



EMBEDDING WEALTH IN COMMUNITY

Experiences from Rural
Canada

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Road Map

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- 3 Community Investment Programs
- 4 Moving Forward





My Lens

- Fascinated by rural change
- Grew up in small town Manitoba
- Rural geographer by training
- Professor at the University of Guelph

Wealth Building

- Rural not considered areas of wealth
- How do we capture existing wealth to facilitate prosperous future?



Rural Canada

- 6 million live in Rural and Small Towns (population less than 10,000 people)
- 17% of Canada's population



COMMUNITY INVESTMENT PROGRAMS IN CANADA

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Context

- Many rural businesses lack access to financial capital
- Canadians invest much wealth through major banks but want to invest locally
- Community Investment Programs aim to connect citizen investors to local businesses



Community Investment Programs

- Sub-national government facilitated programs, starting in 1999
- Community Investment Funds (CIFs) or Community Economic Development Investment Funds (CEDIFs)
- Provincially regulated to increase investment in local economic development initiatives
- Provincial tax credits to encourage investment
- Available in 6 of 13 provinces/territories: NS, NB, PEI, QC, MB, BC



Table 1. Comparison of CIF programs across Canada. Programs listed in left column with provincial abbreviation in brackets.

	Year Created	Tax Credit	Refundable Credit?	Investment Limits	Minimum Investment Length	Responsible Ministry	Development Plan Required	Rural Focus	Other Notes	RRSP-eligible investment?
CEDIF (NS)	1999	35%	No	Up to \$50 K	5 years	Securities Commission	No	De jure		Yes
CEDC (NB)	2014	50% (individuals); 15% (corporations)	No	\$1 K-\$250 K (individuals); \$1 K-\$50 K (corporations)	4 years	Financial & Consumer Services Commission; Finance	Yes	No		Yes
CEDB (PE)	2011	35%	No	Up to \$20 K	5 years	Finance & Municipal Affairs	Yes	De jure		Yes
CIP (QC)	1985	125% (deduction)	N/A	Unknown	5 years	Economy & Innovation	No	De facto	Limited to co-operatives	No
CEDCTC (AB)	2018	30%	Individuals only	Up to \$200 K	5 years	Economic Development & Trade	Yes	De jure		Yes
CEDTC (MB)	2004	45%	Yes	Up to \$60 K	3 years	Economic Development & Training (formerly Agriculture, Food, & Rural Initiatives)	Yes	De facto	Credit must be under 10% of total available	Yes
SBVCTC (BC)	1985	30%	Individuals only	Up to \$400 K	5 years	Jobs, Trade, & Technology (formerly Small Business & Economic Development)	No	No	No focus on community development	Yes

Key Lessons

- Rural communities are using CIPs
 - \$33 million invested in CIPs
 - 5,700 CIP investors
- Local champions are critical to applications and success
- Links to cooperative business formats
- High tax return does not equate to high program uptake
- Steep learning curve to participate in a community investment fund program
- Significant potential impact for rural communities to access financial capital and re-embed wealth



Moving Forward

- Increase investment to enhance capacity to navigate the programs
- Create a community of practice among provinces with community investment programs
- Reduce barriers for applicants
- Generating program and evaluation data
- Explore linkage to the social entrepreneurship and social innovation initiatives



Sustainable Livelihoods

REGENERATING INTEGRATED DEVELOPMENT
THROUGH INNOVATIVE COMMUNITIES



- 17-20 June 2024
- County Galway, Ireland
- <http://northatlanticforum.org/about-conference/>

More Info ...

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Slides and Resources at

www.ruraldev.ca/embeddingwealth/



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Embedding rural capital? Community investment funds in Canada and their implications for rural communities

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ABSTRACT

Canada's rural areas face economic challenges due to globalization and urbanization. These trends lead to wealth being less "embedded" in place as citizens have fewer geographic constraints and rely more on intangible resources for livelihood. To counter these effects, some Canadian provinces allow the creation of Community Investment Funds, which sell business equity shares to residents. Many such provinces also offer tax incentives to spur investments, and some incentive programs have generated attention, but the potential and impact of these programs is difficult to determine. We presents results from a study of Community Investment Fund programs, including a document review and interviews with key informants from across Canada. By assessing program impacts and qualities, we find that these programs positively impact rural economic and community development but require provincial resources to encourage participation and understanding. Further expansion and resourcing of these program could create positive impacts for embedding capital in rural places, facilitating rural prosperity.

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