably in rural areas, as an initiative in “joined-up” government.

A recent study found that these service centres are seen as effective by clients, staff and service-providers; that they have led to the development of new or better services, or made services more accessible; and that they can help tackle difficult cross-cutting issues such as youth programs and service-provision in remote and scattered communities.

The study also found that designing, financing and structuring the centres can be challenging, and that community involvement and ownership is vital from the start.

Finland's Rural Policy and Governance Initiatives

Finnish rural policy is recognized as an example of good practice in the European Union (EU). The OECD has noted, in particular, Finland's governance initiatives, at both the central government and local levels.¹¹

It should be noted that in Finland, the municipal tier of government has significant powers and responsibilities, and operates at a very local level (some municipalities have fewer than 200 residents).

Finnish policy is founded on the principle that people have a right to choose to live in rural areas, and that society as a whole has a responsibility to ensure that rural areas provide a genuine alternative to towns and cities.

Rural policy is set out in four-year programs, and is developed by a Rural Policy Committee of senior officials across government departments, and is overseen by a Ministerial Committee and a network of rural MPs.

The intention is to draw attention to the needs of rural communities and to integrate these into central government decision-making in all sectors. This also reflects the Nordic tradition of a consensus-building approach to decision-making. Finland has no rural ministry per se, and rural policy and programs are implemented by all government departments.

The OECD notes that Finland has also been successful in establishing a strong infrastructure at the local level for place-based policies, and has been in the forefront of implementing the European Union's LEADER+ network, notably in developing Local Action Groups (LAGs) with value-added projects. The OECD cites Finland's high national standards for service delivery, coupled with flexibility in how they are implemented at the local level, and use of innovative solutions for service delivery in rural regions (e.g. use of information technologies).

The Rural Policy Committee establishes multi-year programs and commitments, known as Rural Policy Programs. These also include evaluation and research-funding components.

The current program (2005-2008) is "Viable countryside – our joint responsibility." It has a large number of specific commitments, including:

- tax-deductible travel to work costs;
- lower fuel taxes in sparsely populated areas;
- inclusion of population decline as a factor in determining the distribution of public services; and,
- appointment of an ombudsperson to coordinate regional, rural and agricultural policy.

The Village Action Program is a four-year initiative to support village and regional associations, village planning and policy development, advocacy activities, and village projects and services, as a foundation for the Rural Policy Program.

¹¹ *The New Rural Paradigm: Policies and Governance.*

Norway's Land and Resource Ownership System

Norway's natural resource base is seen as an essential economic foundation for rural sustainability.

The Norwegian system of land and resources ownership has allowed some municipalities to obtain significant income from renewable energy development. The legal framework enables local control and access to the resource base and protects local benefits from natural resources.

Norway's hydro power system is an example. Water is considered a national good, and the majority of hydro power is under public ownership, notably through the municipalities, which receive substantial income from it, including many remote communities with otherwise poor land and economic opportunities.

Municipalities then re-invest the revenues from resources in services and in fostering economic opportunities.

The United States Rural Community Empowerment Program

The Rural Community Empowerment Program of the United States Department of Agriculture (USDA) is seen as a significant departure from traditional federal assistance programs.

An example of community development and capacity-building policies, the Program is intended to address a comprehensive range of community problems and issues, including many that have traditionally received little federal assistance. It represents a long-term partnership between the federal government and rural communities – ten years in most cases – with the objective of helping communities build the capacity to sustain their development.

Priorities are determined locally, and the federal government is essentially placed in the role of assisting communities with the priorities they have chosen. Communities are required to establish performance benchmarks for each of their activities and report on these regularly.

The Program encourages area-wide approaches to local problem-solving so that neighbouring communities can benefit by pooling their limited resources of time, talent, and funding. It places great emphasis on partnerships with federal and state agencies, local and tribal governments, private businesses, foundations, and non-profit organizations.

A key component is Empowerment Zones and Enterprise Communities, which provides for the identification of rural Empowerment Zones (EZs) and rural Enterprise Communities (ECs). The United States Department of Health and Human Services (HHS) provides Block Grants of \$40 million for each rural Empowerment Zone, and \$2,947,368 for each Enterprise Community.

Since Congress enacted the Empowerment Program in 1993, 57 rural Empowerment Zones and Enterprise Communities, 120 Champion Communities, and five Rural Economic Area Partnership (REAP) Zones have been established.

Altogether, they have been credited with creating or saving nearly 20,000 jobs, and have raised an aggregate of more than \$18 for every dollar drawn down from their designation.

The Rural Champion Community component was established to provide for continued financial, technical and other assistance to communities having undergone the community strategic planning process required for participation in the EZ/EC initiative.

Eligible applicants are invited to continue implementing their strategic plans by signing a Memorandum of Agreement with the USDA after revising their plans and entering benchmarks in the Benchmark Management System..

The USDA has contributed more than \$450 million in funding for development projects in Champion Communities since 1995. It also sponsors conferences to train community leaders and promote networking among communities, provides targeted technical assistance to Champions, and gives them preference points for decisions on project funding. Other federal and state government agencies also target funds and other initiatives to Champions.

United States Rural Economic Area Partnership (REAP) Zones

In recognition that rural areas face economic and community development issues of a very different character from urban communities, the USDA has implemented a pilot concept for rural revitalization and community development called Rural Economic Area Partnership (REAP) Zones.

The REAP Initiative was established to address critical issues related to constraints in economic activity and growth such as low-density settlement patterns, continued population loss, out-migration, historic dependence on agriculture, stagnant or declining employment, and isolation and disconnection from markets, suppliers, and centres of information and finance.

The Zones serve as a focal point for bringing federal, state, local and private resources to bear in addressing community issues and economic development. Key objectives include: improving economic viability, diversity, and competitiveness of the local economy; assisting local communities to maintain and expand essential community services, basic infrastructure, education, health care, housing, and telecommunications; and developing and implementing a citizen-built strategic plan.

The Department of Agriculture provides modest amounts of money to Zones for planning purposes, under Memoranda of Agreement. Furthermore, priority consideration is given to Zone applications submitted for funding under USDA Rural Development Programs.

As a pilot project designed to develop a collaborative and citizen-led effort to enhance economic development in the targeted areas, the REAP Zones initiative is seen as a potential model for other rural areas with similar problems.

Alaska’s Community Development Block Grants Program (ACDBG)

The Alaska Community Development Block Grants Program (CDBG) provides financial resources to Alaskan communities for public facilities and planning activities which address issues detrimental to the health and safety of local residents and to reduce the costs of essential community services.

An example of community development and capacity-building policies, the program also funds special economic development activities to create jobs for low- and moderate-income persons.

CDBG competitive grants are single-purpose project grants to a maximum of \$850,000 per community. There are three basic funding categories: community development, planning and special economic development.

CDBG programs utilize the resources of the Community Development Block Grant Program funded by the United States Department of Housing and Urban Development (HUD).

Any Alaskan municipal government (except Anchorage and Fairbanks) is eligible to apply for the grants. Non-profit organizations may apply as co-applicants for grants as pass-through funds. Federal regulations require that at least 51 per cent of those benefiting from a funded project must be low- and moderate-income persons as defined by HUD.

Oregon’s Regional Investment Funds

The objectives of Oregon’s Regional Investment Funds include:

- Promoting a favourable investment climate to strengthen businesses, create jobs and raise real wages, and improve the competitiveness of Oregon companies; and,
- Assisting Oregon communities and public, private and non-profit organizations in building capacity to foster their own economic and social development.

Funds are awarded to support Regional Investment Strategies that include the following key elements: a needs examination and resource analysis; the identification of long-term and short-term priorities; a six-year investment strategy and implementation plan; a plan for the involvement of disadvantaged and minority groups; and an evaluation plan with regional benchmarks and performance measures.

Of particular interest, the needs examination and resource analysis includes looking at the different “stocks of capital” that the region can draw on, or that should be preserved or developed. These include:

- *livability capital*, meaning the attributes and qualities that make the region a desirable place to live for current and future residents;
- *human capital*, including skills, abilities and capacity of residents and institutions not only for economic opportunities, but also for meeting other types of objectives;

- *social/cultural capital*, including networks and relationships that motivate and connect individuals and institutions to each other and to the community, especially in ways that are conducive to private economic activity;
- *political/intellectual capital*, such as leadership and attributes for cooperation, as well as information and capabilities for consensus and problem-solving; and,
- *financial capital*, including any variety of public or private sources, including state, federal and non-profit sources, that can generate a long-term way to pay for the achievement of regional priorities.

Regional Investment Strategies must also include a “plan of action” which recognizes that different strategies and actions may be needed in rural areas to address the Regional Investment Board’s economic development priorities.

Included in this element are the actions needed by others (local governments, private sector, state agencies, federal government) to address the board’s priorities and achieve its goals. This action plan provides the basis for the utilization of Rural Set Aside funds, which are an integral part of the Regional Investment Fund.

Wisconsin’s Community Facilities Direct Loans and Grants

An example of the community development and capacity-building approach, the Community Facilities Direct Loans and Grants Program makes loans and grants available, through United States Rural Development, to help develop community facilities in regions of up to 20,000 in population.

Priority is given to rural communities with populations of 5,000 or less. Municipalities, Indian tribes, and non-profit organizations are eligible.

Grants of up to 75% of project costs are available, with the requirement that the region have a median household income below the poverty line or below 90% of the state non-metropolitan median household income.

Projects can include public services such as adult and child care centres, public safety facilities and health care facilities.

A Typology of Approaches, Policies and Instruments for Rural and Regional Development

Approach, Policy or Instrument	Description	Examples in Different Jurisdictions
<p>“Traditional” approaches to rural and regional development</p>	<p>Use of primarily economic instruments, including subsidies to industries and firms; job creation activities; assistance for business development; loans and other financial measures to facilitate access to capital; and initiatives to increase investment in targeted regions.</p>	<ul style="list-style-type: none"> ◦ Regional economic development agencies; Labour Market Development Agreements; Older Workers Initiative (Canada) ◦ Northern Trust (British Columbia) ◦ Highlands and Islands Enterprise (Scotland) ◦ Regional Development Agencies; Regional Economic Strategy; Northern Way; Selective Finance for Investment; Regional Venture Capital Funds (United Kingdom) ◦ Forward Wisconsin; Customized Labour Training and Business Employees Skills Training; Tax Incremental Financing (Wisconsin) ◦ Zone-based programs (Oregon)
<p>Innovation, technology and regional clusters</p>	<p>Promotion of innovation as a driver of economic development through various measures: investments in R&D; tax incentives; support for commercialization; the development of regional clusters; and investments in skills and learning.</p>	<ul style="list-style-type: none"> ◦ Canadian Foundation for Innovation; Atlantic Innovation Fund; Community Access Program; Broadband for Rural and Northern Areas (Canada) ◦ ACCORD program (Quebec) ◦ Regional Commercialization Network and MaRS (Ontario) ◦ BC Innovation Council (British Columbia) ◦ Innovation Norway ◦ GTS Institutes and Globalization Council (Denmark)
<p>Community economic development and the social economy</p>	<p>Support for local economic development driven by the work of community-based non-profit organizations.</p>	<ul style="list-style-type: none"> ◦ Community Futures Program; Community Economic Diversification Initiative – Vitality (Canada) ◦ Rural Economic Development (RED) Program (Ontario) ◦ Financial support for community development corporations and for community and volunteer action; Local Investment Fund and Support Fund for Regions in Difficulty (Quebec) ◦ Community Revitalization Tax Exemptions (British Columbia) ◦ Rural Co-operative Development Grants (Wisconsin)

Approach, Policy or Instrument	Description	Examples in Different Jurisdictions
<p>Community development and capacity building</p>	<p>Broad, holistic approach relating to the overall development of communities in their economic, social, environmental and other dimensions.</p> <p>Includes policies and policy instruments to build community capacity, invest in the development of human and social capital, and increase the assets of individuals and communities, with the goal of enhancing their ability to address their own needs and development.</p>	<ul style="list-style-type: none"> ◦ Homelessness Partnering Strategy; Social Development Partnership Program; Individual Development Accounts (Canada) ◦ Business Retention and Expansion (BR+E) Program; Northern Communities Investment Readiness Initiative (Ontario) ◦ Rural Pact (Quebec) ◦ Resilient Communities and Coastal Communities projects (British Columbia) ◦ Community Empowerment Action Plan; English Partnerships: The National Regeneration Agency (United Kingdom) ◦ Rural Development Programme; Growing Community Assets Fund; Investing in Communities Programme; Rural Development Small Award Fund (Scotland) ◦ Village Action Program (Finland) ◦ Rural Community Empowerment program; Empowerment Zones and Enterprise Communities (EZ/EC) program; Rural Champion Communities program; Rural Economic Area Partnership (REAP) Zones program (United States) ◦ Rural Community Action program; Mini-Grants Assistance Program; Community Development Block Grant Program; Community Mapping Grants; Regional Investment Funds; Statewide Infrastructure Inventory; Immediate Opportunities Fund (Alaska) ◦ Main Street Program; Regional Investment Funds (Oregon) ◦ Community Facilities Direct Loans and Grants (Wisconsin)
New Governance Models		
<ul style="list-style-type: none"> ◦ Community Charter; Urban Development Agreements (British Columbia) ◦ LEADER+ network and Local Action Groups (European Union, including United Kingdom, Denmark, Finland and Scotland) ◦ Regional Policy Committee and Rural Policy Program (Finland) ◦ Land and resource ownership system to benefit municipalities (Norway) ◦ Regional Economic Performance Public Service Agreements; Rural Proofing; Concordat; Rural Pathfinders; Rural Strategic Partnerships; Local Area Agreements; Modernising Rural Delivery (United Kingdom) ◦ One-Stop Service Shop (Scotland) ◦ Institute of Regional Development (Iceland) 		

4. Key Learnings from Canadian and International Experience

In both Canada and the other jurisdictions examined in this research study, a wide range of policies and policy instruments have been adopted to promote rural and regional development, as is evident from the innovative measures described in the preceding section and from the more extensive identification of examples of policies and instruments provided in the appendix to this report.

This section of the report summarizes some of the key learnings from the Canadian and international experience and describes some of the characteristics of the approaches being implemented by different countries in response to the perceived need for new ways to foster rural and regional development in today's context.

The Need for New Approaches to Regional Development

There is an increasing recognition in the research literature, looking at the experience of different countries, that the more traditional approaches to regional development, based largely on economic instruments and employing subsidies to sectors and firms, have not been as successful as desired. Many countries have moved to adopt new and different approaches, or are looking to do so.

In the past, regional development policy tended to try to achieve [its] objectives by means of large-scale infrastructure development and by attracting inward investment. Awareness of the need for a new approach is driven by observation that past policies have failed to reduce regional disparities significantly and have not been able to help individual lagging regions to catch up, despite the allocation of significant public funding. The result is under-used economic potential and weakened social cohesion.

Organisation for Economic Co-operation and Development (OECD)

The desire to try new approaches reflects the generally modest results achieved by the more traditional approaches.

It also reflects recognition of the changing nature of the world economy, with increasing globalization, the rapid advance and transformative power of new technologies, the rise of the knowledge economy, and the importance of human capital and resources – people, skills and knowledge.

The move to new approaches is intended as well to help address other social and economic trends and factors including demographics, population ageing, and a smaller labour force in the future, as well as evolving views of the roles and potential of the state.

Finally, there is increasing recognition that today's social and economic challenges are complex and inter-related, and require more holistic and integrated approaches to address them.

While the new approaches being utilized by countries vary greatly, their key characteristics include:

- a focus on places, and on communities, rather than sectors;
- an emphasis on opportunity and local strengths and attributes;
- an emphasis on strategic investments, rather than subsidies;
- the use of a variety of policy instruments, as part of a toolbox or toolkit of interventions, measures and supports; and,
- new governance models involving different levels of government and other stakeholders and partners.

At the same time, it should be noted that these new approaches may well incorporate some of the policy instruments employed in the more “traditional” approaches to regional development, while placing them in a broader or different policy context.

The Need for a New Approach in Rural Policy

These trends in regional development policy are reflected as well in rural policy changes – described by the OECD as a “new rural paradigm.”¹²

In part, this has been brought about by the declining weight of agriculture in rural economies and concerns over the effectiveness of agricultural policies, especially agricultural subsidies. As well, many rural communities that have been heavily dependent on industries such as mining and forestry must now find new economic alternatives. Facing out-migration, rural communities are seeing their populations shrink, followed by the loss of essential services, in turn forcing more people to leave and thereby creating a vicious circle.¹³

The shift in rural policy approach has also been brought about by a number of other important factors and considerations, including: globalization; technological advances; and an increased focus on rural assets, resources, knowledge, and “amenities” (physical and cultural) as a foundation for economic development.

As a result, according to the OECD, we have seen the beginning of “ a paradigm shift from a top-down, subsidy-based strategy to reduce regional disparities into a much broader family of policies designed to improve regional competitiveness. ...a multi-sectoral, place-based approach that aims to identify and exploit the varied development potential of rural areas.”¹⁴

¹² Organisation for Co-operation and Development (OECD). 2006. *The New Rural Paradigm: Policies and Governance*.

¹³ Bill Reimer. 2004. *The New Rural Economy: What Have We Learned?* International Rural Network. Paper and PowerPoint slides published in Conference Proceedings CD. www.international-rural-network.org.

¹⁴ *The New Rural Paradigm: Policies and Governance*.

Rural policy is thus becoming less “defensive,” i.e. less focused on limiting decline, and is concentrating more on seizing new opportunities and exploiting local resources, strengths and particularities.¹⁵

Characteristics of the “New Rural Paradigm”

- * *A shift from an approach of subsidising declining sectors to one based on strategic investments to develop an area’s most productive activities;*
- * *A focus on local specificities, including amenities (environmental or cultural) or local products, to generate new competitive advantages;*
- * *More attention to quasi public goods or “framework conditions” which support enterprise indirectly;*
- * *A shift from a sectoral to a territorial policy approach, including attempts to integrate the various sectoral policies at regional and local levels and to improve co-ordination of sectoral policies at the central government level;*
- * *Decentralisation of policy administration and, within limits, policy design to those levels; and*
- * *Increased use of partnerships in the development and implementation of local and regional policies.*

Organisation for Economic Co-operation and Development (OECD)
The New Rural Paradigm: Policies and Governance

Recent research has also noted the importance of linkages between rural and urban communities.¹⁶

The trends in the growth of metropolitan areas, big cities and the urban system are seen as having substantial implications for the future of rural areas and communities.

Rural areas sustain urban areas in many ways, for example, through provision of natural resources that are the foundation of urban growth, and through the availability of green space and recreational opportunities for urban populations. The rural/urban relationship should also be seen an interdependent one – urban areas provide markets for rural goods, as well as technical, financial and cultural supports.

¹⁵ *Ibid.*

¹⁶ Canadian Policy Research Networks (CPRN). 2005. *Summary Report. Building, Connecting and Sharing Knowledge: A Dialogue on Linkages between Communities.*

Summary of Lessons Learned from Canadian and International Experience

Some of the key learnings about rural and regional development policies from the Canadian and international experience are summarized below.

A More Holistic, Community- and Place-Based Approach is Required

Traditional instruments and approaches to regional development, such as industry subsidies and support for economic development, job creation and enterprise development, are insufficient for meeting today's challenges.

Traditional approaches and instruments must be combined with more holistic and place-based approaches and initiatives that involve the local community and citizens, and that help create and build on local assets and resources, while using partnerships to bring other resources to bear.

Examples of such approaches include Scotland's *Investing in Communities Fund* and Alaska's *Community Development Block Grants* program.

Strategic Investments Can Make a Difference

Rather than subsidies to industry sectors or firms, regional and rural policy should be based on strategic investments – in people, in communities, in local resources and assets, and in technology – seeking to stimulate economic development by building on local strengths and opportunities.

A Range of Policy Instruments and Measures is Needed

A strategic investment approach means that a wide variety of policy instruments will need to be brought into play, including: financial assistance for developmental projects; seed monies; support for community development and capacity building; resources for consultation, planning and community empowerment and involvement; support for innovation and for new technologies; and expert and technical assistance.

Government Financial Assistance Measures Must be Carefully Designed

While government financial support – in various forms, including grants and contributions as well as loans and loan guarantees – may be an appropriate public policy response to promote rural and regional development, financial instruments, especially for support to private firms and businesses, must be well designed. Care must be taken to avoid displacing private financing, supporting inefficient enterprises with public funds, discouraging adaptation by industries, and the “deadweight” costs of funding initiatives or enterprises that would have gone ahead without public financing.

Partnership Is Key

More holistic, place-based policies for regional and rural development require the development of effective partnerships – involving government, the local community, the private and voluntary sectors, business, labour, educational institutions and others – to coordinate efforts and bring different resources to bear.

Examples of partnership approaches include the United Kingdom’s *Local Strategic Partnerships* initiative and British Columbia’s *Resilient Communities* project.

Flexibility and Local Leadership and Authority Are Critical

The trend to more holistic and place-based policies requires increased flexibility and local leadership in designing and delivering policies and programs.

“The role of policy makers,” concluded the OECD in its 2005 study of rural policy approaches, “is to design policy that accommodates the varying circumstances across rural areas, avoiding a one size fits all approach for development. Experience has shown us that one common element among rural areas that thrive is their ability to utilize and promote endogenous attributes and comparative advantages. The challenge for policy makers and delivery bodies is to develop less prescriptive approaches, allowing rural communities and businesses the flexibility to identify and respond to their local needs.”¹⁷

Examples are Scotland’s *Village Action* program and the United States’ *Rural Community Empowerment* program.

Governance Matters, and New Modes of Governance Are Required

New policy approaches to regional and rural development require new governance structures and methods. Indeed, new and effective governance modes are inherent in the new, more holistic, place-based and community-driven approaches being implemented by countries.

Governance in this context will require innovative and active consultation and engagement mechanisms to involve the local community and citizens; effective coordination and strategic planning; new partnership arrangements to bring together the different actors including the local community, the private and non-profit sectors, government at all levels, educational institutions, and others; new accountability regimes; and new delivery systems to accommodate the different players and agencies involved and better link services to local needs and contexts.

Clear and realistic goals and objectives and ongoing feedback, monitoring, results measurement, evaluation and adjustment, will also be fundamental.

Examples of new governance models are the European Union’s *LEADER+* approach and Scotland’s *One-Stop Service Shops*.

¹⁷ *The New Rural Paradigm. Policies and Governance.*

Community-Based Initiatives Require Special Care

Given the emphasis being placed on more holistic, community-based and community-led approaches, a number of additional lessons learned have also been identified in the research literature, based on the experience of different jurisdictions.¹⁸

These learnings include the need to “go slow and let the community lead,” and the importance of ensuring inclusive engagement processes to “hear the soft voices” of individuals and groups who may not normally be heard, such as youth and disadvantaged groups.

They also point to the need to invest in capacity building at all levels of the community and stages of the development process, the importance of showing tangible results early in the process, and the need to “anticipate turbulence along the way.”

Finally, experience recognizes that development rarely follows a “straight line,” and that there is a need for committed effort over time, as well as for skilful and thoughtful leadership.

5. Conclusion

About 4.6 million Canadians live in small towns and rural areas outside the ambit of large urban centres. Most are losing population as young people migrate to the cities. As population shrinks, it becomes harder to sustain public services. Schools, hospitals and banks tend to consolidate in one regional centre, forcing people to commute long distances. So when the local mill or factory closes down in these sparsely populated areas the community is hit by a deep sense of foreboding.

In response, governments have spent fortunes on training and adjustment programs [but]... the evaluations have been very mixed, in part because the emphasis has been on passive income support.

Clearly, federal and provincial governments need new tools and new conceptions of their role in economic renewal. The most promising ones rely on the power of bottom-up initiatives where the community develops a strategy for local development.

Judith Maxwell, Past President, CPRN
“When jobs vanish, communities don’t have to die”
Globe and Mail, December 3, 2007

This CPRN research study has examined a wide variety of policies and policy instruments to promote rural and regional development, in Canada and internationally.

¹⁸ Eric Leviten-Reid. 2007. *Investing in Community Capacity Building*. Caledon Institute of Social Policy.

It has identified several categories of broad policy approaches, and given examples of innovative measures that have been undertaken by different jurisdictions and that can be seen as illustrative of one or more of these categories.

Some of these may well be of interest to Newfoundland and Labrador in considering how best to address the province's current and future challenges.

The essential message that can be drawn from the research is that rural and regional development policies and public policy instruments must increasingly take a more holistic, community-centred, partnership approach, and make strategic investments rather than remedial interventions, if they are to be effective.

A related key message is that a variety of policies and instruments will be required, ranging from more traditional economic instruments to innovation- and technology-based strategies and initiatives, to support for community development and capacity building.

It is hoped that the review of policies and policy instruments presented in this research report by CPRN will be helpful in encouraging public discussion in Newfoundland and Labrador about these issues and the best way to move forward.

While this CPRN study provides a broad overview of rural and regional development policies and programs, further analytical work in this area could include more detailed examination of the characteristics and success factors associated with the different policy approaches as well as key issues and challenges in their implementation, and more in-depth analysis of specific initiatives and innovations in different jurisdictions that might be of particular interest to Newfoundland and Labrador.

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Policies and Public Policy Instruments in Canada and Internationally

Canada – Government of Canada

Industry Canada

www.ic.gc.ca/ic_wp-pa.htm

www.ic.gc.ca/epic/site/ic1.nsf/en/h_00168e.html

Regional development agencies

www.team.gc.ca/english/programs/agencies.asp

HRSDC

www.hrsdc.gc.ca/en/home.shtml

www.hrsdc.gc.ca/en/corporate/policy_programs/index.shtml

www.hrsdc.gc.ca/en/publications_resources/evaluation/index_2.shtml

Target Provincial Jurisdictions

British Columbia

Government of British Columbia

www.gov.bc.ca/

Northern Development Initiative Trust

www.lcs.gov.bc.ca/BRDO/boardView.asp?Board=Northern%20Development%20Initiative%20Trust

www.nditrust.ca/ndit/

Invest British Columbia.

www.investbc.com/

www.investbc.com/partnerships.htm

www.ecdev.gov.bc.ca/ProgramsAndServices/Canada-BCInfrastructureProgram/

Ministry of Economic Development

www.gov.bc.ca/ecdev/

Community and regional profiles

http://investbc.gov.bc.ca/CommunityProfiles/Display/bc_communities.aspx

Jobs and the economy

www.gov.bc.ca/themes/jobs_economy/economic_development.html

Community development

<http://datafind.gov.bc.ca/query.html?qt=community+development&Submit.x=18&Submit.y=13>

www.cserv.gov.bc.ca/lgd/gov_structure/community_development_index.htm

www.em.gov.bc.ca/Publicinfo/Library/resources/commdev.htm

www.communityfutures.ca/provincial/bc/about/index.html

www.communityfutures.ca/provincial/bc/programs/#program0

Community Charter

www.cserv.gov.bc.ca/lgd/gov_structure/community_charter/index.htm

Local Government department

www.cserv.gov.bc.ca/lgd/index.htm

BC Resort Municipality Initiative

www.cserv.gov.bc.ca/lgd/gov_structure/resort_municipality/index.htm

Ministry of Community Services

www.gov.bc.ca/cserv/

www.cserv.gov.bc.ca/community_partnerships/community_transition.htm

www.corporate.gov.bc.ca//SP_brochures/CSERV_brochure.pdf

www.bcinnovationcouncil.com/programs/regional_development.php

University of British Columbia, The Resilient Community: Social Capital and Economic Change in British Columbia's Coastal Communities, www.resilientcommunities.ca/

Ontario

www.gov.on.ca/

Ontario Commercialization Network. MaRS.

www.marsdd.com/Recommended-Resources/Regional-development-centres.html

www.omafra.gov.on.ca/english/index.html

www.omafra.gov.on.ca/english/infores.html

Rural development

www.omafra.gov.on.ca/english/rural/rural_plan/downloads/rural_plan.pdf

www.omafra.gov.on.ca/english/rural/ruralplan07/rp07-intro.htm

www.omafra.gov.on.ca/english/rural/indregionalstaff.htm

www.omafra.gov.on.ca/english/rural/ind_rural_funding.htm

Other programs and initiatives

www.reddi.gov.on.ca/firstimpressions.htm

www.comrif.ca/

www.tourism.gov.on.ca/english/IDO/index.html

www.mndm.gov.on.ca/mndm/nordev/redb/programs_services/program_services_e.asp

www.mndm.gov.on.ca/mndm/nordev/redb/Programs_services/community_asb_e.asp

www.mndm.gov.on.ca/mndm/nordev/redb/Programs_services/go_north_e.asp

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Government of Quebec

www.gouv.qc.ca/portail/quebec/pgs/commun?lang=en

Regional development

www.mdeie.gouv.qc.ca/page/web/portail/en/developpementRegional/

www.mdeie.gouv.qc.ca/publications/pdf/poldevcom/aq_sommaire_ang.pdf

www.mdeie.gouv.qc.ca/publications/pdf/ministere/strategie_innovation_sommaire_EN.pdf

Government programs of financial assistance and tax measures

www.mdeie.gouv.qc.ca/page/web/portail/en/ministere/nav/programs.html?&iddoc=43552

www.mdeie.gouv.qc.ca/page/web/portail/en/developpementRegional/nav/local.html

www.mdeie.gouv.qc.ca/page/web/portail/en/developpementRegional/service.prt?svcid=PAGE_GENERIQUE_CATEGORIES18&iddoc=41475

ACCORD

www.mdeie.gouv.qc.ca/page/web/portail/en/developpementRegional/nav/accord.html

Other programs and initiatives

www.mamr.gouv.qc.ca/regions/regi_prog_fstd.asp

Rural Pact

www.mamr.gouv.qc.ca/publications/regions/general/pacte_rural.pdf

National Policy on Rurality

www.mamr.gouv.qc.ca//publications/regions/en/ruralite_politique_anglais.pdf

Sustainable Rural Communities: A brief overview of issues and some avenues of action

www.mamr.gouv.qc.ca/publications/obse_muni/rural_communities.pdf

Community Action

www.mess.gouv.qc.ca/saca/action-communautaire/index_en.asp

www.mess.gouv.qc.ca/saca/action-communautaire/politique-reconnaissance-soutien_en.asp

Community action: a crucial contribution to the exercise of citizenship and the social development of Québec—Summary

www.mess.gouv.qc.ca/saca/soutien-financier/mission-globale/index_en.asp

Other Countries

Denmark

Government

www.denmark.dk/en

www.ecodevdirectory.com/Europe/scandinavian.htm

www.oecd.org/denmark

www.globalisation.dk/multimedia/Pixi_UK_web_endelig1.pdf

www.globalisation.dk/multimedia/Globalisering1.pdf

www.im.dk/publikationer/government_reform_in_brief/index.htm

www.deaca.dk/danishcouncil

www.globalisation.dk/multimedia/Factsheet_entrepreneurship.pdf

Innovation

www.globalisation.dk/multimedia/Factsheet_innovation1.pdf

www.denmark.dk/en/menu/AboutDenmark/GovernmentPolitics/PublicAdministration/MunicipalAdministration

www.oem.dk/sw184.asp

www.bm.dk/sw476.asp

www.im.dk/im/site.aspx?p=34

Finland

Government

www.government.fi/ministeriot/en.jsp

www.government.fi/tietoarkisto/politiikkaohjelmat/tyollisyysohjelma/en.jsp

www.government.fi/tietoarkisto/politiikkaohjelmat/yrittajyys/en.jsp

Iceland

Government

www.government.is/

www.iceland.org/

<http://eng.forsaetisraduneyti.is/news-and-articles/nr/2722>

<http://eng.felagsmalaraduneyti.is/>

www.ministryoffinance.is/media/Fjarlog/Highlights-of-the-2007-Budget-Proposal.pdf

<http://eng.idnadarraduneyti.is/minister/speeches/nr/1232>

<http://eng.idnadarraduneyti.is/laws-and-regulations/nr/1167>

<http://eng.idnadarraduneyti.is/minister/speeches/nr/1701>

<http://eng.forsaetisraduneyti.is/Publications/nr/1276>

Norway

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Government

www.regjeringen.no/en/topics.html?id=208

www.regjeringen.no/en.html?id=4

www.oecd.org/document/17/0,2340,en_2649_34569_37971921_1_1_1_1,00.html

www.oecd.org/dataoecd/52/55/38001508.pdf

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Knowledge economy

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Municipalities and regions

www.regjeringen.no/en/topics/Municipalities-and-regions.html?id=921

www.regjeringen.no/en/topics/The-economy.html?id=931

www.regjeringen.no/en/search.html?epslanguage=EN-GB&text=regional+and+rural+development&tema=Norsk+%c3%b8konomi

Economic policy

www.regjeringen.no/en/dep/fin/Selected-topics/Economic-Policy.html?id=1438

United Kingdom (UK)

UK Regional Development Department

www.drdni.gov.uk/

England's Regional Development Agencies

www.englishsrdas.com/home.aspx

www.englishsrdas.com/filestore/pdf/106293_RT1_SinPgs_AW14.pdf

www.dti.gov.uk/regional/index.html

www.englishsrdas.com/filestore/pdf/Local_Regional.pdf

www.ied.co.uk/Index.asp?cookies=True

English Partnerships

www.englishpartnerships.co.uk/home.htm

www.englishpartnerships.co.uk/millcomms.htm

Community development

www.communities.gov.uk/corporate/

Action Plan for Community Empowerment

www.communities.gov.uk/documents/communities/pdf/actionplan

www.communities.gov.uk/documents/communities/doc/guideneighbourhoodsummary

Strong and prosperous communities – the local government white paper.

www.communities.gov.uk/localgovernment/currentagenda/strongprosperous/

www.nwda.co.uk/

Scotland

Rural development

www.scotland.gov.uk/Topics/Rural

www.scotland.gov.uk/Topics/Rural/rural-policy

www.scotland.gov.uk/Topics/Rural/rural-policy/16780/6554/Q/ViewArchived/On

www.scotland.gov.uk/Resource/Doc/1113/0018125.pdf

www.scotland.gov.uk/Topics/Rural/rural-policy/UHIpresentation#top

www.scotland.gov.uk/Resource/Doc/113785/0041787.pdf

www.scotland.gov.uk/Topics/Rural/rural-policy/16780/6508

www.scotland.gov.uk/Topics/Rural/RDR

Highlands and Islands Enterprise

www.hie.co.uk/

www.hie.co.uk/growing-community-assets.html

www.hie.co.uk/tht-challenge

www.hie.co.uk/community-case-studies.html

www.scottish-nterprise.com/publications/rural_futures_301104.ppt

United States of America

Government (federal)

www.hud.gov/offices/cpd/

www.rurdev.usda.gov/rbs/index.html

Community Development programs – USA Department of Agriculture

<http://ocdweb.sc.egov.usda.gov/info.asp?cid=3>

Alaska

www.state.ak.us/

www.state.ak.us/local/communit.shtml

www.dced.state.ak.us/dca/commdb/CF_COMDB.htm

Champion Communities

<http://commerce.state.ak.us/dca/edrg/pub/EDRG2006.pdf>

<http://ocdweb.sc.egov.usda.gov/info.asp?cid=16>

<http://commerce.state.ak.us/dca/edrg/EDRG.htm>

Financial assistance programs

<http://commerce.state.ak.us/dca/FinAid.htm>

Oregon

Government

www.oregon.gov/

<http://econ.oregon.gov/ECDD/index.shtml>

www.oregoninc.org/2007InnoIndexW.pdf

Assistance for business

www.oregon4biz.com/smbiz.htm

<http://econ.oregon.gov/ECDD/CD/CDBG/07CDBGguidelines.pdf>

<http://governor.oregon.gov/Gov/ecodevo/intro.shtml>

<http://econ.oregon.gov/ECDD/finance.shtml>

<http://econ.oregon.gov/ECDD/thezones/index.shtml>

<http://econ.oregon.gov/ECDD/finance.shtml#com>

www.oregon4biz.com/enterthezones/

Wisconsin

www.wisconsin.gov/state/home/app?COMMAND=gov.wi.state.cpp.command.LoadPortalHome

Rural development

www.rurdev.usda.gov/wi/

Programs

www.rurdev.usda.gov/wi/programs/index.htm

Empowerment Zones and Enterprise Communities

www.rurdev.usda.gov/wi/programs/ocd/empower.htm

Community development

www.rurdev.usda.gov/wi/links/comdev.htm

Forward Wisconsin

<http://forwardwi.com/section4/About-Forward-Wisconsin>

State programs

www.wisconsin.gov/state/core/wisconsin_business_incentives.html

www.commerce.state.wi.us/BD/BD-FinAssis.html

www.rurdev.usda.gov/wi/programs/rbs/index.htm

www.rurdev.usda.gov/wi/programs/ocd/index.htm

Appendix 1. Canadian and International Policies and Policy Instruments for Rural and Regional Development

This appendix identifies policies and policy instruments in support of rural and regional development that have been implemented in the different jurisdictions examined by CPRN.

The intention is not to provide a comprehensive inventory of all such policies and instruments for each jurisdiction, but to present a number of illustrative examples that reflect different policy and strategic approaches.

The appendix does not include the initiatives of various jurisdictions described in the body of the research report in the section entitled “Innovative policies and instruments to promote rural and regional development.”

Government of Canada

The Government of Canada has, over the years, been active in introducing and testing innovative approaches to rural and regional policy, community development, and social policy more generally, ranging from initiatives such as the Company of Young Canadians and the Local Initiatives Program (LIP) in the 1960s and 1970s to more recent initiatives such as individual development and learning accounts.

The Government currently has a wide variety of policies and policy instruments to support regional and rural development, including Regional Development Agencies, federal/provincial/territorial programs and instruments, and programs to foster innovation and support small and medium-sized enterprises (SMEs) and entrepreneurship.

The measures outlined below include examples of traditional policies based on the use of primarily economic instruments, as well as examples of some of the other policy approaches described in the research paper.

Regional Development Agencies

Regional Development Agencies provide programs aimed at improving the economy of Canadian communities. These agencies deliver national programs and also offer a variety of programs and services specifically designed to address the situation and needs of their region. Some examples of these are outlined below, for each agency.

In the past, Regional Development Agencies have generally tended to adopt a more traditional approach to regional development, using economic and enterprise development instruments. They are, however, increasingly using a variety of policy approaches, including support for innovation and commercialization, community economic development, the social economy, and community capacity building.

Atlantic Canada Opportunities Agency (ACOA)

The Atlantic Canada Opportunities Agency (ACOA) delivers programs to assist in improving the economy of Atlantic Canadian communities.

The Business Development program is designed to help set up, expand or modernize businesses. It provides interest-free, unsecured loans to small and medium-sized businesses in Atlantic Canada.

Eligible activities include business studies, capital investment, training, marketing, quality assurance, and not-for-profit activities that support business in the region.

Assistance is provided in the form of interest-free loans, for up to 50% or 75% of project costs, depending on the nature of the project.

The Seed Capital program provides loans to start up, expand or improve a small business, as well as acquire business skills training. A maximum of \$20,000 is available per applicant in the form of a repayable, unsecured personal loan with flexible interest and repayment terms. A maximum of \$2,000 is available per applicant for specialized training and business counselling.

Community Business Development Corporations (CBDCs) are not-for-profit corporations that receive funding to offer both technical and financial services for small businesses in rural Atlantic Canada.

The Innovative Communities Fund (ICF) invests in strategic projects to help build the economies of Atlantic Canada's communities. The program is funded with \$175 million over five years. Assistance is non-repayable.

The Municipal Rural Infrastructure Fund (MRIF) is a \$1 billion national program that supports smaller municipal infrastructure projects to improve the quality of life, sustainable development and economic opportunities in smaller Atlantic communities. Federal assistance is normally for one-third of project costs.

The Atlantic Innovation Fund (AIF) is designed to assist in moving the research and development taking place in Atlantic Canada out of the labs and into the marketplace by encouraging partnerships between businesses and research institutions. The Fund focuses on R&D projects that are explicitly linked to the development and commercialization of technology-based products, processes or services.

Through a series of competitive funding rounds, a total of 161 projects have been approved since the initiative was launched in 2001, committing \$440 million in AIF funding towards projects valued at over \$1 billion. The Fund can provide assistance of up to 80% of total eligible costs for non-commercial projects and up to 75% of total eligible costs for commercial, private sector projects. Contributions to the private sector are conditionally repayable based on the commercial success of a project. Contributions to non-commercial organizations, such as research institutes and universities, are non-repayable.

The formative evaluation of the Fund concluded that it was a good model to address a real need, that it was successful in leveraging \$1.14 for every \$1 invested, and that it was helping increase R&D capacity and activity in the region as well as commercialization.

Western Economic Diversification Canada

Western Economic Diversification Canada (WD) works to strengthen Western Canada's economy and advance the interests of the West in national economic policy with programs and services that support three strategic directions: Innovation, Entrepreneurship, and Sustainable Communities.

A majority of WD's grants and contributions are delivered in partnership with other levels of government.

Western Economic Partnership Agreements (WEPAs) are multi-year funding commitments to strengthen economic activity and improve quality of life in western communities. WEPAs are cost-shared equally with each of the four western provinces, with a total of \$200 million allocated to initiatives identified as federal and provincial priorities.

An example is the Canada-Saskatchewan Northern Development Agreement, a five-year \$20 million agreement to help northern Canadians improve regional economic infrastructure, employment prospects, and educational and business expertise. It also seeks to increase research and industry innovation, and improve the region's ability to attract business investment.

Canada Foundation for Innovation Support Program reimburses qualified western research institutions up to 90 per cent of eligible direct costs incurred, to a maximum of \$20,000, to assist with the cost of preparing a Canada Foundation for Innovation (CFI) proposal (see below for more information on CFI).

Western Diversification Program (WDP) invests in projects that support WD's strategic priorities of innovation, entrepreneurship and community economic development, including a number of partnership programs undertaken with other levels of government.

Loan and Investment Program allows financial institutions to supply loan capital to clients who would otherwise have difficulty securing loans. Under this program, WD contributes funds to a "loan loss reserve," which partly offsets higher risks associated with eligible loans to small businesses. Eligible clients apply directly to the financial institutions partnered with WD under this program.

Western Canada Business Service Network is a group of several independent organizations that receive funding from WD to provide a range of services to help create and build small businesses across the West.

Canada Economic Development for Quebec Regions

Canada Economic Development for Quebec Regions supports the development of the economic potential of Quebec regions and the creation of sustainable employment.

The objective of the Economic Development Agency of Canada for the Regions of Quebec is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate.

While offering support for economic and enterprise development, the Agency is increasingly providing support for community economic development, the social economy, and community development and community capacity building more broadly.

The Community Diversification program is intended to help Quebec regions maintain and develop their economic activity base. The program, in effect from April 1, 2007, to March 31, 2012, has three components. Community Mobilization is about fostering community capacity building by supporting community organizations to mobilize and work together to address local or regional development issues. Community Development encourages entrepreneurship and seeks to increase the number of new and sustainable enterprises. Attractive Communities seeks to increase communities' drawing power to help them attract and retain tourists and qualified work force.

The Community Economic Diversification Initiative – Vitality (CEDI-Vitality) was established to support communities with slow economic growth in seven regions and 21 Quebec regional county municipalities. \$85 million is allocated over four years for this measure, until September 25, 2010. Assistance for not-for-profit organizations for projects of a non-commercial nature is usually non-repayable. Assistance for enterprises is repayable.

The Initiative has three objectives: diversify communities' economic base, reducing the dependency of communities whose economies are based on a single industry or sector, or on natural resource development; create sustainable employment; and decrease population exodus.

The Business and Regional Growth program seeks to reinforce conditions conducive to the sustainable development of regions and SMEs. This program is in effect from April 1, 2007, to March 31, 2012, and is aimed at: helping enterprises improve their performance, become more competitive and engage in more innovation to facilitate their sustainable development; supporting the transfer of technology and research outputs to enterprises; and creating the right conditions to attract foreign investment and international organizations. Financial assistance is in the form of grants and contributions.

Federal Economic Development Initiative for Northern Ontario

The Federal Economic Development Initiative for Northern Ontario (FedNor) promotes economic growth, diversification, job creation, and sustainable, self-reliant communities in Northern Ontario by working with community partners and other organizations to improve small

business access to capital, information, and markets. FedNor provides programs that focus on areas such as innovation, trade, and community partnerships.

FedNor's Northern Ontario Development Program (NODP) promotes economic growth throughout a large and diverse geographic area – stretching from Muskoka Lakes to James Bay, and from the Manitoba border to western Quebec. Program contributions are available to support projects in six areas: community economic development; innovation; information and communications technology; trade and tourism; human capital; and business and financing support. Current annual budget is \$36 million.

The Eastern Ontario Development Program promotes socio-economic development in Eastern Ontario, aimed at fostering a competitive and diversified regional economy and contributing to the successful development of business and job opportunities, as well as sustainable self-reliant communities. The program targets five priority areas: business and community development; access to capital; skills development; retention and attraction to youth; and technological enhancement. Current annual budget allocation is \$10 million.

Community Futures (CF) Program

The Community Futures (CF) Program was established to support community economic development and help build the capacity of communities to realize their potential. The fundamental orientation of the CF Program is to help communities develop and implement “local solutions to local problems.”

The broad objectives of the program are to promote economic stability, growth and job creation; diversified and competitive local rural economies; and sustainable communities.

Community Futures is a national program that is delivered through Regional Development Agencies.

The program provides financial support to Community Futures Organizations (CFOs) that, in collaboration with other partners and stakeholders, assess their community's situation and develop strategies to meet its needs, provide support to small and medium-sized enterprises (SMEs) and social enterprises, and undertake community economic development initiatives.

Local CFOs in Atlantic Canada and parts of Quebec are Community Business Development Corporations (CBDCs); in other parts of Canada, they are Community Futures Development Corporations (CFDCs); and Community Economic Development Corporations (CEDCs) in disadvantaged urban areas in Quebec. Support is also provided for regional, provincial, and national CF associations.

Local CFOs may also provide services to clients in non-metropolitan areas adjacent to their normal territory that are not served by another CFO.

The investment funds of local CFOs must be used to develop and diversify the local economy by assisting entrepreneurs, through repayable financial assistance in the form of loans, loan guarantees, or equity, to create new SMEs or social enterprises or to assist existing SMEs or social enterprises to stabilize or expand.

Funding is also provided for Investment Fund (IF) Pools, which are incorporated, non-profit organizations that pool cash reserves from the investment funds of CFOs not immediately required locally.

CFO activities include:

- Supporting strategic community planning and socio-economic development by working with their communities to assess local problems, establish objectives, plan and implement strategies to develop human capital, institutional and physical infrastructure, entrepreneurship, and employment.
- Providing business services by delivering a range of business, counselling and information services to SMEs and social enterprises.
- Providing access to capital to assist existing SMEs and social enterprises or to help entrepreneurs to create new SMEs and social enterprises.
- Supporting community-based projects and special initiatives by collaborating with other partners in the public sector and civil society to implement strategic community projects or deliver special initiatives targeted at communities.

Projects supported vary considerably from one community to another and include a wide range of local initiatives in areas such as tourism, entrepreneurship, economic opportunities for specific client groups, or projects which respond to specific challenges facing a community, such as downturns in important industries.

Funding support is available at different levels for different kinds of organizations and activities:

- Contributions to incorporated non-profit organizations to do planning and other activities to set up a new CFO may not normally exceed \$150,000 for the duration of the planning phase.
- Contributions to local CFOs (CFDCs, CBDCs, and CEDCs) may not normally exceed \$400,000 per year to support operating costs. This maximum may be increased by up to \$40,000 per year for CFOs operating in remote areas to address the additional costs of travel in these areas.
- Contributions to local CFOs in support of costs associated with the implementation of community-based projects and special initiatives do not normally exceed \$200,000 per year.
 - The maximum total amount of contributions that may be paid to local CFOs for an Investment Fund over the duration of its existence is \$6 million.
 - Contributions to regional, provincial, and national CF associations may not normally exceed \$650,000 per year to support operating costs.

Canada Foundation for Innovation (CFI)

The Canada Foundation for Innovation (CFI) is an independent corporation created by the Government of Canada to fund research infrastructure. The CFI's mandate is to strengthen the capacity of Canadian universities, colleges, research hospitals, and non-profit research institutions to carry out world-class research and technology development that benefits Canadians.

Since its creation in 1997, the CFI has committed almost \$3.8 billion in support of 5,551 projects at 128 research institutions in 64 municipalities across Canada. The CFI normally funds up to 40 percent of a project's infrastructure costs which are invested in partnership with eligible institutions and their funding partners from the public, private, and voluntary sectors, who provide the remainder.

A 2003 evaluation of some of the major CFI funding programs concluded that overall, the programs had had marked positive impacts, and in particular, the projects enabled by the CFI had contributed significantly to the creation of national and especially regional "knowledge clusters" (BearingPoint, Evaluation of the Innovation Fund, the University Research Development Fund and the College Research Development Fund. Final Report, May 2003).

Broadband for Rural and Northern Development Pilot Program

The Broadband for Rural and Northern Development Pilot Program was created to assist communities without broadband access, in particular, in First Nations, northern and rural communities. Broadband access is considered necessary in order to provide services in the areas of health and education, as well as to augment economic opportunities in these communities.

The Broadband Pilot Program conducted two rounds of business plan development funding, followed by two rounds of implementation funding, each with a competitive call by Industry Canada for the submission of applications from interested communities throughout Canada.

Under the two rounds of business plan development funding, 154 projects, representing approximately 2,285 communities, were selected to receive up to \$30,000 each to develop business plans that outlined their vision for the application of high-capacity Internet services. In total, \$4.2 million was invested in the development of business plans.

Under the two rounds of implementation funds, 63 projects, representing approximately 900 communities, were selected to negotiate funding agreements with Industry Canada to deploy broadband services to their communities for a total investment of \$80 million.

No additional rounds of funding are planned under the Broadband Pilot Program at present.

Community Access Program (CAP)

The objective of the Community Access Program (CAP) is to provide affordable access to the Internet in places like schools, community centres and libraries for people who might not have computers or Internet access in their homes or workplaces.

Labour Market Development Agreements

The Government of Canada has entered into agreements with the provinces and territories to support labour market development, skills development and employment measures for unemployed and underemployed Canadians, and, in certain circumstances, employed Canadians.

Funding for these activities is provided under the Employment Insurance (EI) Program.

Measures funded under the agreements include job creation partnerships, labour market partnerships, and skills development.

Targeted Initiative for Older Workers

The Government of Canada is making available up to \$70 million for the Targeted Initiative for Older Workers, a two-year initiative to help unemployed older workers in communities experiencing ongoing high unemployment and/or with a high reliance on a single industry affected by downsizing. Projects to be supported must be designed to improve the employability of participants from 55 to 64 years of age, and assist them through activities such as prior learning assessment, skills upgrading, and experience in new fields of work.

The Targeted Initiative for Older Workers is cost-shared between the Government of Canada and provinces and territories. Participating provinces and territories are responsible for targeting programming and the funding of projects.

Homelessness Initiatives

The new Homelessness Partnering Strategy (HPS) was announced by the federal government on December 19, 2006. The HPS replaces the National Homelessness Initiative, which expired on March 31, 2007. The new Strategy provides \$269.6 million over two years to prevent and reduce homelessness by helping to establish structures and supports needed to move homeless and at-risk individuals towards self-sufficiency and full participation in Canadian society.

Although the Strategy has a primarily urban focus, it does have a regional component, and is illustrative of a policy instrument that is community-based, seeks to encourage locally-driven, bottom-up initiatives, and relies heavily on partnerships among governments, communities, and non-profit organizations.

By working with communities, provinces and territories, partners in the private and not-for-profit sectors and Aboriginal partners, the Strategy encourages an alignment of federal/provincial/

territorial investments to help homeless individuals and families to access the range of services and programs that they need to move towards self-sufficiency.

Under the HPS, the federal government offers the provinces and territories the opportunity to enter into bilateral partnerships to help communities make strategic investments that will best serve their homeless populations.

Under the Strategy, the Homelessness Partnership Initiative (HPI) seeks to provide individuals with transitional and supportive housing, followed by other supports to improve health, parenting, education, and employment. Two of its components are:

- Designated Communities: Communities that have been identified as having a significant problem with homelessness are able to access multi-year funding under this component that must be matched from other sources.
- Outreach Communities: Under this component, smaller cities, rural and outlying areas, including the North, are eligible for funding to support single projects to fill specific gaps in rural infrastructure in order to address homelessness.

Social Development Partnerships Program

The Social Development Partnerships Program (SDPP) is a national funding program that provides grants and contributions to non-profit sector organizations that are concerned with advancing the social development and inclusion needs of persons with disabilities, children and their families, and other vulnerable or excluded populations.

The SDPP works to increase the effectiveness of the non-profit sector, and to improve the quality and responsiveness of governments' social policies and programs by fostering partnerships, supporting knowledge development and dissemination, and strengthening organizational capacity.

The SDPP currently funds activities within three streams of activities: Disability; Early Learning and Child Care; and Social Inclusion.

Activities eligible for contribution funding include: generating knowledge on emerging social issues; disseminating information and knowledge and increasing public awareness; establishing and maintaining sustainable partnerships, alliances, networks and collaborations; and participating in public dialogue/consultations.

Grants may be provided to strengthen the capacity of national non-profit organizations in the areas of governance, policy and program development, community outreach, organizational administration and management. Grant funding is available for up to a maximum of five years.

Asset-Building Initiatives

The Government of Canada has supported pilot projects undertaken by Social Development and Enterprise Innovations (SEDI), a non-profit organization established to develop innovative policies to help people in economic difficulty.

From 2001, under the LearnSave initiative, SEDI has offered over 3,500 low-income earners the chance to boost their savings so they could go back to school, obtain skills training, or start a new small business. LearnSave is the largest project of its kind in the world. It is delivered in partnership with the Social Research and Demonstration Corporation (SRDC) and is funded by Human Resources and Skills Development Canada (HRSDC).

LearnSave matches the savings each participant puts aside in an Individual Development Account (IDA), usually at a rate of \$3 matched for every \$1 saved to a maximum of \$1,500. The matched contribution is intended to put low-income Canadians on an equal footing with higher income Canadians who can afford to put away more of their own money. As of May 2006, participants have saved over \$3.7 million and leveraged over \$10 million in matched contributions. For the goal of education, skills training, and education support, participants have used over \$6 million in matched credits.

SEDI's Independent Living Account (ILA) is a demonstration project to test how providing low-income people with a mix of financial and training incentives can be a means of facilitating their entry into the mainstream housing and rental markets.

Enrolment in an ILA project allows participants to save for their first and last month's rent in a supportive environment. Anecdotal evidence from project participants has demonstrated that by participating in a financial management-training course, people can successfully increase savings rates. When a participant's personal savings goals are attained then not only does he or she acquire financial assets, but also receives related personal benefits including greater confidence and participation in the economic mainstream.

The project is funded by Human Resources and Skills Development Canada (HRSDC).

HomeSave is a third national demonstration project. By putting money aside in an Individual Development Account (IDA), participants can build their personal savings and earn a credit for a matching amount.

Ontario

The Government of Ontario has implemented a large number of policy and program initiatives to promote rural and regional development, ranging from traditional support for businesses and economic development, to initiatives aimed at community development in rural regions, to measures to stimulate economic development through innovation.

Ontario's Commercialization Network

Ontario's Commercialization Network (OCN) is a series of regional commercialization nodes intended to create a more efficient and effective technology and knowledge transfer process across the province. There are 12 Regional Innovation Networks (RINs) in the OCN.

The OCN functions as a "network of networks" and facilitates intra-provincial co-operation and the sharing of best practices. It also provides the Government of Ontario with an expedited resource and service delivery method.

The OCN is affiliated with MaRS, an initiative created in 2000 by the coming together of a number of individuals, organizations and companies with the overall objective of improving Ontario's and Canada's performance in the global innovation economy. A non-profit organization was created in 2001. The founders and MaRS team have raised almost \$100 million from all three levels of government and both institutional and individual private sector donors.

MaRS seeks to connect science, business and capital in collaborative efforts to foster innovation and help bring products from the laboratory to the market. While MaRS is primarily an urban and Toronto-based initiative, the wider OCN network to which it connects includes rural parts of the province.

The MaRS Centre provides: research facilities for top scientists and incubation facilities for young companies; technology transfer offices; and professional services for firms and investors, and research and community networking organizations. The MaRS Venture Group (VG) provides hands-on advisory services through a resource centre for entrepreneurs, technology start-ups and emerging growth companies. The MaRS Incubator offers reasonably priced laboratory and office space for start-up and emerging companies. MaRS also provides access to certain funding, including the Premier's Summit Awards and the Ontario Regional Business Mentoring Network.

GO North Investors Program

The GO North Investors Program is a targeted initiative to help northern communities attract and retain investment and jobs.

The Northern Communities Investment Readiness component helps northern communities identify investment opportunities and prepare to respond to potential international investors.

The Investment Readiness Test is a resource tool to help northern communities determine the effectiveness of their planning and economic development processes and add value to those processes.

The Northern Communities Investment Readiness (NCIR) initiative, launched in 2005 with an annual budget of \$2 million, provides small funding (up to \$5,000 per eligible applicant) to assist northern communities in investment-related endeavors. Northern First Nations, municipalities and economic development corporations are eligible to apply for assistance as they prepare for

investment. Eligible activities may include: developing community profiles; undertaking investment readiness training; developing investment readiness strategies (e.g. community asset inventory, gap analysis, infrastructure requirement studies); identifying investment priorities and investment targets and markets; and hosting in-bound familiarization tours or site visits for potential investors.

Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF)

The goal of the Canada-Ontario Municipal Rural Infrastructure Fund (COMRIF) is to help improve the quality of life for residents in Ontario's small urban centres and rural municipalities through infrastructure investments that:

- enhance and renew Ontario's public infrastructure;
- improve the quality of the environment and protect the health and safety of citizens;
- support long-term economic growth and help build strong, sustainable communities by giving municipalities the tools they need.

COMRIF's overall aim is to support "green" projects that meet Canada's and Ontario's environmental objectives, while improving the health and safety of Ontario residents.

The program is a partnership between the Government of Canada, the Government of Ontario, the Association of Municipalities of Ontario and Ontario municipalities. Canada and Ontario are each contributing up to \$298 million to COMRIF. With municipal investments, this program is expected to stimulate up to \$900 million in infrastructure investments over five years to help meet local priorities.

Quebec

The Government of Quebec has put in place an extensive array of policies and instruments to support rural and regional development. These include support for economic development, enterprise development, and the social economy; initiatives to foster community development and capacity building; tax incentives and measures; and initiatives to promote innovation and commercialization.

Rural Pact

Further to its Policy on Rural Development, the Quebec Government negotiates and signs five-year funding agreements with regional municipalities to support sustainable development and community well-being and development.

Local Investment Fund

This fund provides financial assistance for start-up and expansion costs for local businesses. Assistance is provided in the form of loans and loan guarantees.

Assistance from government(s) is normally up to 50% of total project costs, and 80% in the case of social economy projects. Interest-free loans (up to a maximum of \$25,000) are available for young entrepreneurs.

Support Fund for Regions in Difficulty

Financial support is available for regions and municipalities experiencing serious economic difficulties, notably in the case of single-industry regions, to assist in economic diversification and development.

The annual budget for the program is \$75 million, and the maximum level of support that can be provided is 90% of total eligible costs.

British Columbia

British Columbia has adopted a variety of policies and policy instruments to support rural and regional development, including the use of more traditional economic instruments, as well as innovation measures, support for community development, and governance initiatives to give local governments greater powers and resources and enhanced flexibility.

Community Charter

British Columbia's Community Charter is a legislated initiative to clarify the roles and responsibilities of provincial and municipal levels of government.

Its purpose is to provide municipalities with enhanced flexibility to be innovative in responding to the economic and social development needs of their community.

The underlying principles of the Charter include: recognition of municipalities as an autonomous and accountable order of government; provision of adequate financial resources; mutual respect and harmonization among municipalities and the provincial government; no "off-loading" of responsibilities; and respect for the varying needs and conditions of different regions of British Columbia.

The Charter provides municipalities with broad powers to engage in activities meeting community needs, and identifies 16 spheres of municipal regulatory authority and two concurrent regulatory spheres (public health and protection of the natural environment).

The Charter also requires extensive consultations and consultation agreements on provincial-level policies and programs affecting municipalities, and annual reporting by municipalities on measures taken and their results.

Northern Development Initiative Trust

The Northern Development Initiative Trust was established in 2004 as an economic development funding corporation for central and northern British Columbia.

The Trust operates independently of government and provides funding and support for new opportunities for stimulating economic growth and job creation.

The Northern Trust mandate is to be a catalyst for strategic economic development at the local and regional levels to help northern communities in British Columbia create and sustain world-class industries and diversified economies.

The Northern Trust has an initial capital budget of \$185 million. The Trust currently offers funding programs in both grant and loan forms. These programs are available to local governments, First Nations, and not-for-profit agencies for projects that are implemented within the Trust area. Each project must demonstrate measurable economic benefits, such as job creation and increased revenues/sales.

The Trust's Regional Development Program seeks to increase jobs, tax base, revenues, exports and investment in each of the four regions covered. Each region is required to develop its own vision and strategy. Each strategy includes a budget for grant and loan distribution over a three-year period (2006-2008).

The Cross Regional Program supports proposals that demonstrate economic benefit to more than one region of the Trust area and are typically major infrastructure developments with strong leveraging, strategic economic benefit, and diversification. Feasibility studies and marketing products that demonstrate measurable regional, economic benefits may also be proposed under the Cross Regional Program.

The Small Community Economic Development Capacity Building Program is based on the recognition that, while every grant dollar attached to small communities is "economic development" as the funds are new dollars spent in the community, very small and rural communities have a challenge recruiting and retaining administrative staff to focus on economic development and grant/loan proposal writing.

This program provides an enhanced capacity for small communities to hire post-secondary coop students or contract staff to write grant proposals to the Northern Trust, other foundations, endowments, and other funding programs.

Community Revitalization Tax Exemptions

The Community Charter provides authority for municipalities to exempt property from municipal property value taxes. To use this authority, a Council must establish a revitalization program, enter into agreements with property owners, and then exempt their property from taxation once all specified conditions of the program and the agreement have been met. Exemptions may apply to the value of land or improvements, or both. An exemption may be granted for up to 10 years.

A revitalization program may apply to a small area or areas, a certain type of property or properties, a particular activity or circumstance related to a property or properties, or an entire municipality.

Examples of revitalization objectives that could be encouraged through the use of a revitalization tax exemption scheme include:

- environmental revitalization, including encouraging “green” building technology and encouraging environmental sustainability;
- economic revitalization through investment and employment opportunities;
- social revitalization;
- other types of revitalization, such as redevelopment for community sustainability, conservation of heritage property, or neighbourhood rejuvenation.

British Columbia Municipal Resort Initiative

The British Columbia Resort Municipality Initiative was created to provide resort-oriented municipalities with new finance, development and business promotion tools to enhance the resort sector in British Columbia and help local governments develop and promote tourism in the province.

The legislation allows for the designation of an area of the province as a Resort Region. Local governments in a Resort Region may then qualify for finance, development and business promotion tools, including the Community Revitalization Tax Incentives and the Resort Municipality Tax Transfer Program, which transfers, by agreements with Resort Bodies, between 1% and 4% of the 8% Provincial Hotel Room Tax (HRT) generated within a Resort Region to the designated Resort Body for the development of their tourism economies.

British Columbia Innovation Council (BCIC)

The Council seeks to foster innovation as a motor for economic development by supporting regionally-based programs and associations.

The primary vehicle for working within the regions has been through regional councils, serving their communities as independent non-profit groups throughout British Columbia.

The Council acts as a knowledge- and information-sharing centre; offers technical assistance to businesses and community organizations; provides financial support for research and development in key economic industrial sectors; funds student fellowships and scholarships; assists activities by industry sectors to access, develop and adopt innovative technologies in order to enhance competitiveness of British Columbia businesses; and supports the development and commercialization of British Columbia-based technologies.

European Union (EU)

The European Union has adopted a number of policies and policy instruments to promote rural and regional development in member countries, building on lessons learned from EU initiatives and from the experience of member countries. The EU describes as “mainstreaming” the transfer

and integration into EU policies and member states' policies of the lessons drawn from a particular experience of innovation.

Rural Development Policy

With over 60% of the population in the 27 Member States of the European Union (EU) living in rural areas, rural development is a key policy area for the EU. Rural areas make up 90 percent of the territory of the enlarged EU and EU policy is focused on boosting growth and creating jobs in rural areas and improving sustainability.

The Rural Development Policy 2007-2013 focuses on three areas: improving competitiveness for farming and forestry; protecting the environment and countryside; and improving quality of life and diversification of the rural economy. A fourth axis called "Leader" axis, based on experience with the Leader Community Initiatives, introduces possibilities for locally-based bottom-up approaches to rural development.

United Kingdom (UK)

The UK Government has undertaken a number of policy and governance initiatives to promote rural and regional development by supporting enterprise development, fostering innovation, empowering communities, strengthening local government and improving public services.

Rural Proofing

Regional and local organizations and national government departments are required to "rural proof" their policies and programs at the design and delivery stage. This means they are expected to examine, through a formal and systematic process, the impact of all their activities in rural areas, taking account of the characteristics and needs of rural communities, businesses and the countryside. Policy is then to be adjusted where appropriate to make sure particular rural needs are being met.

Regional Development Agencies

England's nine Regional Development Agencies (RDAs) were set up nearly eight years ago to promote economic prosperity throughout the UK and make sustainable improvements in the economic performance of all English regions.

Key areas of activity for RDAs include: increasing employment; regenerating urban and rural areas; supporting enterprise development and business growth and competitiveness; fostering innovation and scientific advance; promoting training and skills; and responding to "economic shock" such as crises in major industries.

Each RDA leads the development of a ten-year Regional Economic Strategy (RES) in concert with a wide range of regional partners, including local businesses, government, universities, community and volunteer groups. The RDAs bring local partners together to work on specific problems identified in the regional strategies.

Since April 2002, RDAs have been financed through a Single Programme budget (the “Single Pot”), with funding from six government departments pooled into one budget, made available to RDAs to spend as they see fit in order to achieve the regional priorities identified in their regional economic strategies and the challenging targets set by them in their Corporate Plans. RDAs are required to appraise projects using a Single Programme Appraisal Guidance. RDAs report on their performance on a six-monthly basis. They are then required to set out which of their outputs have been achieved specifically in rural areas.

The current four-year total budget allocation for RDAs is: £1.9 billion 2004-05; £2.2 billion 2005-06; £2.2 billion 2006-07; and £2.3 billion 2007-08.

Since their foundation, RDAs are credited for having created or safeguarded nearly 800,000 jobs; aided the creation of around 60,000 new businesses; and brought over 12,000 hectares of brownfield land to life. RDAs have also brought some £8 billion of private sector funding into regional development.

Regional Economic Performance (REP) and Public Service Agreements (PSA)

A 2004 UK Spending Review set an overall Regional Economic Performance (REP) target, to be achieved through Public Service Agreements (PSA), to improve the economic performance of all English regions and by 2012 reduce the persistent gap in growth rates between the six regions of the North, Midlands and South West and the three best performing regions (London, South East and East).

The overarching strategy for delivering on the target is to tackle market failures in the underlying drivers of economic growth, such as skills, innovation, enterprise, investment, competition and employment, in order to create the right conditions for growth and to devolve decision-making, including to the Regional Development Agencies.

The overall target is shared by the Department of Communities and Local Government, Treasury and the Department of Trade and Industry. Work to deliver the target is undertaken by a project team consisting of officials from each of these departments. The project team works with a wide range of government departments whose policies are likely to have an impact on delivering the target.

Key instruments include: Regional Economic Strategies produced by RDAs; Inter-regional Growth Strategies working across RDA areas, such as the Northern Way; and the development plans of the City Regions.

Local PSAs are also established, and high-performing local authorities who exceed their PSA targets are rewarded with additional funding.

English Partnerships

English Partnerships is a national regeneration agency to support high quality sustainable growth in England. It is a non-departmental public body sponsored by the Communities and Local Government (CLG) department, and works with local authorities, the Housing Corporation, Regional Development Agencies and others.

Its overall aim is to achieve high-quality, well-designed, sustainable places for people to live and work. Programs are designed to: increase the supply of high-quality affordable housing, and housing for key workers, in areas experiencing housing pressure; make best use of the supply of available land for development; and deliver high-quality sustainable urban regeneration in areas experiencing economic restructuring.

Selective Finance for Investment in England (SFI)

SFI is designed for businesses that are looking at the possibility of investing in an “assisted area,” but need financial help to go ahead. Assistance is also available to SMEs investing in some areas. Delivery of the scheme in England is primarily through the RDAs. SFI is discretionary and normally takes the form of a grant or occasionally a loan.

Most manufacturing businesses are eligible to apply, as are businesses in service industries that supply a national rather than local market. Applicants can be companies, partnerships or sole traders.

Grants cannot be used to transfer jobs from one part of the country to another. Assistance can be provided in order to: establish a new business; expand/modernize/rationalize an existing business; set up research and development facilities; and enable businesses to take the next step from development to production.

European Commission restrictions apply in some sectors. Restrictions may also apply where projects are in sectors of the UK market which are already fully served and where support would simply displace or reduce existing jobs in similar businesses elsewhere.

The amount of funding depends on the needs of the project and its impact on productivity and skills. Successful businesses typically receive around 10-15% of a project’s total eligible capital expenditure, but support can vary widely either side of these figures depending on the need and quality of the project. There is a minimum application threshold of £10,000 assistance.

Regional Venture Capital Funds (RVCFs)

RVCFs have been set up to address the “equity gap” encountered by many small to medium-sized businesses looking for venture capital investment of up to £500,000. Experienced venture capital professionals manage the RVCFs, on fully commercial terms. A Fund is operational in each of the nine English Regions with a total of £250.5 million available across the nine funds.

Rural Delivery Initiatives

The Modernising Rural Delivery (MRD) Program is aimed at services being delivered to rural areas more efficiently and in a more streamlined and customer-focused way. The intention is that services will be designed and delivered by a smaller number of organizations with clearer and more accountable roles, working in partnership within an overarching sustainable development context.

Under the program, RDAs are assuming increased responsibilities for rural socio-economic policy, aligning funding streams and targeting rural needs through mainstream programs wherever possible.

The overall approach is that rural development funding should move from being an application-led process to an investment planning process.

The Rural Pathfinder initiative was introduced in 2004 to test ways of improving service delivery in rural areas through more co-ordinated and flexible approaches that devolve resources to local areas and grant more control to local stakeholders. Each Pathfinder receives funds (£100,000) to look at existing rural funding streams within its area and identify local priorities and how they match against current funding, and also to test or revise delivery mechanisms.

The Northern Way

The Northern Way is a collaboration between the three Northern Regional Development Agencies in a 20-year strategy to transform the economy of the North of England. Success will be determined by the bridging of a £30 billion output gap between the North and the average for England.

The Northern Way focuses on tackling issues that are important for the whole of the North and which cannot be tackled by one region alone.

LEADER+

There are four regional LEADER+ programs in the United Kingdom: one each for England, Scotland, Wales, and Northern Ireland. In each area, LAGs are responsible for project selection or project endorsement. These projects are then formally approved by the devolved regional program monitoring committees.

Scotland

Scotland has introduced a variety of initiatives to promote rural and regional development and to support communities.

Highlands and Islands Enterprise (HIE)

Highlands and Islands Enterprise is a state-funded organization established to coordinate and deliver programs, services and products designed to support entrepreneurship and economic

development and diversification. HIE's activities include delivery of business support services, provision of training and learning programs, and assistance for community and cultural projects. It provides support to some 19,000 businesses, more than 440,000 individuals and more than 8,000 voluntary and community groups.

Rural Development Small Award Fund

This initiative, managed by the Scottish Executive, provides one-time funding in the form of small grants (£500-£5,000) for activities relating to community project planning, consultation and capacity building.

Scottish Rural Development Program (SRDP)

The Government of Scotland is introducing a new Scottish Rural Development Program (SRDP) for the period 2007-2013, with five key objectives: improve business viability; enhance biodiversity and the landscape; improve water quality; tackle climate change; and support thriving rural communities.

The Program will be divided into four axes: Competitiveness, Environment, Quality of Life and LEADER, which will be used as a mechanism to deliver funding across the other axes. The Scottish Executive is both the managing and paying authority for the Scottish LEADER+ program.

Denmark

Denmark has adopted innovation as a key policy orientation in its efforts to support rural and regional development.

Innovation-related Initiatives

Denmark has launched a number of initiatives to promote economic growth and development in all regions of the country through innovation. Its overall innovation strategy is: "Progress, Innovation and Cohesion."

A number of GTS (Authorised Technological Service) Institutes have been established to develop commercially-oriented knowledge and technology, and make it available – on market terms – to the Danish authorities and business sector. A particular obligation of the institutes is the development and accessibility of technological knowledge to SMEs. The Danish network of GTS Institutes consists of seven institutes, serving all regions of Denmark. A recent evaluation report concluded that the Danish GTS system delivers an exceptionally strong performance in the European context.

The Danish Government has committed to targeting the EU's Structural Funds grants more specifically towards promoting growth and business development at the local and regional level, including enhancing education and training, ensuring more high-growth start-ups, as well as strengthening innovation and knowledge dissemination. Partnership agreements on regional business development will be entered into with the central government. These agreements will contain specific objectives for the efforts to foster regional business development.

The Danish Government has also set up a Globalisation Council to advise the government on a strategy for Denmark in the global economy. The Council is broadly composed of representatives of trade unions, industrial organizations, companies, the education and research community, and the government.

LEADER+

The Directorate for Food, Fisheries and Agri Business within the Ministry of Food, Agriculture and Fisheries, administers the LEADER+ program in Denmark as the managing authority. The national network unit called LEADER+ Denmark is run by the Danish Centre for Rural Research and Development (CFUL) in close cooperation with the University of Southern Denmark. It is an independent institution subsidized by the Ministry of the Interior and the Ministry of Food, Agriculture and Fisheries.

Iceland

Iceland has gone through a dramatic economic transformation in recent years and has been one of the fastest growing economies in Europe. The Icelandic Government has adopted an overall policy to maintain the population in rural areas of the country and to create equal opportunities for employment, culture and education, regardless of where people choose to live.

The main focus of regional development policy in Iceland has been on innovation and knowledge as a way to strengthen the countryside, rather than reliance on the traditional industries of fishing and agriculture.

Institute of Regional Development

Iceland has established an Institute of Regional Development to work toward the strengthening of regional and economic development in rural areas. In order to promote growth, innovation, and changes in the economy, the Institute, among other things, provides loans and counselling, and finances and organizes projects.

The Institute enters into agreements with industrial development associations, institutions, municipalities, independent counsellors, and other parties, to provide industrial counselling in specific fields, industrial sectors, or geographical areas. The Institute provides professional assistance in industrial development and innovation; disseminates information; assists in continuing education; and seeks to strengthen cooperation among the industrial development associations.

The Institute also co-operates with industrial development associations, municipalities, public institutions and other parties in order to strengthen community infrastructure, including education and cultural activities, transportation, environmental issues and services.

In addition to research and data collection, and monitoring economic and regional development, the Institute is mandated to assess the effects of legislation and other governmental actions on regional development.

Icelandic legislation requires that a Strategic Regional Development Plan be developed by the Minister of Industry, in cooperation with the Institute and others, for a four-year period. The plan is reviewed every two years.

The Institute also provides funding support to industrial development and innovation projects, including loans and guarantees. The objective is to ensure that companies and individuals operating businesses outside the greater Reykjavík area have access to long-term loans on the most favourable terms available, and to encourage the growth of companies, industrial innovation and rural settlement.

Norway

Norway does not have a rural policy or regional development policy as such, given that it is a predominantly rural country. Government policies are reviewed through regional impact assessment at the three levels of government (national, county and municipal), and equity of provision for rural areas is a central theme.

A 2005 White Paper enunciated government policy of offering citizens a genuine choice of where to live by creating economic growth in all parts of the country, and seeking to counter the trend of migration from remote regions to cities. It proposed a number of policy initiatives to this end, including: differentiated social security taxes on employment in different areas; investment aid for businesses; additional finances for small and northern municipalities; and, innovation and entrepreneurship policies designed to build on regional advantages and stimulate regional industrial and knowledge clusters.

Innovation Norway

As of January 2004, the state-owned company Innovation Norway replaced the Norwegian Tourist Board, the Norwegian Trade Council, the Norwegian Industrial and Regional Development Fund, and the Government Consultative Office for Inventors. It has offices in all Norwegian counties and directs its efforts primarily to SMEs.

Innovation Norway offers products and services intended to help boost innovation in business and industry nationwide, foster regional development and promote Norway as a tourist destination. Its mandate is to be the backer and promoter of entrepreneurs and newly-founded and small and medium-sized enterprises and to provide or arrange financing for innovation projects.

United States

Alaska

Community Mapping Grants

The Initiative for Accelerated Infrastructure Development (IAID) helps communities in Alaska that do not have a community profile map or whose community map is outdated.

IAID brings together state, federal, and local resources to produce standardized computer based community profile maps that can be shared, and are suitable for a wide variety of uses relating to community planning and project development and management.

A region is generally 5-10 communities. Eligible communities are those with a population under 1,500 that are not located in a borough with mapping capability.

Mini-Grants Assistance Program

The Mini-Grants Assistance Program funds economic development projects that support business or community development activities. Criteria include demonstration that the project will generate new income for the community or has the potential to improve the community's economy in a significant and long-lasting way.

Eligible activities include related business development or strategic planning activities, such as the preparation of a comprehensive community development plan or business plan, undertaking marketing analysis, or developing a community land use plan.

Cities, non-profit tribal governments, community non-profit organizations, and borough or regional non-profit organizations may apply as sponsors or on behalf of one or more eligible communities. A community must have a population of 5,000 or less. Distressed communities receive priority funding consideration.

The maximum amount of funding is \$30,000 per community per fiscal year.

Rural Alaska Community Action Program (RurAL CAP)

RurAL CAP is a private, statewide, non-profit organization established to help improve the quality of life for low-income Alaskans. RurAL CAP provides resources and services to enhance child and family development, improve housing, save energy, develop leadership, promote environmental conservation, prevent substance abuse, and foster independent living. It is governed by a 24-member Board of Directors representing every region of the state.

Head Start and Early Head Start programs make up the biggest part of RurAL CAP services with more than 200 employees working in 26 communities across the state. Other services include community service programs, Homeward Bound, child care, affordable housing, health and wellness activities, and public policy and advocacy. Overall RurAL CAP employs more than 500 Alaskans annually.

RurAL CAP uses an applied strategic planning process to develop innovative services to improve economic, social and environmental conditions for low-income Alaskans. It has a focus on measurable results through a comprehensive outcome management system to track and document changes in conditions, behaviors and specific quality-of-life indicators of the people it serves.

The RurAL CAP philosophy is that community action is a people process, one which serves to reinforce the values of personal responsibility, community self-reliance, participatory decision-making, and overall community and individual well-being.

Oregon

Oregon has introduced a number of “zone-based” initiatives to foster rural and regional development and attract investment into target regions through tax incentives. Zones are of several different kinds, including: Enterprise Zones; Rural Renewable Energy Development Zones and Strategic Investment Zones.

Enterprise Zones

Enterprise Zones are intended to help attract private business investment and to help resident businesses to reinvest and grow in communities facing economic challenges. They may also be used to assist local governments that wish to have tax incentives and other assistance available to stimulate sound business investments that support and improve the quality of life.

In exchange for locating or expanding into an enterprise zone, eligible (generally non-retail) businesses receive a total exemption from the property taxes normally assessed on new plant and equipment for at least three years (up to five years).

Sponsored by local city/county/port governments or tribal governments, an enterprise zone typically serves as a focal point for local development efforts and incentives.

Ninety-eight cities in 35 counties currently use enterprise zones to create better economic opportunities. There are currently 55 enterprise zones across Oregon: 47 rural, 8 urban.

A separate tax abatement program available in most enterprise zones provides Long-term Tax Incentives. This is based on local approval and requirements for minimum levels for investment size, job creation and employee compensation. The tax abatement includes the following:

- Until the new facility is placed in service, it is not subject to the imposition of local property taxes.
- Seven to fifteen consecutive years of full relief from property taxes on the new facility, once it is placed in service.
- Credit equal to 62.5 percent of gross payroll to be used against state corporate excise/income tax liability relating to the facility, over and above an annual minimum payment of state taxes.
- Credits are received over a 5– to 15–year period, and each credit may be carried forward for five succeeding years.

Rural Renewable Energy Development Zones

A special three-to-five year tax abatement is available for designated rural renewable energy development zones, intended to improve the local economic base and business climate and support long-run community development.

Strategic Investment Zones

The Strategic Investment Program (SIP) offers a property tax-exemption for a portion of large capital investment.

The program provides for a locally approved 15-year property tax exemption for all investment value over \$100 million in urban areas or \$25 million in rural areas.

Companies pay a community service fee equal to 25 percent of the exemption, up to a yearly maximum of \$2 million in urban areas or \$500,000 in rural areas.

An exemption is also available with pre-established local requirements and approval if the project will locate in a designated Strategic Investment Zone.

Statewide Infrastructure Inventory

Oregon's 2007-09 Budget asked the 13 Regional Investment Boards to develop an inventory of the priority infrastructure (and other capital improvement) needs for their respective regions, in accordance with priority criteria established by the Oregon Economic & Community Development Commission.

A web-based system was developed for organizations to provide information about their infrastructure and other capital improvement projects.

Once the regional infrastructure inventories have been submitted to the department, the Commission will prepare a statewide inventory, which will be used to prepare a funding request for the Legislature to consider.

The department will, along with other funding criteria, use the inventory as a guide for funding projects from its infrastructure programs.

Immediate Opportunity Fund

The Oregon Immediate Opportunity Fund (IOF) provides grant funding needed for street or road improvements to influence the location, relocation or retention of a firm in Oregon, revitalize business or industrial centres, and prepare Oregon Certified Project Ready Industrial Sites.

Private business, local government sponsors, and tribal governments are eligible for funding on a matching funds basis of at least 1:1.

Three types of projects can be funded at the following maximum grant levels per project:

Type A: Specific economic development projects that affirm job retention and job creation opportunities. Maximum grant: \$1,000,000.

Type B: Revitalization of business or industrial centres to support economic development. Maximum grant: \$250,000.

Type C: Preparation of Oregon Certified Project Ready Industrial Sites. Maximum grant: \$500,000.

The approval process is designed to obtain approval quickly, with funding decisions taken within 45 days of receiving a request.

Oregon Main Street

Oregon Main Street is a state-wide commercial district revitalization program administered through the Oregon Economic and Community Development Department.

The Main Street Approach is a community-driven, comprehensive methodology used to revitalize older, traditional business districts throughout the United States by addressing the variety of issues and problems that face downtown and neighbouring business districts. It advocates a return to community self-reliance, local empowerment and the rebuilding of traditional districts based on their unique assets: distinctive architecture, a pedestrian-friendly environment, personal service, local ownership and a sense of community. It has created a network of more than 40 state-wide, city-wide and county-wide Main Street programs with more than 1,200 active Main Street projects throughout the United States.

The Main Street Approach is a comprehensive strategy that is tailored to meet local needs and opportunities. It encompasses work in four distinct areas: design, economic restructuring, promotion and organization.

Wisconsin

Forward Wisconsin

Forward Wisconsin is a public-private state marketing and business recruitment organization with a mandate for marketing to attract new businesses, jobs and increased economic activity to the state. It has an annual budget of approximately \$1 million. Private sector contributors provide more than half of that funding, with the balance coming from the State of Wisconsin.

Forward Wisconsin provides business cost comparisons, financial information and a variety of other business consulting services to prospective expanding businesses. Its services are provided on a confidential, no-cost basis. It offers a number of on-line tools for businesses looking to relocate in the state or entrepreneurs wishing to start a business, including a “Business Wizard” with customized information to help start and operate a Wisconsin-based business, covering state licensing, permitting and regulatory requirements.

Forward Wisconsin seeks to draw upon the resources of both the public and private sectors and coordinate their efforts. Forward Wisconsin is responsible for out-of-state marketing and business attraction, while the Department of Commerce is responsible for existing business retention, expansion, financial programs and international development.

Customized Labour Training (CLT)

The CLT program provides grants to help cover a portion of the costs associated with training employees on new technologies, industrial skills or manufacturing processes. Given high demand for the grant funds, eligibility is typically limited to those companies that are making capital investments in new technologies that subsequently necessitate the training of existing or new employees. To be eligible, the training must be provided in a classroom setting or on the shop floor during periods of non-production.

The grant provided can cover up to 50% of the cost of training employees on the new technologies, to a maximum of \$2,500 per employee. Eligible applicants are any business making a firm commitment to locate a new facility in Wisconsin or businesses seeking to expand an existing facility within the state or upgrade a product, process or service that requires training in new technology and industrial skills. Eligible costs include trainee wages, training material, and trainer costs.

Business Employees' Skills Training (BEST)

The Business Employees' Skills Training (BEST) program was established to help small businesses in industries that are facing severe labour shortages upgrade the skills of their work force.

Under the BEST program, the Department of Commerce can provide applicants with a grant to cover a portion of the course fees or tuition costs associated with employee training. To be eligible, the training must have a direct and positive impact upon the employee's ability to carry out his or her work.

Eligible applicants include Wisconsin for-profit businesses that have 25 or fewer full time employees or annual sales of less than \$2.5 million and are in one of the designated Industrial Clusters such as Automation, Agriculture/Food Products, Biotechnology, Information Technology, and Paper/Forest Products.

Only costs incurred to train full-time employees are eligible. All training must be provided by a qualified independent third party.

The maximum funding available is 75% of eligible project costs not to exceed \$1,000 per full-time employee trained and \$5,000 per business.

Tax Incremental Financing (TIF)

The Tax Incremental Financing (TIF) initiative is designed to help a municipality undertake a public project to stimulate beneficial development or redevelopment that would not otherwise occur, and to finance local economic development projects in underdeveloped and economically-suffering areas. Taxes generated by the increased property values pay for land acquisition or needed public works.

The TIF is based on two working principles: first, that new private development expands the municipality's tax base, thereby increasing property tax revenues; and second, that if the municipality must provide public improvements to attract development, the overlying tax districts that benefit from the resulting increase in the community's tax base should share in the cost of the public improvements.

A city or village can designate a specific area within its boundaries as a TIF district and develop a plan to develop it. TIF projects must be approved by the municipality's planning commission and legislative body. At least 50 percent of the TIF district's property area must be suffering economic distress, be in need of rehabilitation, or be suitable as an industrial site.

Rural Cooperative Development Grants

Rural Cooperative Development Grants are for establishing and operating centres for cooperative development.

The grant program is used to facilitate the creation or retention of jobs in rural areas through the development of new rural cooperatives and operational involvement of existing cooperatives by the centres. Cooperative development activities by the centres include the start-up, expansion, or operational improvement of a cooperative.

Rural Business Services Initiative

The Community Natural Resources and Economic Development (CNRED) Program of the University of Wisconsin places "community development agents" in 65 communities across the state. This initiative was taken in response to representations from rural communities that they no longer needed agricultural extension agents, but instead professionals who could help their communities develop economic engines other than agriculture. The agents serve as a resource, convenor and broker with the community and help organize partnerships among local government and business partners.

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