

SERC 3 Annex – Project C11 – Revised May 2007

## **B.C.- Alberta Research Alliance on the Social Economy (BALTA)**

### **Annex A – Project C11-2007**

#### **A. Project Title**

##### **Credit Unions as a Financing Source for the Social Economy**

#### **B. Brief description of project and its objectives, outputs, and proposed outcomes**

This project explores one aspect of development finance in the social economy—namely, the role of the credit union as it appears today in AB and BC. It seeks to describe and analyze the range of activities directly relevant to the provincial social economies that are currently conducted by selected credit unions. This is intended to highlight the activities that are most productive within the limits of the credit unions' other priorities. The project will begin with four or more case studies, compare the cases, and extract from this a global analysis of the current and potential place of the credit union in the finance of the social economy.

The project will begin with taking advantage of recent related work: Any major case studies of CUs in AB and BC; a CU survey executed by CCA; the current work of a CCA task force on co-op development funding; and the early results of two other on-going BALTA projects, one in SERC 3 for mining the existing data on organizations in the social economy and the other a cross-SERC effort to map, with new data, the entire range of social economy activities in the two provinces. This review will ultimately enable the selection, by the end of the first year, of four or more credit unions for intensive case examination and will contribute to thinking through and planning the design of the following years' work. It is likely that among the cases chosen will be larger-scale CUs like VanCity, as well as rather small CUs with or without considerable SE-related activity. Another model for possible examination is the Alberta Treasury Board/Branches in Alberta. In addition to case studies, other research methods will be considered. Thus in the initial year (in the fall and/or winter) a student researcher will be assigned to reviewing previous projects, so that the lead investigators can collaboratively select the cases and lay out the comparative framework for the research. Depending upon availability of resources, case studies (and perhaps other research) will be carried out in the following two years, with the final year devoted to successive drafts of the overall report and consultations with the credit unions concerned.

Initial project planning and student recruitment will take place prior to the Fall, with the student work and preparation of outputs during the Fall academic term. Consideration of first year results and planning for the second year will take place early in 2008.

#### **Objectives:**

##### **First-Year Objectives**

To review relevant previous studies and on-going BALTA and CCA research.

To ascertain in a preliminary way the level and degree of interest in the two provincial credit union sectors as to their playing an increasingly significant role in financing the provincial social economies.

- To engage the interest of CU Centrals in both provinces, to act as partners in the project, especially in terms of selecting cases to be studied.
- To recruit additional project leadership as well as a student researcher.
- To prepare the final design of this multi-year project.
- To select the cases and engage the partnership of the selected CUs.

#### Multi-Year Objectives

- To gain a better understanding of the capacity and activities of the credit union sector for financing the social economy.
- To offer to the credit union sector a series of models for increasing the accessibility of financing for the social economies of the two provinces.

#### **Outputs:**

##### First-year outputs

- A doable and detailed research plan for a multi-year project
- A structure for consultation, guidance and advice from the credit union sector.
- One (or more, as appropriate) funding applications to support the project.
- A preliminary report on stage one, for discussion at a BALTA meeting and elsewhere.

##### Multi-year outputs

- A series of case studies and/or other research products on BC and AB credit unions and their financing relationships with the social economy.
- A conceptual structure for understanding how credit unions relate to the social economy.
- A series of publications in refereed and other journals reporting the case studies and the conceptualization of credit union relations to the social economy.
- A book-length manuscript on credit union financing for the social economy.

#### **Outcomes:**

##### First-year outcomes

- Increased BALTA collaboration with the credit union sector in both provinces.

##### Multi-year outcomes

- An increased understanding of the limitations and potential of the role of credit unions in development finance.
- Increased knowledge of variant models of credit union activity on behalf of the social economy
- In BC and AB an increasing demand and use of credit union facilities and products, with respect to the social economy.

### **C. Purpose and significance of the project**

As the BALTA proposal makes clear, the social economy in any region or nation will flourish only if there is a supportive infrastructure that engenders and facilitates the local initiative and productivity of individual social economy activities or projects. This

infrastructure has to include resources and processes for the mobilization of capital to finance the activities and projects. While there are many possible (and to a very limited extent already accessed) sources for such capital (such as community foundations, churches, government programs, corporations, etc.), one source (credit unions) would seem most geared to the values and meaning of the social economy. Because credit unions are member-controlled and focused on the needs of their local communities, they comprise the most obvious and potentially accessible source of development finance for any social economy activities. Moreover, the history of the credit union sector suggests that it could significantly expand its contribution to social economy finance both locally and nationally.

The mobilization of the credit union sector as a powerful influence in the health and growth of the social economy will indeed remain a major concern for practitioners in this field. It stands out as an aspect of the field about which academics and practitioners alike require more relevant knowledge and a more sophisticated understanding of the opportunities and limitations of the sector.

**D. Will this project be lead and managed by a SERC member or members or will it require a request for proposals?**

The project will be led and managed by SERC 3 members. SERC 3 member, Stewart Perry, has agreed to play at least an initial role in developing and leading this project, but longer-term leadership and management is still to be decided. This project could benefit from both a practitioner and an academic co-lead.

As envisaged over the next several years, the project will require outside collaborators and financing to support the employment of one or more senior researchers, not just students.

**E. Lead researcher, organization name and contact information (when known)**

Stewart E. Perry  
Canadian Centre for Community Renewal  
Tel: 206-328-7617  
[stewartp@iqc.org](mailto:stewartp@iqc.org)

**F. Names of other researchers and organizations involved (when known)**

Other researchers and organizations to be involved have not yet been identified, as that will be one of the tasks of the first year's work.

**G. Will the project involve hiring one or more student researchers? Will they need to be recruited or have they already been identified?**

One Master's level student researcher (as yet unidentified) will be required for the first year, focused primarily on mining the results of the two related projects already mentioned. The student will most likely be employed during one academic term (3-4 months) the equivalent of approx. 6 weeks of full time work spread over the course of the term. In the most favorable circumstances, this student will continue to provide services in later stages of the project, but it is likely that other students will also be recruited.

**H. Brief description of project roles and responsibilities for project participants (lead researcher, other researchers, student researchers, partner organizations).**

The lead investigators on the project will particularly have the responsibility:

1. To lay out the research plan and methods and stages for a multi-year comparative project that will examine the potential and limitations of a selection of AB and BC credit unions as financing sources for the social economy.
2. To establish collaborative relationships, with respect to credit union data, with other related BALTA projects, specifically the cross-SERC mapping project and the SERC 3 project that seeks to identify and access already existing data.
3. To determine for each of the stages the necessary level of effort for the project and the kinds of skills and personnel that will be needed.
4. To garner the interest and sponsorship of the project by the representative credit union organizations in both provinces and establish on-going consultative relationships with them.
5. To seek out sources of financing for the project.
6. To recruit and engage personnel for the project.
7. To use the BALTA cross-SERC mapping results and SERC 3 project on existing data on the size and scope of the sector to identify four or more credit unions for case studies of their differing roles in financing any activities relevant to the social economy.
8. To guide and consult with student and other researchers recruited for the project.
9. To engage in the multi-year comparative analysis and reporting of the work.

Student researchers and any researchers recruited on the basis of successful outside financing will particularly have the responsibilities:

1. To use the BALTA cross-SERC mapping results and SERC 3 project on existing data on the size and scope of the sector to identify four or more credit unions for case studies of their differing roles in financing any activities directly relevant to the social economy.
2. To conduct the case studies of selected credit unions to describe and analyze (a) their fundamental conceptions of their role as financiers for their communities and the social economy, (b) the organization, range, and level of SE-related financing, (c) changes over time in those activities; impacts of these activities, both externally and internally in profit and other terms, and (d) their expectations for the future of their organizations;
3. To analyze the comparative materials to examine the current and potential role and impact of the credit union sector as a whole, with respect to financing of the social economy;
4. To construct the outlines of a strategy for strengthening the contributions of the credit union sector to the social economy.

## I. Indicative Budget

The budget for the 2007-2008 fiscal year, the first year of this project, is provided in the table below.

<b>Category</b>	<b>Requested of BALTA</b>	<b>Other Contributions</b>
Student salaries & benefits	\$4,000 – includes \$17/hour and 4% holiday pay	
Researcher Release Time		Perry – 20 or more days of time over the course of this first year of the project
Research Support Costs	\$600 – for supplies, L.D. telephone	
Knowledge Dissemination		
Travel	\$500 – Support for the student to travel to the annual BALTA colloquia	
<b>TOTALS</b>	<b>\$5,100</b>	<b>To be determined</b>