

## Supporting Business Succession Through Solidarity Co-operatives - Executive Summary

The [Canadian Worker Co-operative Federation](#) (the “Federation”) has a vision and a plan to strengthen communities and their economies by managing part of the COVID-19 Economic Response Plan to save suddenly threatened businesses. The Federation already has the experience, the required skills, the networks, and some cash to contribute. This proposal would aid the Government of Canada to efficiently and effectively deliver support to enterprises whose owners, investors, and workers are concerned about business survival.

To save jobs and businesses during the unprecedented Covid-19 crisis, the Federation is offering to partner with the Government of Canada to help restore the economy. One tool we have to relieve distressed business owners from carrying the entire burden of owning, operating and financing an enterprise, is to help them plan their succession or the transfer of their businesses to Solidarity Co-operatives<sup>i</sup>. Usually, the prior owners would continue to be important participants in the businesses. As well the Federation would take on responsibility to deliver federal supports to its members through its established networks, including willing allied organizations such as national, sectoral, and provincial / territorial co-operative associations.

Solidarity Co-operatives have a proven track record and a superior survival rate compared to regular businesses. And, they are part of the International Co-operative Alliance which is built on the [internationally agreed-upon co-operative values and principles](#). Canada has an estimated 9,000 co-ops in many sectors of the economy providing 18 million members with products and services in [savings and credit co-operatives](#), [insurance co-operatives](#) or [mutuals, agri-food, and housing](#)<sup>ii</sup>. This initiative is a concrete response to [Motion M-100](#) adopted unanimously by Parliament, in the spring of 2017, calling for the establishment of a federal framework to promote the recognition and development of co-operatives in Canada. The motion also calls on Innovation, Science and Economic Development (ISED) to establish a national co-operative development strategy.

The Federation’s proposal includes four key elements to address this major disruption in the Canadian economy:

- 1) Invest in a dedicated patient (long-term) capital fund for the development of Solidarity Co-operatives, building on the success of the Federation’s existing *Tenacity Works Fund*. (\$70 million for patient capital)
- 2) Support small and medium-sized business (SMEs) that wish to convert to Solidarity Co-operatives as an effective business succession strategy by facilitating the ability of employees and community members to participate in business ownership. (\$19 million for technical assistance)
- 3) Funds to augment the Federation’s Emergency Relief - Survival Planning Fund (“SPF”) for existing Solidarity Co-operatives. (\$9 million for advisory services by expertise in the Federation’s Network of certified Worker Co-operative Developers.)
- 4) Provide funds for the marketing and promotion of the program using popular culture and other creative means, particularly online. (\$2 million to support the creation and dissemination of promotional strategies).

Any enterprise that receives funds under this program would be required to place a matching amount into an indivisible reserve for the new Solidarity Co-operative. If the new enterprise owners subsequently sold out to a private business corporation and ceased being a Solidarity Co-operative, they would have to pay back all monies in the indivisible reserve to the *Tenacity Works Fund*. Therefore, these funds would not be one-time grants or investments, but would be sustainable and perpetual. The total investment from the Government of Canada, of already committed program dollars, would be \$100 million.

This program would assist the Government of Canada to help SMEs survive, facilitated by local networks. In Quebec Solidarity Co-operatives are an integral part of the social economy. The co-operative economic model is also the pillar of economic resilience in the most prosperous regions in Europe and elsewhere, including: Emilia Romagna in Italy; Mondragon, Valencia, and Almeria in Spain; Parana in Brazil; and municipal economies in Barcelona, Preston UK, and Cleveland US.

The Federation will invest its resources in the form of experience, proven expertise, and cash. We will also seek additional funds from other sources to be invested in Solidarity Co-operatives to help strengthen Indigenous communities, rural communities, sectors with precarious employment, industries that will support a just transition to a renewable energy economy, and the Middle Class. We are the only Canadian association that represents all Solidarity Co-operatives. We have a proven track record, infrastructure ready to go, and can scale up as required. Administrative costs will be modest (less than ten percent). We look forward to your response to our proposal. Please contact: Hazel Corcoran, Executive Director, CWCF, at the coordinates [here](#).

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<sup>i</sup> Herein we define “Solidarity Co-operatives” as all types of co-operatives eligible for Federation membership: co-operatives which are employee-owned, multi-stakeholder co-ops with substantial worker control, worker-shareholder co-ops, and/or related social-solidarity enterprises as defined in Federation by-laws.

<sup>ii</sup> These hyperlinks are to examples of large co-operatives like Desjardins, or federations in other sectors; see this federal [archived list](#) for more. In addition to CWCF in the workplace are [le Réseau COOP](#), the [Quebec Forestry Co-op Federation](#), and the [Quebec Paramedic Co-op Federation](#).