



HANDBOOK

Community Economic Development for Municipal Councils



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What is Community Economic Development?

Community economic development (CED) or local economic development (LED) is a community-driven process where communities identify and initiate their own solutions to economic, social and environmental issues to build healthy and economically viable communities. CED contains principles and goals based on a grassroots approach to development where communities choose deliberate actions to influence the local economy and improve the quality of life for its residents.

This handbook, the *Community Economic Development for Community Development Corporations Handbook* and the *Community Economic Development for the Local Economic Development Officer Handbook*, have been developed by Manitoba Agriculture, Food and Rural Development (MAFRD) to help rural leaders understand the principles and goals of CED and how to choose and implement effective strategies to help bring about positive change.

Some examples of CED principles include:

- mobilizing local resources (people, capital, institutions, organizations, etc.) to meet local needs
- re-investment of profits into the local economy

Some of the goals of CED are to:

- Create employment.
- Renew, stabilize and/or improve the community and local economy.
- Develop local economic links.
- Improve the physical environment of the community.

Communities can adopt a process to incorporate the principles and goals of CED. This CED process includes the following steps:

- Form a CED agency/organization that is responsible for leading the CED process.
- Work with your neighbours in a region to address common development issues.
- Collect and analyze data to determine appropriate strategies and activities. Decide on a strategic focus and actions based on the data analysis. This can include a combination of strategies such as:
 - business development (ex: local investment pool, business support services)
 - local development (ex: beautification, zoning, industrial parks)
 - human resource development (ex: local training initiatives)
 - sector development (ex: business retention and expansion projects, supply chain gap analysis)

Communities can use the principles of CED, adopt a good planning process and choose appropriate strategies to achieve the goals of CED. This means that community development, economic development and environmental sustainability are not left to chance but are directed by the people who live and work in the community.

The Association of Manitoba Municipalities' 2003 Report on Economic Development recommended that individual communities "must take primary responsibility for economic development."² *The Municipal Act* allows municipalities to encourage economic development in any way that is considered appropriate. This can include adopting strategic plans for economic development and providing grants for the purpose of economic development.

The role of municipalities is extremely important to provide leadership and support to implement and sustain an effective CED process. This leadership and support means a municipal council should:

- Take a leadership role to drive the development of a community economic development vision, a strategic plan with clear, focused objectives and strategies to reach the desired future
- Provide funding to support a locally controlled economic development agency such as a Community Development Corporation (CDC). A CDC can include more than one municipality.
- Participate on the board of the local-economic development agency.
- Hire economic development staff to undertake key functions of CED for the community/region.
- Encourage key community stakeholders to take part in economic development planning and activities.
- Encourage broad participation and partnerships with business groups, institutions, community groups and the public
- Partner with other communities in the region to work towards common goals.

² Association of Manitoba Municipalities (2003) *Creating a Vision: Association of Manitoba Municipalities Report on Economic Development*, AMM, p. 10.

Before a community can effectively implement a CED process, the community must commit to long-term support of CED processes. This means that the municipal council, as well as key community leaders, groups, organizations and institutions must be prepared to invest in CED to make positive changes in the community.

- Remember CED is not a quick fix to a crisis (ex: large business closing). It is a way to plan and act over a long period of time, so that a community can take charge of its own future.

No matter what gets a community involved in CED, success depends on many things:

- people in the community who are willing to get involved
- knowledge and skill of the leaders (ex: councillors, economic development staff or community volunteers leading the charge)
- motivated and effective community and political leadership
- community spirit and how well groups get along and work together
- entrepreneurial spirit

To start a CED process in a community:

- A person or a group of people need to take charge and enlist community support to pursue CED and drive the process. In many communities, the municipal council is the group that takes charge.
 - This is leadership — one of the most important things needed for community success.
 - Some communities in Manitoba have been very successful at CED and have been doing it for many years. Some are just beginning to understand the importance of establishing a good CED process.

Is your community ready to take on the challenge of CED? Do you have the support of the community and the leadership to make things happen?

Manitoba Aboriginal and Northern Affairs (ANA) developed a [community readiness tool](#) that can help any community analyze their readiness and capacity to take on community projects. This tool helps communities to assess their capacity in the areas of leadership and support, economic champions, economic assets and planning. The results of the assessment can help you identify where community strengths and weaknesses are within these topics so that you can target your CED efforts to increase community capacity.

A local CED organization is one that your town, village, municipality or community council funds and directs. A local CED organization can include more than one community. A local CED organization can help communities implement strategies to address local issues and pursue opportunities. Successful CED organizations, however, need leaders who will take charge and drive the CED process.

Once people in your community have decided that they want to participate in CED through a CED organization, the next step is to decide how the work will get done. One of the critical components of effective CED is to establish a core organization or committee that is non-profit, independent and non-governmental (ex: organization may be funded by local government, but has its own mandate and operating procedures).

A local CED organization can help individuals and organizations in a region work together towards common goals. This can happen when community members in the region join together to determine appropriate strategies and actions to address common issues in a strategic, collaborative way. It may take more time to establish a successful CED organization in communities and regions that are not used to working together or where there has been internal conflict.

In communities that are used to working together, and where leaders and groups have established trust and collaborative relationships, the CED organization can be the intermediary that links the individuals and organizations together in a more formal way. The formal organizational structure of a CED organization can allow communities to be more efficient and make progress more quickly on collective issues and needs.

CED organizations can be incorporated bodies such as Community Development Corporations (CDCs), or can be more informal (unincorporated) economic development associations or volunteer committees. Local CED organizations can involve more than one community or municipal corporation, so you can get things done for each individual community, but you can also collaborate on common issues and share the operational costs of the organization.

In Manitoba, there are over 100 locally owned and directed CED organizations, most of which are Community Development Corporations (CDCs).

The first CDCs in Manitoba were formed in the early 1960s, but became more popular in the 1990s. CDCs are special corporations that are owned by local municipalities and councils and managed by local community leaders. The CDC handbook is another resource in the series of CED handbooks that have been developed by Manitoba Agriculture, Food and Rural Development (MAFRD) that provides information, advice and guidance for anyone involved in a CDC or thinking about forming a CDC. Much of the information also applies to volunteer CED organizations.

The advantages of forming a community organization for CED

A formal organization and structure allows a community to:

- Plan effectively for the future and then take an active role in addressing the priorities and strategic advantages of the community.
- Act as a liaison for the community on economic development issues with the media, other community organizations and government departments and contacts.
- Provide mentoring and advocacy for the community with regards to effective economic development recommendations and policies.
- Raise awareness, prospect for new opportunities and develop key networks for the community by developing promotions, attending trade shows and representing the community at related conferences.
- Provide business assistance to local entrepreneurs, develop promotions for existing business, develop and maintain a business retention and expansion program and co-ordinate workshops or training on business issues and programs.
- Develop a community profile for promoting the community and understanding its key strengths.
- Monitor the growth of the community and, periodically, revise community strategies for growth.

Communities with an incorporated economic development organization (ex: Community Development Corporation) are usually better able to access program grants and financial support. A CDC can also purchase assets and administer community-based loan programs.

What are Community Development Corporations (CDCs) and Community Economic Development Organizations (CEDOs)?

A community economic development organization (CEDO) is the term used to describe any community based (ex: controlled at the local level) economic development organization. The most common structure of a CEDO in rural Manitoba is a Community Development Corporation (CDC).

A CDC is a company incorporated under Part XXI of *The Corporations Act* of the Manitoba government. This act states:

"PART XXI COMMUNITY DEVELOPMENT CORPORATIONS

Application

262(1) Except where it is otherwise expressly provided this Part applies to every corporation with share capital heretofore or hereafter incorporated as a community development corporation.

Consent of minister required

262(2) No articles shall be accepted for filing without the prior approval of the minister.

Additional requirements in articles

262(3) The articles shall be in the form the Director requires and in addition shall

- (a) state that the business of the corporation is restricted to fostering the social and economic development of a municipality or other local area in the province; and
- (b) state the name of the municipality, or clearly describe the area, in respect of which the corporation is incorporated.

One corporation in any area

263 Where a corporation is incorporated in respect of any municipality or area, the Director shall not issue any articles to any other corporation in respect of the same municipality or area or in respect of an area that includes the whole or any part of the same municipality or area.

Limitation on the distribution of profits or assets

264 A corporation to which this part applies shall not

- (a) make any distribution of profits; or
- (b) make any distribution of capital or assets on a liquidation, dissolution or otherwise;

unless the distribution is approved by order of the Lieutenant Governor in Council; but this section does not apply to the winding-up of an insolvent corporation. "

In summary, this act means that:

- A CDC can only be formed with the approval of the Agriculture, Food and Rural Development Minister. (see Page 9, Section 5 of the *Community Economic Development Handbook for Community Development Corporations*)
- The business of the CDC is "fostering the social and economic development of a municipality or other local area in the province." This exact wording should be used in the articles of incorporation of a CDC.

- There can be only one CDC in any geographic area of a municipality, although one municipality can have more than one CDC if there are very clear geographic boundaries for each CDC. For example, one municipality may support a CDC that represents a Local Urban District (LUD) within a municipality, and a second CDC that represents the rest of the municipality. Or, there may be two separate CDCs that represent the geographic areas of two former municipalities prior to amalgamation. Recommended practice however, is for one municipality to support only one CDC. If an amalgamated municipality contains more than one CDC prior to amalgamation, it is recommended that these CDCs also amalgamate. See Section 12, page 26 of the *Community Development Handbook* for steps to amalgamate a CDC.
- Two or more municipalities can support one CDC. This is recommended in cases where municipalities may need to share the cost of operations and staff of a CDC.
- The CDC can make a profit, but the profits or assets cannot be distributed (given) to anyone. Profits must be kept within the CDC to foster social and economic development in the community.
- If a CDC is dissolved, approval from the Lieutenant Governor in Council must be obtained to distribute any capital or assets that remain in the corporation.

What are the key functions of a CDC or CEDO?

Community economic development (CED) agencies are locally driven organizations that allow community members to work together to pursue common goals for a community or region. According to Sean Markey:²

Successful CED is strongly associated with having a local organization with a clear mandate and sufficient resources to engage development issues within the community.³

Markey and his associates' research also pointed out that there must be long-term commitment to support these local organizations and good planning to have effective local CED.

The functions of an effective CED organization vary, depending on the needs of the community and direction of the board. Some typical functions of a CDC are described below as they would occur within a CED process. The steps in a CED process are:

- Generate interest in CED and initiate a CED process.
- Research and collect current data.
- Analyze data to determine trends, strengths, gaps and opportunities.
- Develop strategic plans.
- Carry out the activities in the strategic plan and manage the business of the CDC. These activities can be divided into categories such as business development, local development, population and labour development, sector specific strategies (ex. tourism), community liaison activities and community promotion and marketing.
- Monitor, review and revise plans.

1. Generate interest in CED and initiate a CED Process

This can be done in many ways, but can start with one or two key community leaders who identify other members and/or partners to form an initial CED organization like a CDC. These champions are also key to help build awareness and support for the CED process in a community or region. The municipal corporation should be one of the key leaders in any CED process.

Champions of CED can generate interest and initiate a CED process in many ways, but this can start with discussions on the need for a CED organization by:

- making presentations to local councils, chamber of commerce and community organizations
- initiating a community forum
- encouraging municipal councils to support the formation of a CDC

To get started, consider host a community visioning event, which can help provide initial direction for a new CDC while also helping the organization define its values and mission.

² Markey, et al. (2005) *Second Growth: Community Economic Development in Rural British Columbia*, Vancouver: UBC Press.

1.1 Visioning

Does your community have a picture of what it wants to look like in the future? Or will that be left to fate? What will have happened to your community or region in 10 or 20 years? Who will be living in your community and what jobs and activities will they be doing? Will your community be growing? Will there be a diverse range of businesses and industries? Will it be prosperous? Will young people want to live there?

Developing a vision means clearly identifying where you want your community to be in answer to these and many other questions. Before your community develops a vision, remember:

- A community vision can't be developed by a single person, municipal council or organization.
- Having a community vision doesn't automatically mean that a community will achieve its dreams.

It is important to have many people involved in discussing and agreeing on what the future of the community should look like. And, it is important to have community-wide participation to make the vision a reality.

The ball player, Yogi Berra, had this famous quote: "If you don't know where you are going, you might wind up someplace else." Having a clear vision for your community means you can take control of where your community is going to wind up. Having a community vision helps steer the actions and guide the decisions that affect the future of the community.

Consider the story of Winkler. In the early 1960s, when the leaders of Winkler were told their community would likely decline and die, they adopted a vision where there would be a job available in the community for every student who graduated from their high school. Today, Winkler has moved from a small prairie town into one of the fastest growing cities in Canada by supporting local entrepreneurship and local investment to drive job growth. Following their vision made the difference.

The Asessippi Parkland Economic Development (APED) region has also demonstrated the positive effects of adopting a CED process. This region is growing, and has demonstrated that strategically working together to achieve a vision can have positive rewards. APED won the 2012 Manitoba Capturing Opportunities Economic Innovation Award for its innovative regional approaches to tourism, daycare development, assisted living project, regional immigration strategy and for providing ongoing support to entrepreneurs and business.

1.2 Values

When a community really takes a long, hard look at its values, it will uncover the basic beliefs of people in the community. It will also reveal the reasons why the community is important to them. Values are the core beliefs that shape the vision people have for their community.

1.3 Mission

The vision describes what the community wants to become, the future the community wants to work toward creating. A community's mission is like its compass; it lets everyone (community members, business and community leaders, visitors) know what it stands for and where it is headed

Once the community has agreed on a future vision for the community that incorporates the values of the region, the mission statement becomes the guiding principle by which the organization conducts its business. The mission statement should answer these questions:

- Who are we?
- Why do we exist?
- Who do we serve?
- What do we want to achieve and produce?

Examples of mission statements are:

The _____ CDC is the local economic development agency serving the communities of _____, that will create a sustainable, diverse, economy that respects our communities' unique environment and values.

_____ Economic Development is in the business of providing cost effective innovative service that attracts investment and visitors and provides information, resources and support to our economic and tourism customers.

The _____ CDC will advance our economy by fostering a culture of enterprise and innovation, building on our own competitive advantages.

The _____ CDC will promote economic development and growth in the community by co-ordinating, facilitating business and community development activity, which will improve the quality of life for the people in the _____ area.

2. Research and Data Collection

Research to find good quality data and information is important so CDCs can make good decisions for strategic planning. This research, data and information is also important to collect on an on-going basis to provide businesses and the municipality with information relevant to their needs (ex: municipal infrastructure capacity).

Research can be conducted in many ways:

- Internet searches on specific topics
- local survey data
- key stakeholder interviews
- business retention and expansion program

Statistical information about Manitoba communities can be found in a variety of places including:

- Statistics Canada
- Manitoba Bureau of Statistics
- Manitoba Health Population Report
- industry associations

Through research, the CDC can provide current and effective data that will have a direct impact on planning, negotiations, implementation and development of local projects and initiatives. The type of research may include:

- human, business and natural resource inventory
- labour and market trends
- government programs and services
- local and regional organizations, initiatives and plans

Research can also be used to create:

- community profile of demographic data, analysis of the local economy and community information
- inventories of business listings, business opportunities or vacant buildings and property

3. Data Analysis

Data analysis can help CED organizations identify trends, choose activities and projects to strategically address the needs of the region. For example:

- Demographic data may show a long-term population decline indicating the need for population attraction activities.
- Business data analysis may indicate supply chain gaps in industries that may be potential business opportunities.
- A community profile that lists community infrastructure assets can be sent to prospective investors to attract new industry or generate industry expansions in the region.

4. Strategic Planning

Planning is done to give shape and focus to the ideas that were uncovered during the data collection and analysis stages. Planning should also include actions to achieve the vision and mission of the organization.

Strategic Planning

A strategic plan is like a road map for your community to reach your vision. A strategic plan gives a clear direction of how and where you're going. Without a plan, you are often in a crisis mode, responding to emergencies and deadlines, doing more but not necessarily doing better.

As mentioned above, your CDC is wise to set time aside to analyze data about your region and trends affecting your community. Decide how this information might affect your region and make plans to address them. Without a strategic plan, your community will lack clear priorities.

The strategic plan should be viewed as a living, breathing document that forms the basis for annual and monthly work plans and periodic evaluations of staff, board and programs. Decisions, from program implementation to fundraising priorities, must be consistent with the strategic plan. The plan must also be flexible enough to respond to new realities.

Community economic development plans should reflect the community's strengths and opportunities. A plan should also:

- include strategies that are already established by the local government (ex: the development plan)
- provide a framework to co-ordinate activities with other community groups and organizations
- be proactive and reflect the vision of the community at large, not just the board,
- contain SMART (specific, measurable, attainable, realistic and timely) goals and expectations

5. Co-ordinate Plans

The CDC strategic plans should complement and fit in with the community's municipal planning processes such as the local planning district development plan. The CDC should review the municipal development plan to ensure the plans are compatible. The CDC should discuss common goals with member municipalities and co-ordinate activities to address these goals.

There are also a variety of other regional plans the CDC plan should take into consideration to ensure plans are compatible. For example, the CDC region may be involved in a regional watershed management plan or a regional tourism strategy. The CDC board or staff should be aware of these plans and how the CDC can work in collaboration with these agencies to determine and pursue common goals.

6. Implement Strategies

Implementing strategies means choosing actions and activities that will help the CDC to achieve its mission in the best and most strategic way possible. It is important to choose actions strategically but they must also match the capacity of the organization and the resources available. Strategies are often categorized into the following areas:

- business development (ex: business expansion, attraction (prospecting) and providing business assistance)
- local development (ex. beautification, zoning)
- labour and human resource development (ex: population attraction)
- sector specific strategies (ex: tourism, housing)
- community liaison activities (ex: co-ordinate community marketing campaign)

- **Business Development**

- (i) **Retention and Expansion**

Some sources claim that up to 80 per cent of new jobs come from business expansion so the CDC could:

- Support a program to promote existing business.
- Facilitate a business retention and expansion program that could help retain and create new jobs.
- Promote locally made products through development of local food initiatives such as farmers' markets and trade fairs.
- Develop a local business alliance (ex: businesses that work together to form a local buying and/or marketing groups, develop joint procurement strategies, form local shopping malls, develop local delivery systems, advocate for, and develop, local loan funds and local investment opportunities).

- (ii) **Prospecting**

The EDO can help prospect for new business, investment and resources (ex: funding programs, developers, etc.) with research, promotion and personal contacts.

The EDO can gather information to find potential new opportunities for the community by:

- Identifying entrepreneurial opportunities in your region and people in your region who may be looking for a new business idea. Ex. host a young entrepreneur information workshop; connect with recent retirees to discuss potential new business ideas, etc.
- Networking at local, provincial or national conferences or business gatherings.
- Researching business and government publications and/or websites.
- Providing local tours or community promotional days.

Other examples of prospecting:

- Attend trade shows to identify new opportunities for the community or region.
- Identify new business opportunities through industry research and networking.

- (iii) **Business Assistance**

The EDO can play a very active role promoting, encouraging and assisting new and expanding businesses, facilities and industries. This can be achieved through mentorship, business assistance and financial support and/or training. Examples include:

- Assist entrepreneurs with the development of business plans.
- Assist entrepreneurs to find other sources of support – ex: provincial or federal programs,
- Organize or facilitate industry, labour and/or business management courses and seminars.
- Provide access to small business financing programs (ex: local loan program, or assist in finding appropriate sources of business financing.
- Facilitate business partnerships (ex: co-ordinate a project with local investors).
- Establish a business incubation space to mentor and assist young entrepreneurs and their business growth.

Other roles that the EDO can play to provide business assistance:

- Make contact with potential clients and maintain regular contact with existing clients.
- Act as a liaison between the CED organization board and various levels of government, industry, financial institutions, manufacturers and business.
- Act as a liaison between prospective new business people and the CED organization to advise them of the support available
- Co-ordinate workshops or information meetings for the business community or general public.

- **Locality Development**

This includes activities that develop the land or infrastructure in a community. Some activities can include:

- Participate in a First Impressions Community Exchange (FICE) program that helps communities identify ways to improve their community.
- Apply to the Hometown Manitoba program to make improvement to main street businesses and public places.
- Explore the need for industrial park development in your region.
- Identify and act on infrastructure needs of current and potential business and industry.
- Review zoning by-laws with the municipal council to ensure they complement the goals of the community and the CDC.
- Identify housing needs and supply and develop a step-by-step plan to increase housing options. This can also be part of a population or sector specific strategy.

- **Population and Labour Development**

Population and labour development can include a variety of activities intended to attract new people to the community or help provide the skilled labour to satisfy the business and industry needs of the region. This can include activities such as:

- Develop an immigration attraction and retention strategy to attract skilled labour and potential entrepreneurs to your region.
- Identify the key services that appeal to new or existing resident needs (ex: day care, recreation services) and involve partners to address any gaps in these services.
- Identify former residents of the region and develop a campaign to encourage them to bring their business back home. This could work hand in hand with a homecoming event.
- Develop an incentive program for those looking to relocate their home or business to your community (ex: low cost housing lots, tax deferrals or incentives or business loan programs.)

- **Sector Specific Strategies**

Sector specific strategies include any activities that involve a single industry sector. Some examples are:

- Conduct a value chain analysis to identify gaps within specific sectors. This may identify new business opportunities for the region within sectors. (ex: tourism, manufacturing, retail)

- Explore issues around a specific sector with stakeholders of that sector. For example, host a tourism sector stakeholder-planning meeting with tourism operators, recreational facilities operators, chambers of commerce, etc. to discuss joint roles and responsibilities within this specific sector plan.
- Identify potential investors for sector specific projects (ex: a retail sector business incubator).
- Co-ordinate a regional procurement project. Identify goods and services that local businesses are purchasing outside of the region to see if there are any business opportunities to fill this demand.

- **Community Liaison**

A CDC can act as a community liaison with both internal and external organizations so there is a clear, single access point for the flow of information to and from the community. Outside organizations often prefer to deal with one organization in a community and the more effective the point of contact, the greater the potential impact for the community.

For example, when a new grant program becomes available, a local economic development officer (EDO) for a CDC can more effectively find interested stakeholders in a community than the outside agency. They can spread the word through their internal networks, rather than relying on the chance that a mass media message will reach the right people. The granting agency also has a contact point for the community, rather than trying to contact multiple community organizations.

Liaison activities can include:

- Co-ordinating community promotion and marketing (publications, business solicitation and website/social media).
- Facilitate planning, co-ordination and implementation of community-based initiatives with community stakeholders. Stakeholders often include groups such as service clubs, chambers of commerce, municipal government agencies, tourism associations and education associations.
- Act as a liaison with organizations outside of the community, including provincial and federal government agencies and regional CED organizations.
- Share regular reports in local media on economic development issues and programs
- Co-ordinate an education program through the schools on issues of common concern (ex: trades training).
- Review current and proposed civic policy to ensure they have a positive impact on economic development.
- Make policy recommendations on civic and economic development.
- Submit reports and recommendations to the CED organization and the municipal councils

- **Community Promotion and Marketing**

The CED organization should be highly visible in the community. This helps promote the work and achievements of the organization and encourages growth and competitiveness. Community visibility is important so that other organizations and communities, governments and business are aware of the assets of the community. The EDO should develop a community public relations program. Local community consultations, community visioning and action planning can be part of this public relations program.

Promotion can be accomplished through a wide range of tools, which can include print and electronic media. For example:

- community websites
- social networking such as Facebook or Twitter
- tourism and industrial development brochures, literature and advertising
- Newsletters, news releases, etc. to identify timely events or updated information and provide awareness in the community about the economic development organization's role and impacts.

Other examples of promotion:

- promotional brochures, reports and related publications about the community and organization's programs
- community representation at trade shows and related economic development conferences

- **Monitor, Review and Revise Plans**

This important stage is often overlooked by busy volunteers of a CDC, but monitoring and evaluating CED plans is essential to know if your process has been successful and how you might change or revise it

The CED organization is usually funded through municipal corporations and should be able to report on its impact on the community. The EDO can help monitor programs, services and projects that allow the organizations to judge the effectiveness of its plans and initiatives. This regular review process should be documented throughout the year in an annual report. The monitoring should focus on indicators identified in the planning process. A CED organization can adapt to change more effectively when it closely monitors its outcomes. Monitoring is important and should be done as efficiently as possible, but it should not be a substitute for action.

- **Other Functions of the CDC and EDO**

There are no rules that govern the roles or functions that a CED organization or EDO must perform. The roles should be determined by the organization's board based on the priorities of the community. Communities are encouraged to use ingenuity and imagination in determining the most effective initiatives for themselves.

A CDC can also generate revenue by developing and/or owning residential and commercial real estate or could take an equity position or partnership in a business venture (if the CED organization is a corporation).

How do you finance or generate revenues for a CDC/CEDO?

Financing the operations of a CDC can be as diversified as the imagination and initiative of the board. CDCs can generate revenue in a variety of ways including the following:

- A municipality can provide funding to the CDC directly through a grant as stated in Section 258 of *The Municipal Act*, this section states:

“ECONOMIC DEVELOPMENT

Definition

258(1) In this section, “**economic development**” means the establishment, expansion or continuation of a business or industry.

Encouraging economic development

258(2) A council may encourage economic development in any manner it considers appropriate and, for that purpose, may enter into an agreement with a person, with an agency of the Government of Manitoba or the Government of Canada, or with another municipality, including a municipality in another province.

Strategic plan

258(3) A council may adopt a strategic plan for economic development in the municipality.

Condition of grant

258(4) A council may make a grant for the purpose of economic development in the municipality, but the grant must not be used to directly or indirectly reduce the amount of municipal or school taxes payable to the municipality or to reimburse a person for municipal or school taxes that are paid or payable to the municipality.”

- Funding can be raised through interest on loans and capital. For example, CDCs that operate a local loan program can use the loan interest they earn from the loans for CDC operations.
- A CDC can also obtain revenue from leasing any property it owns or from the operating profits of companies under its umbrella.
- The CDC could ask for donations from service clubs, financial institutions, corporate or private donations, or can hold fundraising events.
- The CDC can generate revenues from fee-for-service contracts with local clients, agencies and other CDCs.

The CDC can apply for applicable grants to support projects and initiatives – although grants for general operations are not usually available.

The shareholders (members) of CDCs are primarily the local government(s). Issuing shares to the public is not recommended as the CDC should be accountable to the local government(s) they serve. Some of the original CDCs that formed in the 1960s have individuals as shareholders, but currently, the province will only approve CDCs with local government(s) as shareholders (members).

Distribution of Profits

A CDC is a share capital corporation, but unlike most share capital corporations, it cannot distribute profits to anyone. This is done to protect the board members and to ensure that profits are only distributed for public good, not for individual gain.

If the CDC dissolves or is liquidated, the CDC must receive approval from the Lieutenant Governor in Council to distribute any capital or assets. Approval would not be given to distribute capital or assets for personal gain, but would need to be distributed to another public institution or organization working for the public good.



For more information, call Manitoba Agriculture,
Food and Rural Development at
204-726-6293 in Brandon, or email
mbagriprocessing@gov.mb.ca.

Prepared by Manitoba Agriculture, Food and Rural Development