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RESOURCE ECONOMICS AND ENVIRONMENTAL SOCIOLOGY

Retaining Financial Capital for Rural Community Development: A Case Study of the Town of Olds, Alberta

John R. Parkins and Carolyn Chenard
(Editors)

Project Report #11-02

Project Report

UNIVERSITY OF ALBERTA
DEPARTMENT OF RESOURCE ECONOMICS
AND ENVIRONMENTAL SOCIOLOGY

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November 2011

Editors and Authors

John Parkins is an associate professor and Carolyn Chenard is a PhD student in the Department of Resource Economics and Environmental Sociology. The chapter authors were students in a course at the University of Alberta, RSOC 430 and RSOC 530 (Social Impact Assessment) during the Winter Term (January – April), 2011.

Acknowledgement

The authors acknowledge the contributions and assistance of Sterling McLeod from the Olds Institute for Community and Regional Development and Kalina Lemay from the Faculty of Agricultural, Life & Environmental Science, University of Alberta. They provided invaluable assistance in completing this project. We also thank all of the residents of the Town of Olds and other research participants who provided important contributions to this project.

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Abstract

Financial capital is an important component of rural community development and a key aspect of community resilience. Yet residents often transfer their wealth into investment vehicles such as GICs and bonds that are external to their community. This exodus of financial capital is often in contrast to a deep commitment to the local community in which these residents lived and worked for the majority of their lives. With a focus on the Town of Olds, Alberta, this project seeks to understand the possibilities for local financial capital retention for community development. We compare several approaches to capital retention that include the transition towns movement, community currency and community bonds; we explore perspectives from municipal, provincial, and federal levels of government; we seek insights from the representatives of local financial institutions; and we survey residents of the Town of Olds about their views on local investment. Results indicate a willingness to invest locally among residents, with support from town leaders, governments, and financial institutions. Yet several key barriers exist. These barriers include a limited understanding of financial vehicles for local investment (e.g., community bonds) and the availability of other attractive non-local options to secure financial capital (e.g., loans at attractive rates).

JEL codes: R51, R11, Q38

Keywords: rural finance, community investment, impact assessment, social research methods, rural development, community resilience

Executive Summary

Retaining Financial Capital for Rural Community Development:
A Case Study of the Town of Olds, Alberta

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University of Alberta
November 2011

Background

This project report was completed by eight graduate students and six undergraduate students in a social impact assessment course (RSOC 430-530) during the Winter Term (January to April), 2011. The overall goal of this project was to provide a learning experience for students and to contribute to specific rural development needs and interests within the Town of Olds, Alberta. Initial discussions with town leaders and the university revealed a need for more information on financial capital retention and an opportunity to gather this information through the efforts of this project-based course. Project funds and coordination were provided through the Experiential Learning Initiative in the Faculty of Agricultural, Life & Environmental Sciences, University of Alberta.

Research Objective

With generational changes in farming communities, large capital investments in land and equipment are being liquidated and re-invested. Due to their conservative investment interests, retired farmers and business people, for example, often transfer their wealth into conservative instruments such as GICs and bonds. This exodus of financial capital represents a contrast to an otherwise deep commitment to the local community in which they lived for the majority of their lives.

For local residents who are in the process of liquidating local assets, our hypothesis is that more of these local financial resources can be retained locally for the benefit of the community if local investment vehicles are available. These vehicles could include local opportunity bonds to support new infrastructure and business development (e.g., recreation facilities, retirement facilities).

With this background, *the main objective of this project was to understand the possibilities for local financial capital retention from multiple perspectives within the community and with insights from other regions and other communities.*

The concept of resilience provides a framework or conceptual lens for addressing this objective. Defined as the ability of a social system (in this case a town) to learn, adapt and respond in positive ways to a changing social, economic and ecological context, each

section of this report explores the connections between these themes of learning, adaptation and change as it relates to financial capital retention in the Town of Olds.

Study Setting: Town of Olds, Alberta

The Town of Olds is located in Mountain View County, 5 kilometres west of Highway 2 in the heart of the Edmonton - Calgary corridor. It is located 61 kilometres south of Red Deer, which is the nearest city, and 90 kilometres north of Calgary.

According to the 2006 Census of Canada, Olds has a population of 7,248, an increase of 9.7% with respect to the previous census of 2001. In addition, there are 2,850 Mountain View County residents in the immediate vicinity of the town, with an additional 1,300 full-time students at Olds College.

Capital Retention Alternatives

In Chapter One, after providing a detailed description of people, resources, organizations and community processes in some detail, the authors take a comparative approach, examining the merits of three capital retention initiatives: transition towns, community currency and community bonds. In looking closely at the *transition town model*, resilience was found to be a key principle. The model aims to create resilient systems within three indicators: economic structures, physical infrastructure and social systems. There is also strong emphasis on localized spending and financial resilience. Financial capital retention, however, does not stand alone as a goal but is integrated with other aspects of this model.

The *transition town model* offers a strategy through which to build local resilience using a wide range of community development initiatives such as economics, food security, infrastructure, social networking and local business growth. The model has the potential to provide a sustainable structure for capital retention projects in the Town of Olds. The model has a goal of building community investment that reaches beyond an interest simply in fiscal return. It creates a desire for community investment that comes from an empowered group of individuals working to build resilience in their own community.

In examining the merits of a *community currency model*, the authors looked at efforts within two communities: Salt Spring Island, British Columbia, and Dunbar, a neighborhood in the City of Vancouver. The local currency initiatives encourage a virtuous circle of local spending where money is circulated within the community and in doing so brings local producers and consumers together to prevent economic leakage from the community. Finally, *community bonds* were explored as a model of financial capital retention. Community bonds are described as a hybrid between a charitable donation and a social investment, where local organizations issue a bond to raise money for local initiatives and then offer a rate of financial return over the lifetime of the bond. The Municipal Financial Authority in British Columbia has established provisions for the development of local bonds, and the authors explored recent opportunities and challenges in developing community bonds.

At the end of this chapter, the authors recommend the *transition town model* as the most comprehensive and most useful model to facilitate financial capital retention and to promote more resilient forms of community development.

Government Perspectives

In Chapter Two, the authors focus on *government perspectives* in relation to the retention of local financial capital. Insights were taken from document analysis and in-depth interviews with representatives from multiple levels of government: four at the municipal level, four at the provincial level and one at the federal level. Research participants were selected based on their experience with community development and their knowledge of rural financial issues. In discussions with local government officials, there was a strong sense that local government can play a coordinating role to promote local capital retention initiatives. There was also a strong sense that all levels of government should be in a supportive role but should not promote specific local investments as such. This sentiment is captured in the following quote from a provincial government employee.

> *When you get to the federal and provincial level they both have a role in regulatory things and instruments created to do this and making sure they're effective. Not a role in terms of promoting the local investments themselves, but rather making sure people are using instruments appropriately.*

In terms of administering local capital projects and providing project oversight, research participants indicated a preference for a local government body that would be independent (at arms-length), in a strong position to understand the needs of the community and the technical and financial aspects of establishing local investment vehicles. Several individuals pointed to recent success stories in Alberta such as the Battle River Railway and the Westlock Terminals as potential models for local investment. Other models of interest included more distant initiatives such as a program in Nova Scotia to encourage local business investments. The Nova Scotia example has two key advantages: (1) the provincial government provides incentives for raising money such as a provincial tax rebate and (2) the program is administered through the credit union with financial guarantees from the government. These two factors were thought to be instrumental in the success of this program.

One vehicle for local capital investment in Alberta could include the issuance of community bonds through the Agriculture Financial Services Corporation. There are several barriers to implementing this option, however, with one being the very attractive rates that currently exist for borrowing money through the Corporation. One research participant stated this constraint quite clearly.

> *We have looked at trying to make local community bonds work here in town. But, even to get 5 or 6 % return, we can borrow from the authority cheaper than that, so the ability to do that just isn't there right now.*

The authors of this chapter conclude with a recommendation for continued dialogue between all levels of government. It is recommended that governments and financial institutions discuss options for local financial capital retention and try to reach a shared understanding about how to define local financial capital and how to move forward with a capital retention program.

Financial Institution Perspectives

Drawing on interviews from representatives of *local financial institutions*, the authors of Chapter Three offer unique insights into the question of local capital retention. This includes an estimate of in-town and out-of-town investment through local banks, perspectives on the availability of local vehicles for investment, and willingness to invest locally. As noted in the figure below, out of the five financial institutions interviewed, three invested at least 50% of their total customer deposits within the Town of Olds.

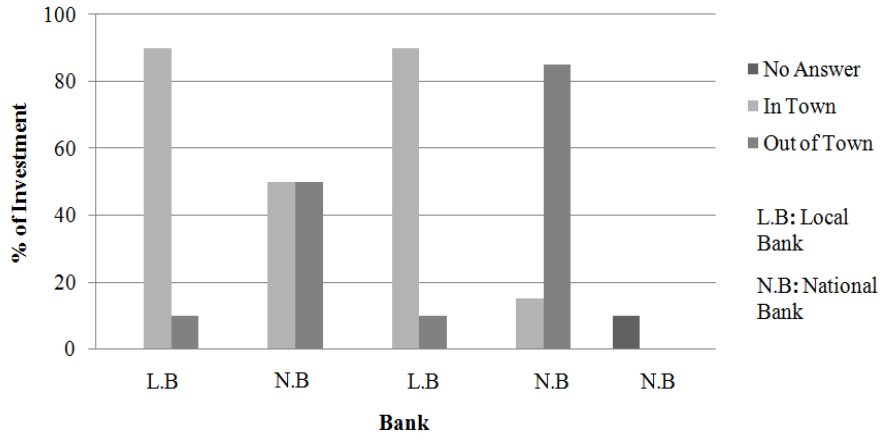

Figure A. Percentage of in-town and out-of-town investment by type of bank.

It is also interesting to note that only one out of the five financial institutions noted that there were specific and appropriate vehicles for investing locally. This finding suggests a willingness and capacity to invest but a lack of local alternatives. Moreover, one banker noted the problem is not a lack of capital; it is a lack of investment options.

> *We have $30 million more deposits than we do loans. Instead of that money sitting here, we would rather invest it* (Local Banker).

There was a fairly sharp distinction between the views of local bankers and the views of national bankers. This distinction is noted by a national banker who highlights his preference for top returns on investment, regardless of the location.

> *Our institution is national in scope… so we try to maintain what is best for the clients… so if they have a better chance for return elsewhere, we try to do what is best for our client* (National Banker).

This sentiment represents a general tension between a need for competitive returns on investment in contrast with more altruistic motivations. Overall, however, there was strong evidence that local financial institutions were interested in retaining capital locally. A majority of the financial institutions in Olds already invest about 50% or more of their deposits in local initiatives and there is interest in developing other investment vehicles to increase these numbers.

Community Resident Perspectives

In Chapter Four, the authors seek insights on local capital retention from *the residents of the Town of Olds*. Focus group and survey research tools were used to elicit these insights. Through focus group discussions, the authors identified five major considerations that participants perceived as important in the structure of a local financial capital retention initiative: connection to community; return on investment; limiting risk; enhancing trust; and cultivating a sense of ownership. Focus group participants also emphasized the strong sense of pride within the community and the willingness of residents to invest within the community.

An internet-based survey was administered to the community through membership lists of community organizations. 105 residents responded to the survey, providing broader insights that included a sense of willingness by residents to participate in capital retention initiatives. This willingness is reflected in responses to the question below.

Table A. Survey question about willingness to invest in local initiatives

How interested are you in investing your personal funds in local initiatives that would benefit the Town of Olds and surrounding areas?	**Response (%)**
Very interested	11.8
Somewhat interested	60.8
Not interested	21.6
Definitely not interested	5.9

In response to questions about investing for a return on investment as opposed to investing for altruistic motivations, survey respondents did not exhibit a strong preference for one motivation over the other. As such, the authors of this chapter suggest three key considerations for promoting a local capital retention project: (1) strong leadership; (2) broad public involvement; and (3) consensus building – all of which have inherent benefits and challenges.

Chapter One – Capital Retention in Comparative Context: Transition Towns, Community Currency and Community Bonds

Juan Carlos Galaz
Patrick Lefebvre
Maggie Nelson
Amy Trefry

Introduction: Resilience as a Tool to Measure Success

One approach to assessing the social health of a community involves the concept of resilience. Resilience theorists have taken different approaches to explain the relationships between communities and their environment and how they cope with change. Walker (2004) defines resilience as "...the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks" (p.1). The application of resilience theory has the benefit of guiding new insights and new approaches to research and analysis, where "rather than directing our attention primarily to identifying and prescribing conditions of sustainability, the resilience framework directs our attention to information flows and cycles of change, exploring how our current institutions and connecting structures are likely to respond to disturbance, and how we can prepare for those outcomes" (Davidson, 2010, p.12).

Because of the various approaches that can be taken to evaluate options for financial capital retention, we used a standardized tool to promote community resilience as our yardstick for success. Toward this end, we used the twenty-three indicators of resilience established by Colussi et al. (2000) in the Community Resilience Manual. These are divided into four dimensions of resilience: People, Organizations, Community Process and Resources (Figure 1.1).

The definition we have adopted for interpreting resilience is "the ability to take intentional action to enhance the personal and collective capacity of [its] citizens and institutions to respond to, and influence the course of social and economic change" (Colussi et al., 2000, p.2-11). Using this model, we evaluate each option using the Community Resilience Manual's framework in order to compare various capital retention options.

Figure 1.1. The Four Dimensions of Community Resilience from the Community Resilience Manual (Colussi et al. 2000).

Part I: Town of Olds

Using the framework of the Community Resilience Manual enabled the identification of the weaknesses and strengths in the subject areas of People, Organization, Resources and Community Process in the Town of Olds. The report also includes facts and characteristics that are useful in comparing the Town of Olds with other communities that are promoting capital retention in different ways.

People

The Community Resilience Manual considers the analysis of residents' beliefs, attitudes and behaviours in matters of leadership, initiative, education, pride, cooperation, self-reliance, and participation in the assessment of resilience. Most of the characteristics in this dimension should be obtained by interviews or focus groups because they are difficult to obtain from secondary data. However, the field research aspect for this project allowed our research team to gain some information about certain characteristics of the people of Olds that were used for the characterization of the resilience of the community.

In the Town of Olds, one characteristic we observed indirectly was the sense of pride of the community which was inferred by observing the high number of festivities and events that are carried out every year. Adding to this, active participation in community organizations demonstrates that the residents are involved in the development of Olds and feel a sense of pride and attachment to the community.

Location and demographic facts

The Town of Olds is located in Mountain View County, 5 kilometres west of Highway 2 in the heart of the Edmonton - Calgary corridor. It is located 61 kilometres south of Red Deer, which is the nearest city, and 90 kilometres north of Calgary.

According to the 2006 Census of Canada, Olds has a population of 7,248, an increase of 9.7% with respect to the previous census of 2001. In addition, there are 2,850 Mountain View County residents in the immediate vicinity of the town, with an additional 1,300 full-time students at Olds College.

The population growth in Olds is slightly smaller than the growth recorded in the province (10.6%). It is higher than Didsbury, the second biggest community in the Mountain View County, where the population growth between the last two censuses was 8.7% (Statistics Canada, 2007).

In rapidly growing communities, it may be difficult to provide community members with sufficient access to programs and services; while in some cases long-time residents might find their familiar community being transformed by 'new-comers.' However, where populations are declining, the community may realize fewer opportunities for youth and young adults, which in turn, helps explain the declining ability of a community to sustain retail business or services such as schools or health facilities (DTHR, 2004, p.14).

The average age of the population of Olds in 2006 was 40.2, compared to 38.0 in 2001. In the province of Alberta, average age is 36. Olds has a lower proportion of children and adolescents, and a higher proportion of seniors. In fact, the population in Olds above the age of 15 represents 82% of the population, in comparison with Alberta where it is 80% (Statistics Canada, 2007). This demonstrates the presence of an older population than the average in Alberta, which is an important point to be considered in the analysis of the resilience of Olds. Communities with a higher proportion of seniors may have increased needs for home support and home care, access to long term care facilities, and transportation options as compared to communities with higher proportions of young adults and children, which would need different community support such as access to schools, primary health care, recreation facilities and day cares.

In relation to immigration in Olds, the town had a smaller proportion of new arrivals during the period between 2001 and 2006 compared to the province (0.08% immigrants over Olds population vs. 3% over Alberta population) (Statistics Canada, 2007).

In comparison with other parts of Alberta and Canada, there is little diversity in terms of visible minority, foreign-born, and non-Anglophone residents. Although this means that language may not be a barrier, residents from non-traditional populations (as well as people of First Nations' ancestry) may feel themselves to 'stand out' in uncomfortable ways (DTHR, 2004, p.14). In fact, in Olds, a total of 60 people reported in the 2006 census that they had arrived from outside of Canada and only 25 people reported no knowledge of English during the period between 2001 and 2006 (Statistics Canada, 2007).

Resources

This dimension tries to assess the extent to which the community builds on local resources to achieve its goals, while drawing strategically on external resources. One very important resource is human capital, which can be enhanced through education.

Education

Olds has several public schools, Christian schools, a special-needs school, and an outreach school. The town is home to Olds College, which has offered programs in career and academic preparation, animal sciences, horticulture/landscaping, land use and environment, fashion, machinery/trades, agriculture, and applied business since 1913 (Town of Olds, 2011a).

Despite the available education infrastructure, Olds has a higher proportion of people aged 15 and over who do not have a certification, diploma or degree, 27.4%, in comparison with 23.4% in the province (Statistics Canada, 2007).

Income

The median family income in 2005 was $61,590, which is lower than the provincial average of $73,823, however, it is higher than the $58,264 average family income reported in Didsbury. Interestingly, the proportion of individuals that earn low incomes in Olds is 6.8%, in comparison with Alberta's average of 9.1% and Didsbury's which is 7% (Statistics Canada, 2007).

Compared to the province, Olds has a lower proportion of income that is employment-based. The 2005 share of income generated by employment in Olds was 72% while for Alberta it was 82.3% (Statistics Canada, 2007). The age structure of the population and unemployment rates could decrease the percentage of a community's income from employment, which, for example, could result from a greater number of seniors who are receiving pension rather than employment income (DTHR, 2004, p.14).

Labour force and employment

In the 2006 census, the labour force in Olds was comprised of 3910 people, which represents an employment rate of 64.4%. In the same period, the unemployment rate was 4.0%. In Didsbury and in the province of Alberta, the unemployment rates were 7% and 4.3%, respectively (Statistics Canada, 2007). This data reflects a dynamic labour market in Olds.

The largest employers in Olds are the Olds College (439 employees) and the Olds Hospital (300 employees). One of the characteristics of a community that shows resilience is that the major employers are locally owned. With reference to the Community Resilience Manual, this is a positive attribute. "Resilient communities are aware of the risks associated with reliance on a single, large employer and emphasize economic diversification by supporting employment in smaller companies and active promotion of local ownership" (Colussi et al., 2000, p.15). However, the five largest

private employers in Olds are Walmart (185), Richardson Bros. Ltd. (125), Banner Pharmacaps (100), Sobeys (86) and Canadian Tire (60 employees) (OICRD, 2009). These five companies hired 14.7% of the total labour force in Olds. In this group, only one major employer, Richardson Bros. Ltd., is locally owned, which can be seen as a weakness in terms of resilience. In addition, our research team could not identify a strategy for encouraging independent local ownership.

Regional economy

The Town of Olds is a major service centre and regional market for over 40,000 people in Mountain View County. Olds is located strategically for travel and commerce. The Chamber of Commerce of Olds serves the business, economic, and social communities of the town and area (Olds & District Chamber of Commerce, 2011).

The top five industries driving the regional economy are manufacturing, oil and gas, servicing, agribusiness, and retail and service (OICRD, 2009).

Financial institutions

The financial institutions that are present in Olds are the following:

- Alberta Treasury Bank
- CIBC
- Bank of Montreal
- Farm Credit Canada (FCC)
- RBC Royal Bank Olds
- Credential Financial Strategies
- Mountain View Credit Union Ltd.
- TD Bank Financial Group
- Scotiabank
- Agriculture Financial Services Corporation (AFSC)

One of the characteristics of a resilient community is access to local credit (Colussi et al., 2000, p.9). The existence of several branches of banks demonstrates evidence of accessible credit for development in the town. Also related to the access to equity credit, the Mountain View Credit Union Ltd. provides services to their members.

Organizations

This dimension assesses the level of collaboration within local organizations, institutions and groups. The number of organizations that are working in economic development in the town is a good indicator of the ability of Olds to respond to changes, which is an important characteristic of resilient communities (Colussi et al., 2000, p.16).

Developments

The Olds Institute for Community & Regional Development (OICRD) is the economic development arm of the Town of Olds. The OICRD is made up of four members: the

Town of Olds, the Olds & District Chamber of Commerce, the Olds Agricultural Society, and Olds College.

Development permits in the town have risen markedly in the last years, reinforcing Olds' reputation as a vibrant regional business and service centre (OICRD, 2011). For example, the Cornerstone shopping centre, at the western entrance to Olds on Highway 27, has a Phase One worth $50 million. The 275,000 sq-ft project includes a Wal-Mart, Staples, Canadian Tire, Mark's Work Wearhouse, Bank of Montreal, an adult living condominium project, Ramada Inn with swimming pool and water slide, Sobey's, and a complement of over 20 other stores and services (Budmer & Sherry, 2010). The major projects approved by the Town of Olds in 2010 were a catholic school, the Mountain View Credit Union complex and the Cornerstone Duplex Housing Development.

One of the major efforts of the OICRD has been the exploration of utilizing the power of the Internet and technology opportunities in support of existing businesses and in attracting diversification in the local economy. Enhanced capacity of broadband supports industry involved in medical, architectural, entertainment, multi-media, e-commerce, and educational applications, among others. The Olds Fibre to the Premises (FTTP) project has received national recognition in its objective to lead the way in getting high speed and high capacity Internet through fibre optic connections to every household and business in the Town of Olds (Budmer & Sherry, 2010).

Community Process

This dimension focuses on the nature and extent of a community's economic development plan, participation, and action.

Sustainability
Olds has a commitment to sustainable growth. The city was one of the first communities in Canada to implement a residential composting system, and in 2006, Olds residents recycled 6,660,016 containers – more than twice the provincial average. The Municipal Recycling Program redirects 2,309 tons of waste from landfills (Town of Olds, 2011b).

Some of the main sustainable projects developed in Olds are:

- Energy Efficiency Projects at the Arena
- Recycle Program – includes all plastics recycle
- Curbside Composting
- Toilet Rebate Program
- Lifecycle Costing on Pool and RCMP buildings

Strategic Sustainable Plan
The Olds Advisory Group prepared the Sustainability Plan for Town of Olds for Sustainable Living at the request of Town Council and through the direction of the Olds

Institute for Community & Regional Development. The Olds Strategic Sustainability Plan (OSSP) is the product of public input sessions, workshops, and meetings in 2007 from close to 200 individuals. The purpose of this plan is to move the community of Olds towards a sustainable future (OSSP, 2007, p.3).

The descriptions of success and the current reality (OSSP, 2007, p.3) were drawn from the input of the groups attending the public input sessions. Priority initiatives were then identified in order to bridge the gap between current reality and success. The preferred future initiatives (and strategies to implement them) were derived through the public input process and the scrutiny of the Charrette working group. The plan also established roles and responsibilities, as well as a monitoring system to evaluate progress.

The needs and preferred initiatives identified in the Strategic Sustainable Plan are in the areas of learning; communication; affordable housing; built environment; food; water; energy; government and partnership; material and solid waste; natural areas; arts/culture/heritage; health and social; recreation and leisure; economic development; and transportation.

As a key stakeholder in the OSSP, Olds Council has focused the development and content of its 2008-2010 Strategic Plan on the guiding principles of the OSSP. In particular, the Olds Council has listened to, and incorporated, the input of the more than 200 citizens who participated in the OSSP building process.

Future trends and opportunities
Olds is a community with considerable potential. The Town is the main economic area of Mountain View County and is in the heart of a region with a diverse economy. The Town is also an important portion of the Edmonton to Calgary corridor. Olds is well positioned to capture a share of this population growth and the related economic opportunities when the following factors are considered:

- Olds offers affordable residential, commercial, and industrial real estate when compared with larger communities in the corridor;
- Some people prefer small town living; and
- A range of recreation, education, and community services are available (Town of Olds, 2007).

Part II: Comparing Capital Retention Initiatives: Transition Towns

Research Method and Community Profile

Three active members of transition movements were interviewed for the Transition Initiative (TI) portion of the comparison project ,with four Transition Town communities being discussed. Marlon Davies, a TI facilitator, is the Transition Town Community Leader for Whitehorse and was also the founding leader for Transition Edmonton. Edmonton and Whitehorse are new TIs, having been initiated in 2010 (Davies, Marlon. Personal interview. 6 March, 2011). Michelle Colussi works for the Canadian Centre for

Community Renewal, implementing TI workshops and is a trained TI facilitator who is actively engaged in the Initiative Committee and Economy Working Group for Transition Victoria. Victoria's TI movement has been active for 2 years (Colussi, Michelle. Personal interview. 23 March, 2011). Carole Whitty has been part of Transition Totnes, the founding TI in the UK, and is a Trustee and Coordinator of the Education Group as well as a member of the Transition Streets Steering Group. Transition Totnes was initiated in 2005 and is the most active and established TI community (Whitty, Carole. Personal interview. 23 March, 2011).

The community profile of Totnes is the closest match to our study community of Olds, Alberta in regard to size and population, however, the information collected about all four TI projects will be used for our comparison purposes, as there is a high degree of shared experience between the communities. The TI model is designed to be appropriate for any community regardless of its profile statistics, and although there are some challenges and success that are particular to the communities involved, many of the experiences are applicable to our research needs.

Transition Town Project Profile

Resilience is central to the founding principles and goals of the Transition Initiative model. It is defined within the Transition in Action, an Energy Descent Action Plan, as "*the ability of a system, whether an individual, an economy, a town or a city, to withstand shock from the outside. Resilience is about building the ability to adapt to shock, to flex and modify, rather than crumble*" (Transition Town Totnes, 2011). The TI model aims to create resilient systems within three indicators: economic structures, physical infrastructure and social systems. These systems include practices such as: community land trusts, economic re-localization, social entrepreneurship, participatory decision making, good governance, local food, local energy sources, and biodiversity. According to the transition network website, the Transition Initiative is "a community-led response to the pressures of climate change, fossil fuel depletion and increasingly, economic contraction" (Transition Network, 2010). It is a semi-structured program for communities to follow in the pursuit of local resilience.

There is a strong emphasis on localized spending and financial resilience within the TI model. However, it is clear from the Transition Town Handbook (Hopkins, 2008-9) that the idea of capital retention through focus on economic structures does not stand alone as a goal or a system and must be integrated with the other two indicators in order for any of the areas of the project to be successful. According to the three interviews conducted, the TI model was chosen by the corresponding communities because of this holistic approach to working with multiple systems. It was reported through the interviews that communities felt it offered an opportunity for people from any facet of interest, experience, and political or economic views on a spectrum of topics to become involved. This created a sense of purpose, motivation and feeling of making a difference within one's community. This community involvement builds a stronger likelihood of success in individual projects such as capital retention initiatives.

Capital retention within the TI model can take a variety of forms. There is great flexibility within the actual projects and methods of achieving community resilience for those participating in the TI model. The responses from the interviews conducted showed that there is direct capital retention through programming by groups such as the Economy Working Group in Transition Victoria, as well as indirect impacts through the integrative format of the TI model in general. One of the interviewees stated that,

> *If you follow through the logic of tackling climate change, peak oil and the need to build a resilient community you quickly get to the need to develop the local economy… In Totnes there is a real commitment to not just buying local but an understanding of why that is important. The localism agenda is reinforced through many of the other projects, which are part of the energy and activities that make up TTT* (Whitty, Carole. Personal interview. 23 March, 2011).

Examples of direct capital retention programs implemented by working groups discussed in the interviews were: local currencies, Local Exchange Trading System (LETS), local credit unions, and Community Supported Agriculture (CSA). These initiatives work towards providing alternatives for people to purchase goods and services locally, invest their money locally in a number of opportunities, and support community business growth and development.

A focus on local connection was also present as one of the factors in the responses regarding why the communities choose the TI model as their community project. The integrative and inclusive nature of the TI initiative was repeatedly attributed as playing a major role in making this model a good option for the communities. The fact that it not only looks at the whole scope of local resilience with a focus on everything from "*science, arts, families, foods and finance*" (Davies, Marlon. Personal interview. 6 March, 2011), but also that "*you don't have to be an expert to participate*" (Colussi, Michelle. Personal interview. 23 March, 2011). The focus on local community members being given the opportunity to make a positive change through directed action in their own backyard makes the TI model appealing to many populations.

Challenges

A variety of challenges were reported in the founding and implementation of the TI. In the communities of Totnes, Whitehorse, Edmonton and Victoria many of the challenges were focused on the fact that the TI model is run entirely by volunteers in these communities. Burn out, lack of time amongst community members, and the need for more leaders was reported. Two possible sources from larger societal challenges were attributed to this strain on the volunteer base. First, a link was made to the general over-commitment of people's time to their professional and private lives as an inhibitor to building community. "Because we have not learned how to balance our lives we have lost the art of true community initiative" (Davies, Marlon. Personal interview. 6 March, 2011). Second, it was also expressed that there is a larger challenge to building an involved and engaged population for a movement like the TT model because of the need

to shift people's values, attitudes and beliefs. "Strengthening the connection and engagement people have with one another – this connectivity is the basis of transition and not always easy to create" (Davies, Marlon. Personal interview. 6 March, 2011). These challenges are found in society on a much larger scale and therefore can be extrapolated as a difficulty for any community project. They were consistent through the interviews, as well as reported in the UK Transition Survey (Seyfang, 2009). It can be anticipated then that the town of Olds will also experience these challenges if they were to adopt a TI model.

Successes

The TI model has become an international movement with over 40 Transition Initiatives found around the world (UK Transition Survey 2). What its impacts and successes have been, however, has been difficult to measure. Part of this challenge is due to the fact that it has only been active as a movement since 2006 (Hopkins, 2008-2009). This gives a very limited time frame from which to gather data and determine measures of success. The UK Transition Survey (2009) is the first recorded attempt to measure the achievements thus far. A number of areas were identified amongst the survey participants as main achievements, with the three most commonly reported being (1) awareness raising and community engagement, (2) group governance, and (3) building links with other local organizations. Other successes listed were activities surrounding food, waste, energy, transport and business/economy. It can be explained that success is focused on the organization, awareness raising and recruitment because of the early stage that most of the TI movements are in at this point.

Furthermore, it was agreed by all three interviewees that success is an extremely difficult concept to measure. However, it was reported that part of defining success comes through communicating with other TI movements on their perceived accomplishments. The two areas indicated as measures of success are (1) the appearance of local alternatives in the three categories of social indicators central to the TI movement and (2) the emergence of emotional investment in a community by citizens. In particular, the importance of this emotional investment for achieving success was emphasized in the interviews.

> *Our sense of what community is can be quite artificial; people buy houses because of the value of the house, not a sense of a community. How can you have a shared vision when the focus is on the value of a house? You need to find people that are already physically and emotionally invested in their place beyond the house, school or work* (Davies, Marlon. Personal interview. 6 March, 2011).

The challenge of measuring success in the TI model may change the longer TI movements are in place. However, it may also be argued that there will never be one distinct measure of success and that instead there will be a community-by-community determination of it based on their specifics needs and wants.

Application to Olds

The Transition model offers a strategy through which to build local resilience using a wide range of community development initiatives such as economics, food security, infrastructure, social networking and local business growth. The proposed community bonds project, as well as a variety of other capital retention projects used by TI groups, would fit into this model successfully, provided it was initiated by the community as an identified need. The TI model has the potential to provide a sustainable structure for capital retention projects in the town of Olds. With a goal of building community investment that reaches beyond an interest simply in fiscal return, the TI model creates a desire for community investment that comes from an empowered group of individuals working to build resilience in their own community. This creates a multifaceted reason for people to become involved and indicates a higher chance of success for individual projects, such as a capital retention project, situated within the TI model.

One of the interview respondents indicated this idea stating,

> *The financial benefit is that more money is kept in communities, especially small rural ones. Certainly I have made decisions through my purchasing power to buy locally. It gets people thinking about local investments, people get involved in transition and start to garner interest in larger investments* (Davies, Marlon. Personal interview. 6 March, 2011).

Degree of Resilience

In order to assess the level of community resilience that the TI offers, we can turn to the list of twenty-three characteristics of a resilient community according to the Community Resilience Manual (Colussi et al., 2000). In comparing these indicators and the goals of the TI model, we can see that there is a strong correlation between them. Characteristics such as pride, cooperation, and attachment in the community seen in the category of 'People' were all discussed in the interviews as being positive results of the TI model. Additionally there is a strong parallel with the resources and community process segments of the list for the TI model. Alternative local business and resource options are a major goal within the TI framework and community involvement and guidance of the model is essential to the Transition Initiative. Overall, sixteen of the characteristics can be seen as being goals that the Transition model incorporates, offering an extremely high degree of resilience according to the Community Resilience Manual.

Part III: Comparing Capital Retention Initiatives: Community Currency

Case Studies

Two case studies were used to evaluate the use of community currency. The first is the Salt Spring Dollar used on Salt Spring Island, British Columbia. The second is the Dunbar Dollar Dunbar introduced by the Community Way in Vancouver, British Columbia.

Community Currency and Resilience

Swann and Witt (1995), stated, "a well developed regional economy which produces for its own needs is possible only when control of its resources and finances lie within the region itself" (p.1). Today in Canada our economies have become highly centralized. The creation of a community currency allows community members to affect the economic development of their community directly. A successful program builds on local resources and encourages public involvement. A community currency program develops local resilience in a number of ways: it serves to enhance the collective capacity of a community; promotes the reinvestment of capital within the community; allows for citizen ownership of resources; and supports economic durability.

Jacob et al. (2004) found that a local currency program "carries with it the potential to elevate one's perception of the quality of his or her community life [and] sense of attachment to a particular place" (p.43). Within their study of the Ithaca Hours Program in Ithaca, New York, they found that over half of their business respondents felt that the currency had brought in new customers and approximately ninety percent of their surveyed respondents agreed with the statement 'I consciously try to shop or purchase services at stores or practitioners who accept the local currency' (Jacob et al., 2004, p.52). These statistics show just two of the significant economic benefits that occur to those businesses that accept the currency.

Those in charge of the creation of the currency should encourage businesses to register as participants. By using a directory and other promotional materials such as signs, they are able to demonstrate to residents their connection with the community. There are a number of definitions for 'local business'. Chains such as Starbucks or Canadian Tire, because of centralized decision-making, will probably not participate, but could be included in the community currency approach. If the currency becomes a major part of the local economy, these big box stores may eventually choose to accept the community currency.

It is also important to have the community involved from the very start. A community can encourage participation by including community members in the design and the naming of the currency by running a competition, hosting focus groups or holding community meetings.

Salt Spring Island, British Columbia

Salt Spring Island is located halfway between Nanaimo and Victoria. It is to the south of Vancouver and is the largest and most populated of the Gulf Islands. The island comprises several small communities. They are:

- Ganges: The largest town in the gulf islands. Home to many shops, restaurants and other amenities.
- Fulford Village: Located at the southern end of the island. A small community, location of the ferry arrival docks from Vancouver Island.
- Fulford Harbour: A temporary anchorage spot along the inlet.
- Vesuvius Bay: On the northwest side of the island. There are a number of recreational opportunities including hiking, beaches and a few shops.
- Fernwood: Northeast, launching spot.

The Island has a large arts community and is a centre for arts and crafts with a number of shops and galleries. Tourism is the largest industry on the island. There are many retail stores, hotels, a provincial park, many beaches and a bus service. The local economy is service oriented and is heavily reliant on the tourism industry. The island is also the seasonal home to the Coast Salish First Nations People.

Salt Spring was chosen as a case study because of its similarities to Olds. The population of the Island is approximately 10,000 residents, which is close to the population of Olds, hovering just above 7000 residents. Secondly, the island has a similar age composition to that of Olds. The largest share of the population is aged between 50 and 60 years of age and the median age is 51.3, compared to Olds where the median age is 40.2 (Statistics Canada, 2007).

Salt Spring Dollars

> *To help drive island commerce and identity by boosting economic activity and encouraging tourism* (Salt Spring Island Monetary Fund, 2011).

The dollars are issued by the Salt Spring Island Monetary Fund (SSIMF) and function the same way as a gift certificate. The dollars are traded on a one-to-one basis with the Canadian dollar, making them an attractive option for business. The dollars can be redeemed with the SSIMF for federal dollars, usually by businesses, or can be used at participating local businesses throughout the island. The dollars are also a collector's item for tourists of the Island. The currency is designed by local artists and tourists can purchase the dollars to take home as a keepsake. The money received for purchases is put into a reserve. The reserve funds, along with accrued interest, are then used to issue further local currency and fund-deserving local projects. The Salt Spring Dollars serve to strengthen the community by their direct economic impact and by enhancing community pride on the island (Salt Spring Island Monetary Fund, 2011).

Dunbar, Vancouver

> *In my opinion, changing the way money works at the community level is one of the single most powerful things that can be done at a grassroots level to create more resilient communities with more economic opportunities* (Bober, Jordan. Email interview, 2011).

The Dunbar area is a neighbourhood in the city of Vancouver. A large proportion of its residents are firmly rooted in the area. The residents are similar to those of Olds in terms of community involvement. There is an active community life within the neighbourhood with many events, activities and community groups.

Village Vancouver, part of the Vancouver Transition Town Group, is in charge of the implementation of the currency. "*[The Group] aims to design and implement practical ways of re-localizing the economy and improving the resilience of local communities in the face of economic instability and impending scarcities*" (Bober, 2011). Village Vancouver has chosen the Community Way Currency Model for the Dunbar Dollar.

Dunbar Dollars

The Community Way Currency Model was developed by LETS Founder, Michael Linton. It aims to bring local consumers and producers together and increase community connections through this contact. The currency serves to retain capital within the community and enhance the community-specific buying power of its residents while increasing local business.

The Community Way Model:

1. Businesses are the issuers of the currency. They introduce the currency into the community by making donations in community dollars to local non-profit groups. No cash is exchanged but rather the business alerts the Community Way Group of the donation and the group prints the amount donated and gives it to a local community group. The business account for community dollars is now in the negative.
2. Non-profit groups can then use the dollars in several ways. They can be used within the local economy for goods and services. They can also be exchanged for federal dollars with local supporters. A third option is to use the currency to pay volunteers and employees.
3. Once the currency is in circulation it can be used by local businesses and residents at all places that accept the currency. Business also has the option of paying off their account once they have received a sufficient number of the dollars (Bober, 2010).

Community Benefits

Businesses support their community through their donation to community groups and in turn increase customer loyalty. By promoting their involvement in the program they can bring in new customers and increase their sales. This currency option also provides community groups with a new fundraising tool and a new form of capital for their members. This promotes and encourages local spending rather than out-sourcing for goods and services. "*Dunbar Dollars will therefore represent an injection of new, community-specific buying power into the community - buying power that cannot leave the community, as conventional money tends to do*" (Bober, Jordan. Email interview, 2011). This encourages a virtuous circle of local spending where money is circulated around the community, never moving out of the community. By bringing local producers and consumers together, communities can create a greater sense of connection to their locality, strengthen the identity of the community and encourage a sense of pride in their place of residence (Bober, 2010).

> *Finally, resilience is not just about the economy, but about the connections that develop between people in the community. There is every indication that community currencies promote more community connections than conventional money does* (Bober, Jordan. Email interview, 2011).

Part VI: Community Capital Retention Initiative: Community Bonds

Community Bonds

A bond is a debt instrument that is exchanged as a promise to return funds that are being borrowed from investors (Dobeck & Elliot, 2007, p.94). The major difference between community bonds and regular bonds are that instead of being financed on official markets, the bonds are purchased by the local community members (MFABC, n.d.). The idea behind community bonds is that loans are issued with a lower rate of interest than would otherwise be available to municipalities in either domestic or global bond markets (Hahn, Shelley. Email interviews, 2011). Community bonds offer an opportunity to help support community projects by providing a capital funding option which promotes the involvement of the community, a spirit of mutual assistance and self-reliance.

> *Community bonds are neither a charitable donation nor a social investment, but a hybrid between the two. The bonds have been used to tackle challenges such as unemployment and poverty-related debt, to boost enterprise start-ups and affordable housing, as well as providing funding for microcredit* (Stapleton, 2009, p.1).

Community Bonds in British Columbia

The Municipal Financial Authority Act of 1996 created the Municipal Financial Authority in the province In British Columbia (MFA of BC). This institution is responsible for providing municipalities or regional districts with various Capital Financing options, which include issuing securities and interest coupons. Under their portfolio, the MFA of BC also has a program to establish a community bonds option for municipalities in British Columbia that are interested in using this option to fund a project.

After a community has demonstrated interest in using a community bond, an agent or agency from the community is established in order to promote, advertise and sell the bonds to community members. The agent or agency is also responsible for setting the interest rate, the term of maturity of the bonds, the pre-subscription period and the debenture date. The interest rate on community bonds is ideally set to be lower than regular MFA of BC bonds and higher than what a community member would pay for a Guaranteed Investment Certificate (GIC) or a Canada Savings Bond (CSB) (MFABC, n.d.). There are financial benefits for the project proponent who pays a lower interest rate on the loan, as well as financial benefits for the members of the community who purchased bonds by having higher interest rates then GIC and CSB options. Another benefit for the community members who have purchased bonds is that the interest paid to bondholders is returning money to the community. This creates a sense of involvement in the project as well as a sense of pride for contributing to the project (Hahn, Shelley. Email interviews, 2011).

The implementation of community bonds is hardly as simple and as straightforward as is described. In reality, using community bonds to finance a community-based project is an option that is rarely used by many municipalities in British Columbia; most municipalities consider it to be more beneficial to go through the other standard bond options offered by the MFA of BC (Hahn, Shelley. Email interviews, 2011). After reviewing past projects that were funded through the use of community bonds, a trend is observed where the projects were either for road repairs or for municipal sewer or electrical system repairs. Another key condition for success is that a high proportion of the community must support the idea of community bonds.

> *People investing personal money in a project can be an emotional thing, they have to buy into the project and believe they are helping the community* (Hahn, Shelley. Email interviews, 2011).

Shelley Hahn (Email interviews, 2011) identified that "*there have been numerous times when the community was not able to raise the entire amount needed and did part community bonds and part regular borrowing through the MFA of BC*". The fact that this was an issue on more than one occasion identifies the community's willingness to invest and overall participation as the major challenges to the success of community bonds. Even with the presence of the MFA of BC to help administer the process of establishing community bonds, there exist many challenges to the success of this option.

The Galiano Community Loan Fund Alternative

Galiano Island has a permanent population of approximately 1,258 residents and is located 26 km northeast of the Swartz Bay ferry terminal on Vancouver Island (Island Trust, n.d.). Employment opportunities on the Island are seasonal and low-paying, and there is little affordable housing available on Galiano Island (Community and Economic Development Committee, 2010). The community has identified the need to increase the island's permanent resident population to 2,400 in order to support "a sustainable community that is socio-economically diverse" (Community and Economic Development Committee, 2010, p.5).

The Galiano Community Loan Fund (GCLF) was established in October of 2009 to support the community members of Galiano Island to start or expand a business, provide access to affordable housing, to develop marketable skills, or fund a project that will benefit the community (GCLF, 2009). The GCLF does this by providing loan guarantees to either individuals or organizations on the island. The CEC credit union in Vancouver works in partnership with the GCLF to manage deposits to the Fund and administer loan guarantees. Since the creation of the Fund, twenty-one depositors have invested a total of $116,500 and were given the choice to receive interest on their investment (Braha, 2010). If they chose not to receive the interest payments, the money would circulate in the community to benefit local residents. The depositors were asked to plan to leave their investment for a minimum of three years, but the Fund was designed with a contingency plan in the eventuality that donors needed to remove their funds prematurely. The GCLF has one borrower that has gone through the application process (Braha, 2010).

Although the GCLF does not deal with formal bonds, this provides a similar capital funding model which could be applied to the Town of Olds to promote community resilience. The process is the same as community bonds - members of the community invest capital, which is then used to finance projects, directly benefitting the community. This community involvement fosters a more resilient community because members become self-sufficient in addressing current issues present on the Island.

Community Bonds and the Town of Olds

There are many advantages in establishing a community bond to finance a local project. The members who invest in the project acquire a sense of ownership and self-reliance, which are indicators of resilience under the People and Community Process dimensions of Community Resilience (Colussi et al., 2000). Community bonds, therefore, offer the opportunity for community members to become more involved and gain a sense of pride for investing into the future of their community.

There are at the same time, many difficulties with establishing a working model to implement community bonds. Before relating the Galiano and British Columbia case studies to the possibility of implementing this option in Olds, the first difference to make evident is the lack of presence of an institution like the MFA of BC or the GCLF to help

administer the issuance of community bonds. There is no parallel organization found in Alberta to help the Town of Olds implement a community bond program. Since there is no organization like the MFA of BC in Alberta, it is difficult to perceive exactly what other challenges Olds would encounter in organizing community bonds to fund a project.

There is, however, a section in the Agriculture Financial Services Act which establishes that the Agriculture Financial Services Corporation "may issue [community bonds] for the purposes of raising capital from the public for an eligible business" (Government of Alberta, 2002, s 58). Because the legislation is unclear as to what types of investment opportunities other than the support of agricultural activities in rural communities are appropriate, there is uncertainty surrounding the type of project that the Town of Olds could use this option for. Although this is the case, there still exists the possibility that the Town of Olds could pursue this as an option.

Galiano Island created the GCLF in response to the needs present in the community. The idea behind the fund is that "*neighbours [are] helping neighbours -- [because] that's what it's all about*" (GCLF, 2009). It has not been directly identified, but the presence of the Fund and the reality that escalating housing and construction prices in the community have been identified as a major problem on the island seem to be related. This type of community initiative is well supported on Galiano Island, but our research team would argue that a similar program in the Town of Olds could have unpredictable outcomes. The reasons for this are that housing in Olds is described as being more affordable than in other larger municipalities within the Edmonton-Calgary corridor; however, contrasting this are predictions that identify that the town will go through unprecedented growth in residential, commercial and community development, which will ultimately cause increases in property values. The island community is also one seventh of the size of Olds, which could lead to difficulties in generating the same amount of community support in the larger community. Because of these differences and the lack of other research to support this type of community initiative in rural communities in Alberta, it is unclear of the success this would find in Olds.

The same major difficulties present in British Colombia could be expected in Alberta as well. The establishment of a community bond system will place significant stress on community members as they will have greater responsibilities in the promotion and sale of the bonds to other community members. If a bond option is pursued in Olds, community members will increase their sense of ownership, pride and attachment to the community. Conversely, members of the community will also take on the burden of the realisation and the success of the project that the bond will fund. The benefits to creating a more resilient community in Olds will be dependent on the success of the sales of bonds as well as the success of the project the bond is funding. Chapter 4 of this report on Olds will provide more information regarding community members' interests and capabilities in investing in community bonds.

Conclusion

> *A resilient community is one that takes intentional action to enhance the personal and collective capacity of its citizens and institutions to respond to and influence the course of social and economic change* (Colussi et al., 2000, p.1).

The goal of the Community Initiative Comparison was to examine a number of different capital retention projects that could be used to encourage resilience within a community. Using the Community Resilience Manual (Colussi et al., 2000), our research team compared the ways in which each type of project would build on local human resource capacity, increased participation and improved access to equity capital. We then examined the ways in which each of these elements allowed a community to influence its economic development.

Within the Manual, there were four dimensions used to measure resilience within a community:

1. People: Residents' beliefs, values and behaviours in matters of leadership.
2. Organizations: Scope and nature of collaboration within local organizations and institutions.
3. Resources: Extent to which a community builds on local resources to achieve goals.
4. Community Process: Nature and extent of community economic development, planning, participation and action.

Because of its strategic location, the presence of the Olds College and various other institutions, and the level of community involvement, the Town of Olds could be considered a resilient town. Therefore, their situation reduces the need for immediate action to ensure future successes in Olds. Rather, it will permit the residents of Olds to plan and promote the importance of creating resources that will allow the community to remain adaptable and resilient in the face of future social and economic change.

In order to assess the level of community resilience that each initiative offers as compared to the other projects in the study, we can turn to the list of twenty-three characteristics of a resilient community according to the Community Resilience Manual.

There is a strong correlation between the goals of the *Transition Town* model and the twenty-three characteristics of a resilient community. Characteristics such as pride, cooperation, and attachment in the community in the category of 'People' were all discussed in the interviews as being results of the Transition Town model. Additionally, there is a strong parallel with the Resources and Community Process dimensions of the list for the model. Alternative local business and resource options are a major goal within the Transition Town framework, and community involvement and guidance of the model is essential to the Transition Initiative. Overall, sixteen of the characteristics can be seen

as being goals that the Transition model incorporates, offering an extremely high degree of resilience according to the Community Resilience Manual.

The *Community Currency* model promotes and/or strengthens approximately ten of the twenty-three characteristics of a resilient community. The model fits a number of characteristics within each of the dimensions of People, Organizations, Resources and Community Process). The model promotes a sense of connection and cooperation within the community, allows organizations within the community to develop partnerships and will contribute to the local economy. The Community Way option (rather than a Salt Spring Dollar model) would be best suited to the Town of Olds for a number of reasons. It would help the community both economically, by encouraging residents to shop locally at stores owned and operated by local people, and socially by supporting community groups and enhancing community connection.

From the resilience model it was found that *Community Bonds* are most beneficial to the People and Community Process dimensions. The creation of a community bonds program allows community members to play an increased leadership role. This should create a more self-reliant community and increase local pride. A bond program should benefit both those who are investing, by allowing them a loan with a low interest rate, and those community members who make use of the program that the bond is paying for. A loan fund could be developed to encourage a higher degree of self-sufficiency and create a support system for community members who wish to purchase a home or invest in a small business venture. This support for local community members would also help create a more resilient community. However, if a community invests considerable time, effort and financial resources and the projects fails, this could be detrimental to community attachment and cohesion.

Because the *Transition Town* model fits the greatest number of characteristics, it is the model our research team has chosen to recommend for the Town of Olds. Importantly, economic resilience does play a role in this model and the creation of a community bond or a local currency could be used to achieve that element.

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Chapter Two – Government Perspectives on Local Financial Capital Retention

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Introduction

Socio-ecological systems can be complex and dynamic and they respond differently to disturbances. Some ways of describing such events include resilience, adaptation and transformation. In a social context, resilience is a concept that includes components such as temporality, scaling and stability. According to Davidson (2010), resilience is the ability of a system to receive or hold disturbances without experiencing changes in structure and function. Adaptation can be understood as collective efforts to minimize the effect of disturbance events (Folke et al., 2010; Davidson, 2010).

According to Steffen et al. (2007), social-ecological resilience regards people and nature as interrelated systems, such as local communities and their surrounding environment. This interaction may be evident in the Town of Olds in Alberta, Canada. In light of social, ecological, economic, and other changes, Olds has undertaken an internal analysis led by the town and its partners in order to revitalize the community economically and socially. These organizations identified that healthy and growing small- and medium-sized businesses in rural communities are critical in helping them to retain capital and maintain their viability (Olds Institute, 2010b). The problems identified through the analysis indicate that the community recognizes current or potential disturbances affecting them and has started to look for new ways to adapt to emerging social and economic conditions in order to maintain community identity (Folke et al., 2010). These community actions may contribute to maintaining community resilience.

Evidence of adaptability is also seen through these organizations as they have conducted many meetings in order to identify the priorities of the town, how to achieve these priorities, and an efficient follow-up process. One result of this active process to resolve community problems is the creation of a Strategic Plan to be implemented over the next few years (Olds Institute, 2010a). One important initiative born from the plan is the exploration of new ways to promote and attract new businesses and investments in the town. Currently, approximately 55 percent of Alberta's 400,000 business enterprises are in rural Alberta (Olds Institute, 2010b). In this context, entrepreneurship plays an important role in generating the necessary conditions for retaining capital and maintaining the viability of communities such as Olds. This involves minimizing the impact of both people and financial capital leaving Olds in search of other opportunities by creating the economic, social and environmental conditions within the community to develop new enterprises. The identification of alternatives to improve community

conditions can be understood as adapting to challenges, which is a crucial element of community resilience (Krogman, 2006).

Given currently increasing levels of social and economic uncertainty, the level of awareness of resilience among the residents in a community is an important tool in identifying areas of weakness, analyzing these challenges, and implementing strategies to solve these problems (Colussi et al., 2000). This concept of resilience has contributed to the formation of the present collaborative research project with the University of Alberta and the Town of Olds. *This research explores perspectives on local financial capital retention in rural communities as a means to encourage local residents to invest in their communities.* One component of this project is related to government perspectives. The objectives of this component are to determine government views with respect to local financial capital retention as a strategy for rural community development, to identify potential vehicles for investment and to discuss the related opportunities and challenges.

With these objectives, this research aims to provide information about government perspectives regarding local financial capital retention programs that could be applied in rural areas and to identify potential investment vehicles that could be used in rural municipalities such as the Town of Olds, as well as to examine these findings through the theoretical framework of resilience.

To analyze these ideas, this chapter is organized in three sections with the results and their respective discussions through the lens of resilience. The first section discusses the logistics of local financial capital retention in Albertan towns and specifically in Olds. The second section identifies potential investment vehicles and describes the important characteristics of projects that may receive funding through local financial capital retention initiatives, and the third section focuses on rural community development and the roles of local financial capital retention in rural community development. Concluding statements provide insight into local financial capital retention as a strategy for community development and community resilience and offer recommendations for the implementation of local financial capital retention based on the data collected.

Research Methods

Upon determining the objectives of the project, a literature review of resilience theory, community development and local financial capital retention was undertaken. In following, interview questions were prepared to examine three areas of interest that contribute to fulfilling these objectives: (1) the logistics of implementing local financial capital retention; (2) potential means of local financial capital retention and projects eligible for such funding; and (3) local financial capital retention links to rural community development. Interview guides were tailored to best determine the perspectives of each level of government - municipal, provincial, and federal, although several questions appeared consistently on all three interview guides.

Interview participants were selected through referral sampling methods. Participants included four municipal government representatives, four provincial government representatives, and one representative of the federal government currently employed in a

federally funded organization. Due to the scope of the project, permitted timeframe, and non-response or declined participation, additional interviews were not feasible.

Participants were selected based on their current and past positions involving community development, rural development, community and rural financial issues, financial institutions, and local financial capital retention. Local level participants were directly or indirectly involved in local government through administrative or elected positions in government, or through administrative positions at arm's length from government. Provincial level participants held public service positions within the provincial government. Participants did not express the departmental views of their respective levels of government or government departments, but rather responded based on professional experiences and personal thoughts. Throughout the interviewing process, participants recommended additional interviews with other government employees and non-government persons with expertise in areas of rural community development and local financial capital retention. However, due to the scope and timeframe constraints mentioned above, it was not possible to conduct interviews with each of the suggested participants. This, therefore, indicates that there is potential for follow-up research in this area.

Interviews were semi-structured and conducted in person when possible: one day was spent in the Town of Olds where one-on-one interviews were conducted with the four municipal government representatives. The remaining interviews were conducted by phone. All interviews were recorded and transcribed.

Following the transcribing of all interviews, the interviews were analyzed and summarized to determine key information points and important themes. Each transcript was analyzed by each member of the research group; however, each member focused on one of the three areas of interest mentioned above. The interviews were analyzed through the theoretical framework of resilience to determine the means by which local financial capital retention is synergistic with or in conflict with the resilience of a rural community.

For the purposes of our research, the following definition of local financial capital retention was used. Local financial capital retention is based on the idea that, there is significant rural wealth (such as capital, assets) within rural communities, spread over a large number of individual farmers, ranchers, small business operators, and local residents who accumulated this wealth over time. This wealth may be directed into investments that draw capital out of local communities (Betkowski, 2011). As such, local financial capital retention is a means of encouraging locals to invest their accumulated wealth within their local community.

Initially our definition of local financial capital retention was limited to investments in community based projects; however, participants expanded upon this definition by including the idea of retaining local finance by expanding, continuing and attracting local businesses within the community. Thus, local financial capital retention for the purposes of this project includes retaining financial capital in investments directed towards

community based projects and infrastructure as well as local business attraction and expansion.

Logistics of Local Financial Capital Retention

One of the focuses of the present study is to analyze the logistics of local financial capital retention in Albertan towns and specifically in the context of Olds. With this focus, participants from the different levels of government were asked questions pertaining to their roles in local financial capital retention initiatives, a potential authority that would manage such initiatives, and opportunities and barriers or challenges in implementing such initiatives. Based on participant responses, this section is organized into several sub-sections. First, the roles of different levels of government in retaining local financial capital are discussed. Subsequently, the potential authority for administering local financial capital retention project is discussed, followed by the presentation of the opportunities and barriers or challenges in implementing such initiatives.

Roles of different level of governments in retaining local financial capital

The interviewees provided views about the roles that different levels of government play in retaining local financial capital, as well, they provided a comparative view among the roles of different levels of government. According to the municipal level participants, at present, municipal government is not playing any direct role in retaining local financial capital, but does encourage local people to invest locally. However, they also expressed that local government can certainly play a coordinating role to promote local capital retention initiatives. They can coordinate the availability of grants from the higher levels of government and communicate with the community to make best use of the moneys provided. The local government may also develop partnerships with other levels of government, major banks and credit unions. Additionally, local governments have the opportunity to create intimate partnerships with not-for-profit organizations through which local government can play a substantial role in retaining local financial capital. One local research participant noted this as follows:

> *…Working with [not-for-profit] groups, identifying those types of projects, and getting them all pulling in the same direction is, I think, something that has real ability to keep capital in town. We may not get a return on that investment but there is altruism as well and the ability to build community in some of the ways.*

Provincial representatives expressed that they have a regulatory role in local investment initiatives. They are instrumental in providing a framework for the investments and in protecting people from risky investments, but do not promote local investments specifically. They have certain instruments available at present that support local capital retention. These include, but are not limited to, supporting legislations, special loan programs and grant programs. From the insights of the interviewees, examples of two provincial legislations were frequently found: the Agriculture Financial Services Act and the Cooperatives Act which provide guidance and legal standing for local financial capital retention.

The participants discussed the roles of Agricultural Finance Services Corporation (AFSC) and the Department of Agriculture and Rural Development. One participant perceived AFSC's long term loans as prompting further local financial capital investment since it allows agricultural producers and agriculture related businesses to continue to be vibrant in communities and supports them in reinvesting their own money in growth. In this, a spin off effect is observed from AFSC loans that reflects the notion of local capital retention. Another provincial level participant noted that apart from providing financial assistance, the Department of Agriculture and Rural Development is playing a supportive role in forming new generation cooperatives and supporting the projects undertaken by those cooperatives. He also noted that this department can work closely with Community Futures, a loan-providing federally funded agency. The participants also identified that the federal government can make certain instruments such as a Registered Retirement Savings Plan (RRSP) or tax credits more encouraging of local investment. Furthermore, certain instruments might be applied by the provincial government, such as tax credit or community bonds. However, when asked about the role of government in presenting the opportunities of local investments to the public, one provincial level participant answered in the following way:

> *I don't think that it's the role of the government to present these opportunities to people because as with any investment there is risk, so the government doesn't go around promoting investments except maybe government bonds.*

From the above discussion, it is apparent that there are certain differences among the roles of different levels of governments in retaining local financial capital. Each participant was also asked to differentiate his/her perspective of local capital retention initiatives from other levels of government. The responses highlighted the existence of different perspectives. Local government plays an encouragement and collaborative role, whereas provincial and federal governments play a supportive and regulatory role. One provincial level participant stated this distinction strongly,

> *When you get to the federal and provincial level they both have a role in regulatory things and instruments created to do this and making sure they're effective. Not a role in terms of promoting the local investments themselves, but rather making sure people are using instruments appropriately.*

One local level participant identified that, while other levels of government perceive investments as coming only from outside the community to make it grow, they may not take note of the opportunities that already exist in the community. The local government, being closer to community members, is better able to acknowledge such opportunities to promote local capital retention initiatives. On the other hand, another local level participant mentioned that increased availability of grants from outside actually encourages local investment initiatives. Community groups may not have sufficient funds for undertaking a project and in such a situation, grants from outside that require a matching component become complementary with local investment.

Some local level participants also provided arguments about the role of higher level

governments. A local participant considered the provincial government as adding another level of control upon the local level, which creates the issue of a watchdog in terms of financial capability and capacity for the municipality. Another local participant also expressed his view in this way that, unless it is a major large scale project, higher level governments would not likely participate in this kind of initiative. A provincial level participant's comment was also complementary,

> *If you're on the administrative side you may not be as positive towards [local investments] because they're expensive to administer and generally the investments are relatively small. That will vary depending on where you're sitting in the organization.*

Potential authority for administering local financial capital retention program

The local research participants were asked about the potential authority that is, or could be, responsible for guiding and administering the projects that receive funding from the local capital retention program, and for distributing the benefits from the projects. Varied opinions were presented. For example, according to one local level participant, an independent local body would have to be formed for managing the projects and distributing the benefits out of it, but it should be regulated from the provincial level. The reasoning behind his idea is as follows:

> *I think the worst case scenario would be provincial government administrating and saying this is a good business, bring it here and invest in it, but it does not fit with our community, with our community vision. So that's why, I am saying that a local body, independent, would have to be formed, and thinking there is nobody in the community right now that would work with that, and it would need regulation from provincial level, but with autonomy to do what they need to do within their community to make it grow…The body really understands the community, how it wants to grow, what would benefit the community as a whole. But yeah, to have that level of comfort for investment, it would have to be regulated from provincial level.*

Another respondent provided a similar idea that ideally a not-for-profit organization should manage the projects; but since people may feel that they can hold the government responsible (whereas others were not sure about the not-for-profit organization), a hybrid of both not-for-profit organization and local government was preferred. Accordingly, the local government would be responsible for overseeing the distribution of benefits, but with accountability built into the framework to hold the community at large responsible through the decision-making process. Other respondents also suggested options such as oversight by: (1) a board consisting of local government and other strategic partners such as financial institutions; (2) a not-for-profit organization; or (3) an independent cooperative.

However, all the respondents agreed that determining an appropriate authority for managing local capital retention projects would be a critical issue. Emerging from their responses, a general idea of the potential authority they are looking for is an 'alternative

institution of accumulation' supported by local government or/and with guidance from the provincial government to attain a level of comfort for the investments (Gunn & Gunn, 1991). This alternative institution would be locally-based with its autonomy for making decisions alongside community engagement. Additional information regarding the administration of local financial capital retention projects is provided in the next section pertaining to investment vehicles and project characteristics.

Opportunities and challenges in implementing local financial capital retention programs

In our conversations, research participants explored the opportunities and barriers/challenges for implementing local capital retention projects. Major issues raised by them are presented in this section of the chapter.

With respect to Alberta in general, the responses of the provincial level participants indicate that there are several opportunities for implementing capital retention initiatives in the province. There are the different forms of support from the provincial and federal levels of government (e.g. grants, loans, legislation, etc.) as described in the earlier sub-section relating to roles. Also, one respondent focused on and discussed elaborately that there are outside examples which the province could emulate. One such example is the Nova Scotia model from which Alberta can gain insight into the successes and failures of others. Provincial level participants brought up examples from within Alberta as well, where local capital investment has already been utilized and has benefited the local investors and the community. These include the Battle River Railway and Westlock Terminals. However, the respondents also noted some points that can be considered as barriers in implementing local financial capital retention programs. They noted that one barrier for raising financial capital is a lack of specific incentives in the province, such as tax rebate programs. As well, there is a lack of dedicated involvement from a financial institution for working with local capital retention initiatives. One respondent noted that the success of the program in Nova Scotia is dependent on the committed involvement of the local credit union.

Additionally, one provincial level participant spoke of intergenerational transfer of assets (such as money, businesses, property) and financial management preferences as most prominent challenges for retaining local financial capital. He noted that while older generations with accumulated wealth may have the financial abilities to invest, these individuals are also risk averse. On the contrary, younger generations may be willing to take risks, but lack the financial capacity to invest.

These prevailing opportunities and barriers in the province are applicable for all Albertan towns. There are also some opportunities and barriers or challenges which are specific to Olds. One local level participant pointed out Olds' geographic advantage for investments.

> *A community like Olds, because of our location, you know we are fairly centrally localized between Calgary and Red Deer, so it has a fairly large market that it draws upon.*

The local participants also noted that Olds is a community in which people have a significant amount of financial resources to invest, which is very positive for undertaking local capital retention initiatives. They also discussed the existence of supports from local level and other levels of government that can complement such initiatives, though one of the participants expressed the provincial level as a barrier in taking such initiatives too.

> *I think the provincial government is the biggest obstacle at this point. They see the Alberta Capital Finance Authority as being the leveraging authority at this point. We borrow capital through them and use that through debentures as the borrowing vehicle. They would have difficulty believing that we should drop down another tier.*

However, the participants also raised the concern that, because of lack of appropriate mechanism for investing locally with certain guarantees, the investments usually flow to higher return projects in nearby big cities, which ultimately do not benefit the local community. Also, one local level participant pointed out that, often instead of giving financial breaks to local investors, financial breaks are given to big businesses that come into the community from outside, which may not prove beneficial for the locally owned businesses. He explained this issue by giving the example of the Cornerstone development within the community where there are big box-stores, such as Staples, Canadian Tire, and Wal-mart, which are more competitive than locally owned businesses. The municipality had to set aside a quarter section of the town and a large sum of money for this kind of development, but these big companies were not willing to share the profit with the community. This participant expressed concern for local investments in the following way:

> *…sometimes we attract big investment for big returns, but all that profit from those businesses leaves the community. You know they provide jobs, yeah they provide a certain amount of economic development within the community, attract people in the community - that's positive; but it could be more positive if it had been local investors creating something like that because you would have more return out of it.*

This introduces another challenge in determining what type of investment vehicle could be looked for that could be sustained in any environment. On the whole, the participants expressed that there are challenges to creating appropriate vehicles that meet the necessary criteria (such as sustainability, security, and consensus) for those vehicles to retain financial resources within the community. Some of those vehicles, such as community bonds, are addressed elaborately in the next section pertaining to investment vehicles. Participants also agreed upon the challenge of locating an appropriate body to implement the local capital retention program to satisfy community needs. Finally, creating a situation where investors will opt for thinking of community first, rather than the potentially higher financial return provided elsewhere, was a challenge expressed by the participants.

Thus far in this section, the logistics of capital retention in Olds has been discussed based on the responses of participants. From the discussions, it is found that all levels of government can play certain roles that may be supportive of local capital retention initiatives. Also, the participants from different levels of government explored the roles that they could play in the future, including the strengthening of inter-governmental relationships or the building of partnerships with financial institutions to promote local capital retention. These supportive and collaborative roles could facilitate community resilience in addressing social and economic uncertainty and advance capital retention projects for community well-being and development.

From the responses of the participants, the areas of weaknesses or barriers associated with implementation of capital retention project in Olds have also been identified. The Community Resilience Manual by Colussi et al. (2000) states:

> *In the face of increasing levels of social and economic volatility, an ability to assess and specify their level of resilience allows communities to identify areas of weakness, and select and implement strategies proven to target those difficulties* (p.10).

This statement has implications in the context of assessing the community's behaviour in relation to resilience. Research participants provided valuable insights about the opportunities that exist in Albertan towns that can help in addressing areas of weakness. The notion of resilience can be seen from their responses regarding adaptation to opportunities or changes, and learning from other programs. The multidisciplinary research group, Resilience Alliance (2005) also mentioned "the ability to build and increase the capacity for learning and adaptation" as a defining characteristic of resilience. Clearly, participants pointed out the examples of the Nova Scotia model and some other examples that can point to pathways of success. The weaknesses, such as lack of dedicated financial institutions or a lack of incentives for raising capital in the promotion of local capital retention initiatives can be addressed by looking at this Nova Scotia model. As mentioned by one respondent, in Nova Scotia the government provides incentives for raising money. In this model, investors get a 30% provincial tax credit rebate, which encourages people to take a risk in investing. As well, the government made arrangements with the credit union to be the provincial lender as a part of the project with government guarantees upon the Credit Union's loan. The respondent expressed his willingness to adopt these two policies:

> *Those are the two major policy points that the Nova Scotia government has moved forward with and we're looking into lobbying the provincial government here to take on some of these incentives.*

Therefore, learning from such models provides guidance for building resilience in the community. With this kind of model, the challenge in creating an appropriate vehicle can be confronted because this kind of model meets with criteria such as security for investors and sustainability of the investment. Also, local participants suggested that resources such as locally-owned businesses or niche markets can be looked at for raising

the competitiveness of local businesses, though at the same time, they noted that it is this area that requires further explorations to determine how this can be achieved. In addition, on the issue of locating an appropriate authority for managing local capital retention projects, though they expressed this issue as a critical one, participants' willingness to look for an 'alternative' institution shows that they are attempting to deal with it in some way. The search for alternatives to improve community conditions is one way to influence community resilience.

Potential Investment Vehicles and Project Characteristics

The following section outlines potential investment vehicles for local financial capital retention and discusses the characteristics of projects that may be eligible to receive funding at the local level.

One important point mentioned by participants is related to how initiatives are born and their economic self-sustainability over time. In this context, some of the participants mentioned that any project should be born from previous projects in the community. It may be dangerous to depend on governments for funding long-term sustainability because the provision of funds from governments is not ensured into the future. Hence, it is necessary that projects generate their own revenue and sustain themselves at the short-, medium-, and long-term. This highlights some of the requirements for investments alternatives such as local financial capital retention.

Regarding the potential means of retaining local capital in Olds, the participants frequently mentioned two categories of initiatives: (1) community bonds and (2) other projects (described below). However, some participants did not have any information about community bond initiatives. Besides, the goal of community bonds is not especially clear. Some participants proposed that these bonds pursue community goals as a whole through infrastructure investments, while others assumed that community bonds are useful to generate income for individuals potentially creating small businesses, which could potentially benefit the community. Examples of comments include:

> *Community bonds…I like that idea…I have a prime example, the town would decide to build senior retirement homes, basically apartment buildings…*
>
> *Projects like the proposed fibre-optics project could provide returns to people within 3-4 years and it will benefit the community.*

However, the opinion of one interviewee was very different than others as he noted the high cost of administration of community bonds, and that the municipality has other cheaper options to borrow money.

> *There are very few [examples of local financial capital retention initiatives], in the local government context, because the Alberta Financial Capital Authority really makes borrowing for capital projects quite attractive. So retaining capital in a local government context and to make that attractive by*

having the proper returns on that investment, is really difficult because the Alberta Financial Capital Authority, the rates that they charge, are really good for capital projects with the local government context. We have looked at trying to make local community bonds work here in town. But, even to get 5 or 6 % return, we can borrow from the Authority cheaper than that, so the ability to do that just isn't there right now.

According to many participants, the most important concern about the issuance of community bonds is profitability, which is related to the rate of return of the bonds. Also, there is a concern about what type of institution would administer these local financial capital retention instruments. For example, some participants mentioned banks could undertake this, while others mentioned the Olds Institute. Whichever would be selected to administer bonds, the investment vehicles should inspire security, trust, confidence, and also provide a guarantee on the investments. On the other hand, some participants suggested that community bonds could be secured by the provincial government. Others stated that local government could support investments, but ought not to participate in administration. Also participants were unsure who would oversee these bonds, that is, Agriculture Financial Services Corporation (AFSC) or Community Futures Alberta. Other participants suggested that a board could oversee the community bonds and it should have representatives from federal, provincial, and municipal levels of government as well as the credit and bank sector.

However, one participant had a very critical point of view of community bonds in saying:

There is the ability in Alberta to do community bonds. But, they have not been very popular; there has been almost no uptake on them. Although the mechanisms exist to do them, they have not been very effective. Therefore there hasn't been much interest in my communities.

Other investment projects and initiatives that may be carried out in the community to retain local capital as described by the participants are: (1) small business loan programs; (2) community foundations; (3) endowment foundations; (4) debentures; (5) affordable housing projects; (6) donations; (7) tax concessions; (8) permit concessions; and (9) new generation cooperatives. However, given the original purpose of promoting local capital retention, two investment initiatives that could influence entrepreneurs are the small business loan program and new generation cooperatives. According to one participant, the small business loan program could work under the following conditions:

- The provincial government in a partnership with the Canadian Banks Association should support it. Provincial government could support small businesses in order to lower the high risk of investment they represent.
- Bank requirements should be based on business performance and not on owner financial statements.
- There should be participation of retired and new business owners.
- Support of provincial government is needed for training programs.

For example, AFSC and Community Futures offer loan programs to farmers and business owners in Alberta. These are viewed by AFSC and Community Futures as means of investing locally.

Also, several participants identified that cooperatives could administer facilities or businesses. For example, a participant discussed the new generation cooperatives in the following way:

> *There are three new [generation] coops which are probably the most recent examples and there is some work going on around that concept and other work looking at ways to make it easier for them to raise capital. Certainly those have been fairly effective and seem to be a useful tool.*

Community Development

A significant component of this study is to determine perspectives on local financial capital retention as a strategy for rural community development. Hence, a discussion on rural community development is necessary. Participants were asked questions pertaining directly to community development and to the potential synergies or conflicts between local financial capital retention and rural community development. Elements pertinent to a discussion on community development arose throughout the interviews depending on the position of the given participant.

Initially participants were asked to relate their work to rural community development. Responses from municipal level participants focused primarily around the connection or relationships that their town had with surrounding rural municipalities and the broader area. Discussion often pointed to collaborative efforts and the sharing of information. One respondent representing this point of view replied:

> *[Community Development] is related because my work is not just the Town of Olds. We are not isolated. We have a regional focus as well; we are also the service house to the regional communities. My work being that [in] anything we do in Olds to attract business and investments, we are interested that it happens in rural areas and vice versa. What they are doing, we like to participate and support as well.*

Another participant mentioned the Central Alberta Economic Partnership as a means by which the Town of Olds and other towns develop and create capacity for economic development. Furthermore, involvement with not-for-profit organizations and foundations was seen as an effective way to support community development. Overall, rural community development was framed as a primary component of municipal government efforts in rural towns.

Provincial participants placed the provincial government in a supportive role for municipal community development initiatives. One participant described community development as primarily a role of local governments:

> *In general, as a basic principal, community development is considered to be a local issue … you can't do it to communities, they have to do it themselves. The provincial government tries to support them in their efforts to achieve the outcomes they want to achieve. We do this through research, grants, forming partnerships with organizations that work directly with communities such as the University of Alberta Center for Sustainable Communities, the Alberta Association of Municipal Districts and Counties, the Alberta Urban Municipalities Association, and so on.*

In keeping with this view, another respondent described provincially supported programs, such as the new generation cooperatives, that encourage communities to achieve their objectives in community development with initiatives related to supporting local business ventures.

Participants were also asked to describe opportunities and challenges to rural community development. For local representatives, questions centered on their local community and for provincial representatives, Alberta towns in general. The ways in which towns are addressing challenges were also discussed. Participants expressed general consensus that a variety of opportunities exist. One provincial level participant described the following:

> *The opportunities can be pretty wide based; it could be anything that any community feels will help improve its current situation. It's wide open from fixing your streets, to building a park, to developing an industrial park, maybe working on environmental issues, a whole array of possibilities are there in terms of what communities can do.*

Several of the challenges focused around capacity; both social and financial capital were cited as concerns. A general lack of availability of funds from grants and other sources were noted as a challenge. At a local level, the Olds Institute is cited as a means of promoting community development and contributing to the growth of social capital through strategic communication and engagement. However, a challenge specific to the Olds Institute also focused on a lack of dedicated resources. Until eighteen months prior to the interviews, the Olds Institute was volunteer run and although very good leaders were volunteering their services they did not have a dedicated staff or dedicated resources to run an office. As part of the social capital challenge, a provincial level participant noted that gaining community consensus on initiatives may be difficult.

The means of addressing these challenges described by participants included collaborating with surrounding communities, adopting a formal model of community development, and dedicating resources to the leading players in community development, such as the Olds Institute. A focus was placed on sustainability as well. A local level participant described the plan developed for Olds to address challenges:

> *We are going to be modeling our engagement on this thing called the Learning Organization, so engaging our citizens, our rate payers, in a different way than we have in the past to deal with the challenges. We are*

looking at communication and public engagement and using some of the tools that are part of the Learning Organization to try to combat [the challenges].

Provincial participation in trying to address challenges in community development was described as involving Community Development Offices, through the department of Culture and Community Spirit, that assist communities in various development processes. The province also has the capacity to fund self-formed organizations such as Regional Development Alliances and Wheat Board Organizations.

One provincial level participant explained the existence of an additional level of complexity to the challenges cited. Given the existence of financial capital, one still must ensure that investments are being made in sound, viable business opportunities. The development of a business plan for a prosperous rural community business may prove difficult and niche markets may be difficult to find. This idea was also reflected in comments by a local level participant who noted that succession of businesses was a challenge in small towns:

Businesses come and go; they open up and disappear. When you start analyzing why they disappear, some of the old type businesses have disappeared because there was no succession plan, somebody would operate a business, get ready to retire, and they really can't sell it. So they just close it up and retire.

However, an opportunity to address this particular challenge was clearly noted by a provincial level participant.

The best thing we can do, and we're starting this, the Alberta Community Cooperatives Association is looking at a model from Nova Scotia, where they are raising capital and their success is raising the capital as one part of the puzzle. But what they have done to be successful in Nova Scotia is have a mentorship program, where they have retired bankers, retired financial people and coaches to make sure these small businesses have a viable business plan and coaching to make their businesses successful.

Participants were also asked to discuss the role of their government department in retaining financial capital specifically for community development as well as the relationship of local financial capital retention with community development. The specific roles of important players are discussed elsewhere in this paper; however, the roles related to community development ought to also be mentioned here. The role of local governments was described by most participants as a collaborative or partnership role. Providing support for not-for-profit organizations geared towards community development and coordinating partnerships between not-for-profit organizations, financial institutions and other levels of government were cited as local government roles. Provincial level participants stated that the role of the province included ensuring the proper parties were fulfilling their respective roles, which includes working closely with the federal group, Community Futures. Also, the province may be responsible for

providing some enabling legislation. Generally, directing local financial capital retention funds towards community development is described as being the role of not-for-profit organizations or for-profit businesses receiving this funding.

Both local and provincial level participants were generally in agreement that local financial capital retention was synergistic with rural community development. All four local level participants agreed. A local level participant said the following:

> *I like this project… It's creating enough pride and desire to help your community [and] at the same time help yourself - it's a different way of thinking that we are used to.*

Both provincial level representatives noted synergies, with one stating:

> *It has tremendous benefit to that local community which is what rural development is all about. You can't argue with it! It's a fantastic thing when locally people are identifying things they want to do and are investing in it. That's pure rural development.*

Linking financial capital retention to community resilience

In addition to exploring local financial capital retention as a means of rural community development an objective of this study was to assess local financial capital and rural community development through the theoretical framework of resilience. The following is a discussion of the results relating to community development to resilience literature.

As described earlier in this paper, resilience, broadly, is "the capacity of a system to absorb disturbance and reorganize while undergoing change so as to still retain essentially the same function, structure, identity, and feedbacks" (Walker et al., 2004 as cited in Folke et al., 2010). The concept of social-ecological resilience expands upon this to relate humans and nature as the interrelated systems facing disturbance (Steffen et al., 2007). The Community Resilience Manual by Colussi et al. (2000) states:

> *In the face of increasing levels of social and economic volatility, and ability to assess and specify their level of resilience allows communities to identify areas of weakness, and select and implement strategies proven to target those difficulties* (p.10).

The participants for this section of the report provided valuable insight into the ways in which Olds, Alberta, and other Albertan towns are attempting to follow through with the ideas in this statement.

The first questions pertaining to community development asked participants of their views on rural community development and the challenges and opportunities faced by rural municipalities in Alberta. Responses focused on collaborative efforts and supportive partnerships. In noting the challenges faced by rural communities the participants

demonstrated that efforts had been made to actively determine where "areas of weakness" were occurring, so as to plan for specific challenges instead proposing wide sweeping solutions. For example, ensuring the prosperity of businesses funded through local financial capital retention by providing mentorship and business coaching targets a specific weakness such as an incomplete skill set in business management. Likewise, providing resources directly to the Olds Institute better enables it to engage in community development, targeting challenges related to operating a functioning office with employed personnel.

Colussi et al. (2000) explain that "a resilient community is one that takes intentional action to enhance the personal and collective capacity of its citizens and institutions to respond to and influence the course of social and economic change" (p.11). The efforts described by local level participants demonstrate intentional action through the selection of a model of community development to implement in the community and the use of values rooted in the five pillars of sustainability - environment, economy, community, culture, and governance. The model of community development selected in Olds is the Learning Organization; the selection and implementation of a model of community development satisfies the intentional action component of the resilient community definition. The Learning Organization model directly addresses the desire to "enhance the personal and collective capacity of its citizens and institutions" component (Colussi et al., 2000, p.11). The Learning Organization, as described by Mills and Friesen (1992), requires "mechanisms which transfer learning from an individual to the group, … commitment to knowledge, … mechanism for renewal within itself, … [and] an openness to the outside world" (p.146). Olds is using strategic engagement and strategic communication to ensure the sharing of knowledge and continued advancement in the knowledge of the community. The Olds Sustainable Strategic Plan, mentioned by several participants, is renewed every three years so as to allow for the reassessment of the needs and desires of the community and its successes and failures. The participants cited a variety of projects that could contribute to community development and noted that creative thinking was crucial to sustainable vitality within towns. Participation in groups such as the Alberta Urban Municipalities Association and the Mountain View County, as well as collaboration with provincial efforts demonstrates an openness to the outside world.

The perspectives on rural community development provided by participants and the goals inherent in those perspectives indicate that towns, such as Olds, are striving for resilience. All participants agreed that local financial capital retention is synergistic with rural community development. Changes occurring globally and locally that affect Albertan towns, and as such, using local financial capital retention to enhance rural community development further bolsters attempts at resilience. Local financial capital retention can allow for the flow of capital to community based projects as well as local business initiatives if changes are made to provincial and federal government lending and grant programs. In terms of retaining identity, the participants indicated that, though the identities of towns are dynamic, local financial capital retention allows for local citizens to determine the identity of their own communities, as opposed to being moulded by outside perspectives on community development. By increasing the flow of information

from citizens to government through community engagement and communication prior to determining the desired route of community development simultaneously, towns can retain the same function and structure while providing opportunities to "influence the course of social and economic change" (Colussi et al., 2000, p.11) through local investments.

The fit of local financial capital retention with community development, as described by the participants is partially rooted in the diversity of options that is provided. This is in keeping with the necessity of "a multidimensional approach that incorporates indicators of material well-being, health, education, political voice and governance, personal activities including work, social connections and relationships, environment (present and future conditions), and economic and physical insecurity" (Scott, 2009, p.2). Participants noted that in using local financial capital retention for community development, communities can adequately assess their needs with respect to housing, health care, recreation, and businesses thereby demonstrating the multidimensional nature of the relationship between local financial capital retention and community development. The five pillars of sustainability, used in the creation of the Olds Sustainable Strategic Plan, can facilitate local financial capital retention for community development and fit equally well with the concept of resilience. Thus, environment, economy, community, culture, and governance are all components of social-ecological resilience where the interconnected nature of human and natural systems further necessitates a multidimensional approach.

Conclusion

Upon analyzing governments' perspectives, we conclude that local financial capital retention directed towards community development is a potential way of improving rural community resilience. Some barriers and challenges in promoting local capital retention have been discussed. However, one important starting point for any project and its self-sustainability is how capital retention is defined. It is recommended that different levels of government and financial institutions discuss local financial capital retention and try to reach a similar point of view in order to design an appropriate capital retention program. It is important that an effective synergy between these two groups is formed to positively impact the community.

After a capital retention initiative has been identified, local government and a representative sector of the community could discuss financial and social objectives that the community and associated organizations have and can pursue. It is recommended that the Olds Institute can continue coordinating a partnership process, but also it, and the community, could identify concrete steps to develop businesses or community projects valued by the community. In this respect, The University of Alberta could collaborate with its experience and knowledge to assess the economic and social benefits of these potential initiatives.

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Chapter Three – Financial Capital and Community Resilience: Perspectives from Financial Institutions in the Town of Olds

Cynthia Amati
Julio Arregoces
Ge Song

Introduction

In this chapter we review the current understanding of the concept of community resilience. This is followed by an analysis of the relationship between financial capital and community resilience. In the second section of this chapter we provide the findings of our research on the views of representatives from financial institutions that are located in Olds. We then conclude our study with a synthesis of our findings on the status of financial capital mobilization in the Town of Olds in relation the current understanding on the role of financial capital in community resilience.

Linking Resilience and Financial Capital

Holling (1973) is one of the first authors to define resilience. He defined it as, "the ability of systems to absorb changes . . . and still persist" (as cited in Rose, 2009, p. 2). He also refers to resilience as "buffer capacity" (p. 2), and resilience is measured here in relation to the size of the shock capable of being absorbed by a given system. Pimm (1991) provides another insight on ecological resilience by emphasizing its definition in terms of the speed at which the system returns to equilibrium after disturbance. Resilience, originally a concept associated with ecological systems, is increasingly being applied to understand social, economic, political, cultural as well as individual aspects of society (Krogman, 2006). Adger (2000) was one of the first to extend the ecological definition of resilience to socio-cultural communities as a whole. He measured social resilience as related to social capital and in terms of economic factors (e.g., resource dependence), institutions (e.g., property rights), and demographics (e.g., migration). This approach has also been taken by Norris et al. (2008). The Community and Regional Resilience Institute (CARRI) for instance indicates that community resilience "encompasses an entire community (physical infrastructure, economic and social capital, natural environment, and systems/essential services) and its ability to resist and/or rapidly recover from extreme events" (CARRI, 2011). Most projections of the ecological resilience framework onto communities emphasize the capacity for controlling social reaction to change, rather than being overrun by it. At the social level, resilience is central to sustainability, and is viewed as the overall capacity of ecosystems and social systems within them to re-organize in congruence with renewal capabilities of ecosystems (Krogman, 2006).

With regard to community resilience, the emphasis is on the systematic reflection, rather than the random manner by which communities engage (or disengage), with change. It is a process rather than an outcome (Brown & Kulig, 1996/97; Pfefferbaum et al., 2005).

Flint (2010), understands resilience as a measure of the difference between societal demand for resources and the resources' productive capacity. Faced with both internal and external factors of change, resilience is cardinal as it is what makes the difference for continuance or destruction of a community (Davidson, 2010). By sustaining a community here we do not mean its persistence as a static, non-changing organism, but rather an interaction with change agents that allows a community to adjust without losing its full functioning. On occasion, where functioning must be lost for any reason (Davidson, 2010), it does so deliberately and with intention to change.

To further understand the concept of community resilience, Flint (2010), identified three key concepts that have a direct bearing on resilience:

(i) Persistence - the capacity of a system to carry on structure and function when faced with shocks and change;
(ii) Adaptability - "the collective capacity of people to learn and adapt to changing conditions in order to stay within a desired state (e.g. the ability to conserve current water supplies under climate change)" (p. 48); and
(iii) Transformability - the capacity of people to innovate and transform during crises to create new systems when ecological, social, and economic circumstances make the current system untenable.

Davidson (2010) has added three more concepts that should not be sidelined in conceptualizing community resilience from ecological resilience: (i) individual and collective agency, (ii) critical thresholds, and (iii) multi-scalar feedback mechanisms. Rose (2009) has also argued for the centrality of sustainability as significantly influencing overall community resilience. He defines sustainability as "long-term survival and a non-decreasing quality of life" (p. 2).

Some of the contributions by Flint (2010), Davidson (2010), and Rose (2009) provide an important background to understand the current efforts at building more resilient communities. Popular examples of more applied work in community building include the resilience building frameworks documented in the Community Resilience Manual (Colussi et al., 2000) and the Community Capitals Framework (Ritchie & Gill 2011), among others. In the paragraphs below, we briefly describe these models, as they significantly inform our study on financial institutions and capital retention for community resilience in the Town of Olds.

The Community Resilience Manual (Colussi et al., 2000) identifies four categories that, overall, facilitate the identification and evaluation of a given community's level of resilience. These are Resources, People, Organizations and Community Process. According to the Community Resilience Manual's concept of *resources*, a community is resilient only to the extent that employment is diversified beyond one large employer and if: the major employer(s) in the community are locally owned; there is openness to alternative ways of making a living; the community seeks sources from outside to address its areas of weakness; and the community is aware of its position within the larger economy.

The organization of *people* in a community also influences the degree to which it will be resilient. A community demonstrates more resilience if members are adequately represented in decision-making, leadership is representative of the community, members feel a sense of pride, members look at the community first to address major issues, and where people feel optimistic about the future of the community (Colussi et al., 2000). A community's resilience is influenced by the presence of a variety of *organizations* dealing with economic development, as well as the collaboration between these organizations. It is also resilient to the extent that it has a *community process* with which to arrive at a vision or an economic development plan. Members must also be involved in the creation of an economic development plan and it is important that the community adopts a development approach that is inclusive (Colussi et al., 2000).

The model above from the Community Resilience Manual indicates that resources are necessary in all aspects of the model. Organization and mobilization of members towards a single cause becomes easier when a community can afford to pay facilitators for their time, for instance, or as an incentive for others to attend and contribute their views. Organizations within the community also require financial, as well as human and other, resources to create and disseminate ideas and strategies and implement them in order for their initiatives to be successful.

Ritchie and Gill (2011) and Magis (2007) have outlined the centrality of financial capital towards strengthening all other forms of capital due to its ability to be converted to those other forms of community capital. Their Community Capitals Framework (Figure 3.1) represents all forms of capital potentially available to a given community. Their Community Capitals Framework has also been used by others, e.g. Magis (2007). McIntosh et al. (2008) have likewise arrived at an understanding of the place of financial capital in overall community resilience by the key role it plays in the effectiveness of other forms of capital. Beekman et al. (2009) have further elaborated the relationship between various forms of social capital, including financial capital, and resilience.

Their study indicates that up to a certain point, financial capital goes a long way to facilitate the building of social capital, and social capital also facilitates the building of more financial capital. Their study also shows, however, that it is also possible for social capital to negatively affect efforts at generating financial capital, and vice versa, especially in overly homogenous community groups. It is for these reasons that we evaluated community resilience in the Town of Olds by focusing on financial capital as a resource for resilience. Elasha et al. (2005) aptly used the term *assets* to refer to all the types of capital that can be harnessed to generate community resilience. Following their conceptualization, we broadly refer to these resources as *social assets*.

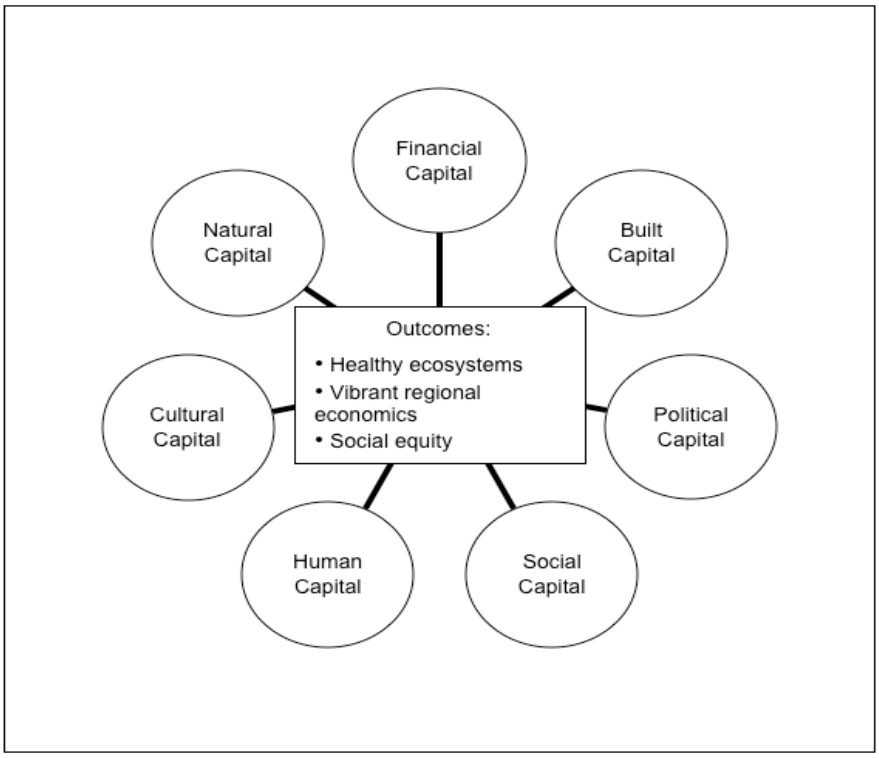

Figure 3.1. Community Capitals Framework (Ritchie & Gill, 2011).

Because of this central role of financial resources in community resilience as cited in the literature, our group focused this inquiry on understanding the perspectives of financial institutions on local capital retention in the Town of Olds.

Research Question and Methods

In order to understand and document community resilience in the Town of Olds, our group endeavoured to examine financial institutions' strengths, weaknesses, opportunities and challenges in local capital retention. The objectives of our study were:

(i) to establish whether or not there is any interest in facilitating local capital retention through exploring local investment opportunities;

(ii) to determine willingness of financial institutions to invest locally; and

(iii) to obtain estimates of potentially available financial capital for local investment.

We applied a qualitative method to explore the financial institutions' perspectives on the concept of local capital retention. Using referral sampling through a key informant, we were directed to a total of five financial institutions in the Town of Olds. In a town with a total of six financial institutions, our views from five were adequate for the purpose of this study. We then collected information using semi-structured interviews.
Our interviews were categorized into two groups based on their business scale: Local Banks (LB) and National Banks (NB). This study focused on perspectives from three National Banks and two Local Banks. For our study, Local Banks referred to financial

institutions with predominantly local clients and business. For one Local Bank, according to legislation, all banking business is restricted to the Town of Olds, and for the other Local Bank, again according to legislation, restricted to the Province of Alberta. In contrast, National Bank referred to financial institutions that have branches all around country (some even have overseas branches); their local business is only one component of their business.

Results of Interviews with Financial Institutions

(a) Interest in local capital retention

There was no indication that there was an absolute lack of interest in retaining community capital locally by the five financial institutions interviewed (Figure 3.2). A total of three out of the five banks indicated that they were interested in the concept of local capital retention, explaining that local community growth and business growth are mutually dependent:

> *When our community does well, we do well. When we do well, we return to our community, and communities do better. We rely on them, they rely on us. It is always our best interest to help our communities. Local sustainability is the key for us. It is our focus* (Local Banker, 2011b).

> *…When our community becomes stronger, they make farms, business, they make money, and they make us stronger too* (Local Banker, 2011c).

The other two institutions were unsure, citing certain conditions which would make them prioritize local capital retention over external investments.

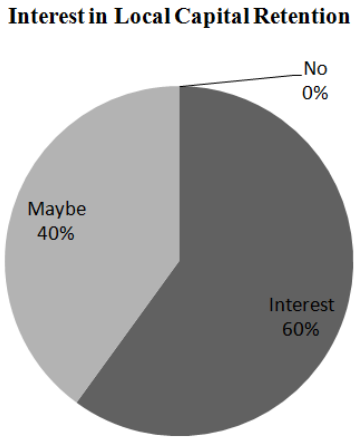

Figure 3.2. Interest in local capital retention.

(b) In-town and out-of-town investments:

Out of the five financial institutions interviewed, three currently invest at least 50% of their total customer deposits within the Town of Olds (Figure 3.3).

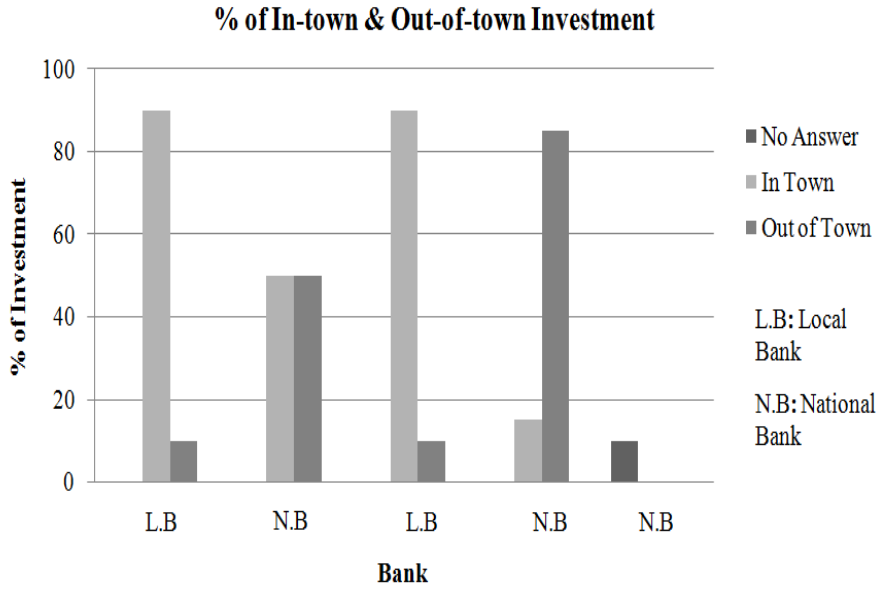

Figure 3.3. Estimates of in-town and out-of-town investments.

In this instance, again, local financial institutions generally invest more locally (over 80%) as compared to their national counterparts.

(c) Avenues for local investment:

Only one out of the five financial institutions denoted that there were specific and appropriate vehicles for investing locally for the purposes of retaining capital within the town (Figure 3.4). The other financial institutions stated that there were no appropriate and specific avenues for doing so. They argued that current avenues were inadequate in terms of profit and security, and this made them hesitant to recommend them to clients.

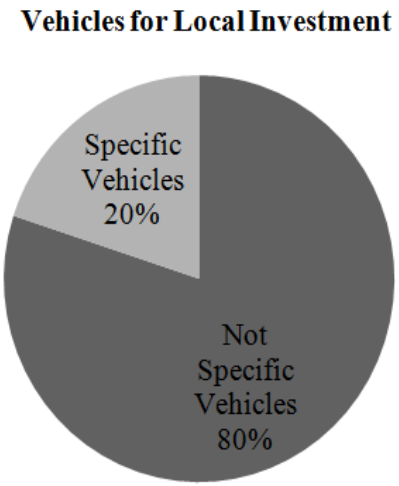

Figure 3.4. Confirmation of presence or absence of specific avenues for local investment.

(d) Assessment of willingness to invest locally

Our research team asked the financial institutions about their perspective on the general willingness of the community to invest locally and rank their assessment on a scale of 1-7. On the scale, 1-3 indicated the lowest perception of interest to invest locally, 4 meant their perception of local investment interest was neutral, and 5-7 indicated the highest perception of interest in investing locally. According to our interviews, three out of the five financial institutions ranked the willingness of the community to invest locally as being high; one institution ranked it neutral; while one institution denoted that this interest was low (Figure 3.5). Therefore, the majority of financial institutions consider themselves having great interest in local investment.

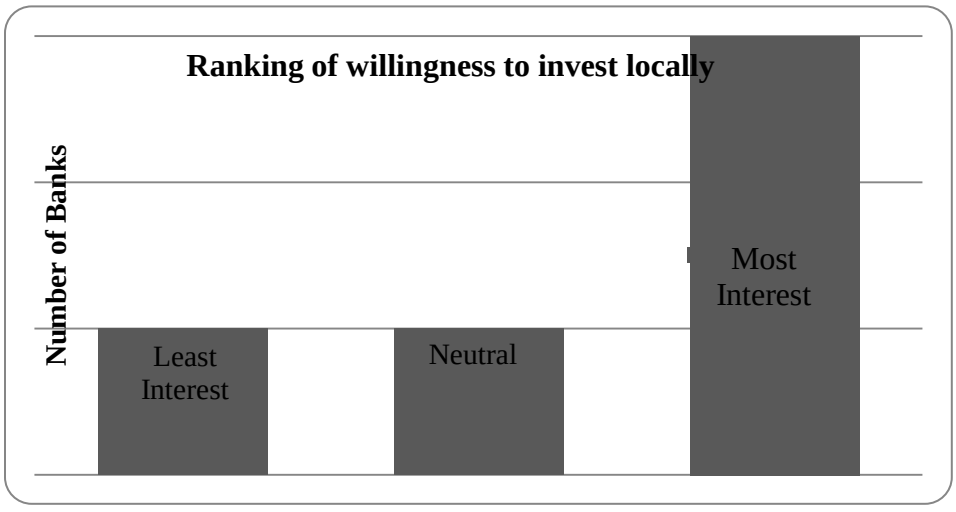

Figure 3.5. Financial institutions' ranking of general community willingness to invest locally

The Financial Sector and Community Resilience

Our results indicate that the Town of Olds has several strengths; *foundational financial capital* and *foundational mobilization capital* are present.

> *Foundational capitals are those resources that are present in the community. They include physical, natural and economic capitals. Mobilizing capitals activate and mobilize foundational capitals into productive use by the community. Mobilizing capitals include human, social and political capitals* (Magis, 2007, p. 16).

In Olds, the majority of financial institutions in the community are interested in local capital retention. This is a positive factor for building resilience. Additionally, as illustrated in Figure 3.3, a majority of the institutions already invest amounts equal to or greater than 50% of their deposits within the Town. The local banks in particular invest more than 80% of their total deposits locally. Furthermore, perceptions are high of the general willingness of the community members to invest locally (see Figure 3.5). Additionally, many community members self-reported a willingness to invest upwards of $5,000 (*foundational financial capital*), (see Chapter Four). Another strength is that the community does make efforts to organize to convert the foundational capital into productive use by the community and as such, *foundational mobilization capital* is visibly present and actively being used in the local area. Therefore, the community is well-placed to achieve resilience.

On the other hand the Town of Olds is dealing with a number of economic challenges. First, the local economy is driven primarily by the oil and gas industry in neighbouring cities, as one respondent indicated, *"All of the people in this area are working in oil, gas; when our members don't do well, our communities don't do well, we don't do well"* (Local Banker, 2011d). This lack of economic diversity increases vulnerability and decreases the adaptability of the community. This in turn reduces its capacity to be resilient in case of economic instability. Moreover, most of the individual wealth currently within Olds comes from retirees whose careers were based in neighbouring towns. As one respondent stated, *". . . you have to look at where the wealth comes from, most of the wealth in Olds did not come from here"* (National Banker, 2011a). For these reasons, the town does not have *produced financial capital* (Magis, 2007, p. 16). This is a major threat to a community's resilience.

The Town is trying to deal with this challenge through organizing via the Olds Institute, the Olds Agricultural Society, and the Olds Chamber of Commerce. Despite tremendous efforts at *capital mobilization* by these organizations, the town still faces a challenge in converting *foundational financial capital* into *produced financial capital* due to two main reasons; most National Banks view the current local investment projects geared to achieving this as lacking in profitability and security (National Banker, 2011a), and, the community does not have consensus on their investment priorities (see Chapter Four).

One respondent aptly elaborated, "*the question is not whether or not we are interested in local investment, the question should be on what is more profitable*" (National Bank,

2011b). The National Banks have alternative external investment opportunities to optimize their profits. They thus prioritize their investments in terms of profit, not locale. One of our respondents emphasized this by highlighting,

> *Our institution is national though, so if you're investing in products that we do have, it is staying within our branch but it's counted as a whole national good, alright? So, we do try to maintain what is best for the clients at the same time. So if they have a better chance for return elsewhere, we try to do what is best for our clients* (National Banker, 2011c).

The Town of Olds is unique; the presence of both national and local financial institutions enables the community to take advantage of external and also internal investment opportunities. This diversity of investment alternatives increases resilience by reducing dependency on one market. However, it is also a weakness, as discussed above, since it lessens the pool of capital potentially available for local investments.

One additional challenge brought forward by respondents lies in the capacity for the Town to provide amenities, such as housing, land, etc., at a price that is affordable to young members while remaining profitable for the business enterprises involved. This quote from a respondent highlights this problem:

> *. . . I think there are a lot of companies who would probably like to fire up here and do something more here. But the challenge is always having enough talent to do what you want to grow a community. And of course when you don't have that kind of talent then you need to bring it in, it's good for the economy with your housing and everything there, but the challenge is that, can you afford local housing for some of these people? Property in Olds is not cheap. Our land is expensive here . . . our base house is around $300,000. Well if you are a Wal-Mart employee can you afford that? We are addressing it, but the challenge in society is that everybody wants to make a profit. I think the challenge is, we need to really start the vehicle and find what is feasible for everybody; we don't have enough players to do that* (Local Banker, 2011f).

This challenge is an indication that economic growth has not been entirely inclusive of all income groups. If left unaddressed, this will in turn decrease the capacity of the town to rebound from economic shock.

In resilience theory, learning is another significant component that cannot be ignored (Adger, 2003). By learning from its past or from the experiences of other communities, a community can adjust its actions to increase resilience. For Olds, led by the Olds Institute in this case, community leaders introduced an external agency—the Department of Resource Economics and Environmental Sociology, University of Alberta—to undertake the current study. Through interviews, presentations, posters, etc., the community was actively engaging in the exchange of ideas. This facilitates social learning, which in turn

contributes towards overall resilience, and should therefore continue for the benefit of the community.

The community of Olds has positive *foundational mobilization capital*. As mentioned in the preceding paragraphs, the community has organized into active citizen groups such as the Olds Institute, Olds Agricultural Society and the Olds Chamber of Commerce for the purposes of promoting local investment and citizen engagement in local economic development. This is a significant contributor to building community resilience and is a trend to be encouraged.

Additionally, the Town of Olds experiences a challenge as well as an opportunity by being a commuter community situated between Red Deer and Calgary. It attracts many people from the oil and gas industry from both cities to live in the Town. Our respondents remarked that it is also a good community in which to raise a family, and homes are affordable compared with Calgary. These are good 'pull factors' that contribute to the growth of the town which, if properly harnessed and planned for, can build resilience. At the same time, being a commuter community poses a challenge because people generally feel less attached to it and consider it a bedroom community. With less attachment and involvement, community members are likely to emigrate rather than collaborate to mitigate impacts of economic crisis when the situation demands. Therefore, the Town of Olds can work to strengthen the already extant *mobilization capital* through efforts begun by the Olds Institute and others to create more connectedness within the community.

Conclusion

Overall, there is strong evidence that financial institutions (local and national banks) have an interest in retaining capital locally. Three out of the five financial institutions interviewed showed a major interest in local capital retention, supported by an interdependency framework that local communities and local businesses grow together. This is a good foundation from which to work on resilience-building. According to the results illustrated in Figure 3.3, a majority of the financial institutions in Olds already invest amounts equal to or greater than 50% of their deposits within the community. Furthermore, general willingness of the members to invest locally is high (see Chapter Four); therefore the community is well-placed to build resilience through financial capital.

Only one out of the five financial institutions was satisfied that there were specific and appropriate vehicles for investing locally for the purposes of retaining capital within the town. The rest of the financial institutions stated that there were no appropriate and specific avenues for doing so. They cited limited profits and high risk as major reasons for their lack of enthusiasm with this idea. Given the importance of financial institutions as a key community resource, community members should make efforts to include local financial institutions in all future discussions surrounding potential local investment vehicles. It appears that there may be opportunities for these financial institutions to contribute knowledge that would further the mobilization of financial capital in coordination with locally generated ideas for guiding the Town of Olds toward becoming a more resilient community.

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Chapter Four – Community Perspectives on Capital Retention in the Town of Olds

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Introduction

The research goal for this chapter was to determine the level of interest among local residents in the Town of Olds in generating local financial resources that could result in reduced vulnerability and an enhanced ability to adapt to changing socio-economic conditions in the community. This led our research team to consider active community participation and citizenship in relation to community resilience. These themes emerged through initial focus group discussions that indicated that the Town of Olds has a large number of community organizations contributing to both social and economic development within the community. In addition, there was evidence of broad community participation and deliberation in the development of the *Olds Strategic Plan: Sustainable Opportunities for a Growing Community*, and other community priorities. As such, a community survey was developed and administered to local residents. It was based not only on questions of willingness to invest in a local capital retention initiative, but also on questions that would gather information on the relationship between individual perceptions of connection to the community and that individual's willingness to invest. In other words, is there an association between a perceived collective identity and incentive for broad participation in a capital retention initiative like this? In addition, our research team worked to identify potential benefits and challenges in implementing such a financial strategy.

With the adoption of resilience theory in our research, the concepts of *social learning* and *social capital* in the form of active community participation, connection to the community and deliberative democratic practices in decision-making became central. Generally, community involvement in decision-making leads to the development of social networks and thus, social capital (Adger, 2000). These networks facilitate interpersonal trust, social learning, economic development and thereby, reduce vulnerability to change through the empowerment of both community members and the community itself. Social capital is an important precursor to the development of adaptive management strategies, but it is also enhanced through the process of developing these strategies collectively (Adger, 2000). Although strategic collective action is linked to increasing a community's resilience, owing to both individual and community agency in developing collective goals, human populations have historically responded to crises in a reactionary manner rather than by developing proactive strategies prior to a crisis (Davidson, 2010).

The Town of Olds is in a period of socio-economic change as the community transitions from a small, affluent, agriculturally based system to one with a larger population and a more diverse economy. It is also in a position to take advantage of high levels of existing social and financial capital within the community to build greater adaptive capacity in the form of strategic future planning and adaptive management initiatives such as local capital retention. The following section describes resilience theory and several associated concepts that were applied in our team's evaluation of the potential for a local capital retention initiative and the enhancement of community resilience through reduced dependence on external funding structures and institutions.

Learning, Public Participation and Resilience

Resilience

Resilience theory has garnered much attention since it was first introduced and it has expanded from its original application to ecosystems to that of social-ecological systems (Folke et al., 2010). In recent years, the theory of resilience has also been explored for its applicability to social systems, which include the complex economic, cultural, legal, political, administrative, and organizational characteristics of human populations (Davidson, 2010). The concept of resilience can be broadly defined as the ability of a system to deal with disturbance. Resilience Alliance (RA, 2011) highlighted the three key properties of resilience as:

> *the amount of change the system can undergo and still retain the same controls on function and structure; the degree to which the system is capable of self-organization; and the ability to build and increase the capacity for learning and adaptation.*

While the scholarly debate over the relevance or appropriateness of applying resilience theory to social systems continues (Davidson, 2010), *social resilience* can be defined as the "ability of communities to withstand external shocks to their social infrastructure" (Adger, 2000, p. 361). A system, or a community made up of numerous multi-scalar interacting systems, exists in continually shifting phases of (1) growth/exploitation, (2) conservation, (3) release and (4) reorganization/renewal (see Davidson, 2010 and RA, 2011 for description of Panarchy concept). These changing conditions are represented in a conceptual tool known as the *adaptive cycle* (RA, 2011). The cycle consists of two periods, a longer one of shifting resource allocation and a shorter stage of destruction and restructuring. If resilience is high, the system will have the *adaptive capacity* to mobilize resources, "recombine sources of experience and knowledge for learning" and generate "novelty and innovation" to prevent a shift toward an undesired alternative state (RA, 2011). However, if resilience is low and particular critical thresholds are exceeded by a disturbance, a community will likely undergo transformation into an altered state or regime during the shorter stage of destruction and restructuring in the cycle (Davidson, 2010). It is adaptive capacity that allows systems to reorganize while maintaining primary functions and structures. Applying this concept to systems that range from "cells to ecosystems to societies" (RA, 2011), an understanding of system instability and response to disturbance can be developed.

Resources that accumulate during the longer, more stable stage of the adaptive cycle can exist as various forms of *capital* that include human, financial, social, natural, cultural/political and physical capital (Olson, 2006; see also Figure 3.1 in Chapter Three of this report). The extent of each of these forms of capital within a system will influence its adaptive capacity, and thus, when high, decrease its vulnerability and increase its resilience. As a result, for social systems, opportunities for reorganization and renewal are dependent upon,

> *the existence of institutions and networks that learn and store knowledge and experience, [and] create flexibility in problem solving and balance power among interest groups…* (Scheffer et al., 2000 and Berkes et al., 2002 in RA, 2011).

Social Learning and Social, Financial and Other Forms of Capital

There exists a strong link between *social learning*, which is "facilitated by recognition of uncertainties, monitoring and evaluation by stakeholders" (Gunderson, 2000, p.436) and *social capital* as "relations of trust, reciprocity, and exchange; the evolution of common rules; and the role of networks" (Adger, 2003, p.389). Within a resilience framework, social learning can occur through a process known as *adaptive management* in which a better understanding of a system is gained as new knowledge and experiences are incorporated into new institutional arrangements (RA, 2011). This highlights the importance of networks and collective action that advance social learning and can help to allocate scarce resources and guide a system or community along a desired trajectory, facilitating security and adaptive capacity for the collective good – both material and social (Adger, 2000). The building of social capital is necessary for system resilience in the face of disturbance, and therefore, "innovation, coping with change and social learning in social institutions" is necessary if a community or social group is to manage disturbance (Adger, 2000, p.361).

Adger (2003) also distinguished between *bonding social capital* within a particular community, "based on friendship and kinship", and *networking* or *bridging social capital*, which is based on "weaker bonds of trust and reciprocity", referring to relationships external to the community (p.389). However, reliance on external networks or resources reduces a community's resilience and the importance of bonding social capital becomes apparent. During times of uncertainty, a community's ability to self-organize, allocate resources effectively and promote social learning that is context-specific and place-based will enhance resilience. Powell and Jiggens (2003) stated that a "shared identification of, and learning about, key variables, relationships and processes, and the opportunities for influencing these, assume particular importance" (p.47). An adaptive management framework within resilience theory also highlights that joint-decision-making and generating potential options and scenarios specific to the local context encourages social learning and thus, increases *bonding* social capital. By applying contextual knowledge in the forecasting and planning for potential future shifts in systems, communities can collectively consider alternative scenarios in advance of change and thereby increase resilience (RA, 2011).

Although adaptive management in resilience theory generally applies to the management of social-ecological systems in terms of environmental factors that influence social systems, its application to social systems is also being explored (Adger, 2000). Changes in a system's social conditions are referred to as *social change processes* (van Schooten et al., 2003). These are often measurable variables that can easily be identified in a community as affecting social conditions to some degree. These processes may include such things as changes in: community or regional demographics; local economic conditions; geographic factors; or socio-cultural processes such as social disintegration or cultural homogenization or differentiation (Becker & Vanclay, 2003). Most often, these types of processes are not necessarily context-specific and can apply in many diverse cases, regardless of the actual social or physical setting of a community. Social change processes, therefore, are not social impacts in and of themselves. Rather, *social impacts* within a community are the consequences of these social change processes in that they "alter the way humans live, work, play, relate to one another, organise to meet their needs and generally cope as members of society" (Becker & Vanclay, 2003, p.66). Thus, whereas social change processes are measurable, tangible and can be studied objectively, social impacts are the more subjective and context-specific consequences of those changes. These impacts can be real or perceived and they can only be fully evaluated by considering the social, cultural, economic, political and historical context in which they occur. A community can therefore evaluate its resilience to social impacts by assessing social change processes and developing strategies to deal with them.

Situating Participatory Practices in the Resilience Framework

Current literature on social impact assessment cites that the gathering of contextual information and the perceptions of impacts can only be achieved through the inclusion of the views and opinions of many people (Becker & Vanclay, 2003). It is through a framework that integrates the perceptions of those most directly affected by a project or policy with the empirical predictions of social change processes that a substantive investigation of potential social impacts can be realized. As such, using the lens of resilience enables a community to evaluate local contexts and develop strategies for enhancing dimensions of existing social systems for increased adaptability and transformability when confronted with social change (Folke et al., 2010; Colussi et al., 2000).

The Community Resilience Manual put forward by the Canadian Centre for Community Renewal cited a three-step process for communities to apply a resilience framework to shaping their "own ways of life and work" and focusing "their economic and social planning accordingly" (Colussi et al., 2000). The process involves (1) drafting a representation of existing community resilience through the collection of local data on specific community characteristics, (2) developing community priorities based on an assessment of social and economic structures identified in the first step, and (3) implementing strategies for realizing those priorities (Colussi et al., 2000, p. 13).

Communities are dynamic and complex and their members hold varying perspectives on future directions and developments that would benefit their community. By applying a resilience framework to the decision-making process for community planning,

collaborative knowledge production and learning can occur within the population as community members share information. This is one of the key properties of resilience. In addition, recent literature on social impact assessment corroborates the need for strong leadership and the inclusion of multiple perspectives in such processes, leading to the generation of valuable, substantive knowledge that is context specific and thus, is imperative in evaluating potential social impacts that are dependent upon local contexts (Becker & Vanclay, 2003). As a result, a participatory approach is focused on inclusive, mutually respectful and collaborative public participation that promotes deliberative democratic practices and value-based decision-making through meaningful and transparent dialogue and debate. This type of decision-making is effective for determining a future direction for a community through scenario-building and planning, especially when that direction is not defined in advance, but rather, develops through the process (Colussi et al., 2000; Powell & Jiggens, 2003). This can contribute to social and cultural learning among key actors, including members of the public themselves, and is most effective if long-term public involvement is encouraged and facilitated.

Although the concept of deliberative democratic practices is appealing, it is important to note that there is growing literature on the ineffectiveness of public participation in many areas of development debate and policy formation. It is important to maintain awareness of issues such as co-option or elitism (Hickey & Mohan, 2004); state or other structural interests in development overshadowing the debate (Hickey & Mohan, 2004; Peluso, 1993); and ensuring that representation of all interests is achieved (Agrawal & Gibson, 1999).

Research Methods

Our research team used two types of primary data collection methods, focus group discussions and a survey to support our final conclusions. Formal research began with two focus group discussions with local residents of the Town of Olds on March 7, 2011. Sampling for the focus group was conducted through referral, with the assistance of a key contact person from the Olds Institute. The goal of the focus groups was to have an informal discussion with key informants within the community about community resources, changes they see to their community and their interest in investing locally. Our focus group discussion added to our understanding of the community through qualitative data and informed the survey design used in for the final online survey. In addition, the focus group participants were asked to complete a preliminary version of the online survey.

The community survey was widely distributed in an online format in which data was again collected through referral sampling via contacts within the following service groups: Rotary Club, Kiwanis Club, Ag Society, Chamber of Commerce, Olds Uptown Merchant Association, and Olds Municipal Library. The final online survey was accessible from March 21 to April 15, 2011. Survey questions included topics of family, community and financial information, collecting both close-ended and open-ended response data. The goal of the final online survey was to expand on themes identified in focus group discussions through wider community participation in research. Although the

respondents were not a random sample of community members, they represented a more active sample of community members who are attached to these community groups.

Focus Group Results

Participants of the focus groups were primarily citizens who resided within the Town of Olds and were in the 40-69 age category. Focus group members were selected key informants, and out of the twenty focus group members only three were female. During the focus group dialogue, participants mentioned a high level of in- and out- migration in the area. Focus group members expressed that the population in the Olds area is increasing, yet the number of active farmers is rapidly declining. One respondent said the *"demographics of the community have started to change and have to change."* The discussion in the focus group dialogue cited that there are more young families with children coming to the area, as well as a growing senior population. The focus group members recognized that as more families move into the community, different styles of housing are needed. One of the benefits identified by focus group participants was that as more young families migrate to the area, enrolment levels of children in the school system are maintained. When discussing senior populations, focus group members expressed that seniors in search of amenities have migrated to the area because smaller centers do not sustain the same level of amenities. One respondent said,

> *If someone is looking for a community to move to, the larger the community gets, the more opportunities there are for employment and recreation, the more it becomes an interesting place for people to look at than a smaller community that doesn't have too many services.*

Another respondent mentioned the change in the community dynamics in association with their personal experience,

> *When we moved to Olds 30 years ago it was a big deal to go to Red Deer to the movies, now the kids think we'll just pop off to the movies, so people look at this big box stores coming to town as a bad idea but really the more of the big stuff we can get here the more of the money we can keep in our town.*

Throughout the discussion, recognized changes in demographics were associated with increased mobility in our current lifestyle. One focus group member said *"all those big roads we built and all the fast cars we got can either take people away or bring people in."*

With regard to connection to the community, 95% of focus group participants felt a connection to the community. Figures 4.1 and 4.2 further explore the connection to the community felt by focus group participants. Though most focus group participants had lived in Olds more than 20 years (Figure 4.1), this variable ranked lowest as a factor in contributing to community connection. An interesting discussion that arose from the topic of connection to the community was that of community pride, with most focus group

participants expressing a strong sense of pride. For example, one of our focus group participants said,

> *[Olds is] located in such a position that we are the most vibrant, creative, and active community between Edmonton and Calgary, we have so much potential and if we could identify where we want to be and where we want to go, the sky is the limit and people with will come because we are so central.*

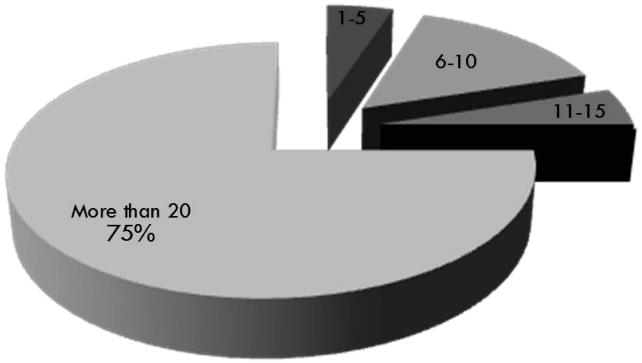

Figure 4.1. The number of years that focus group members have lived in the community of Olds.

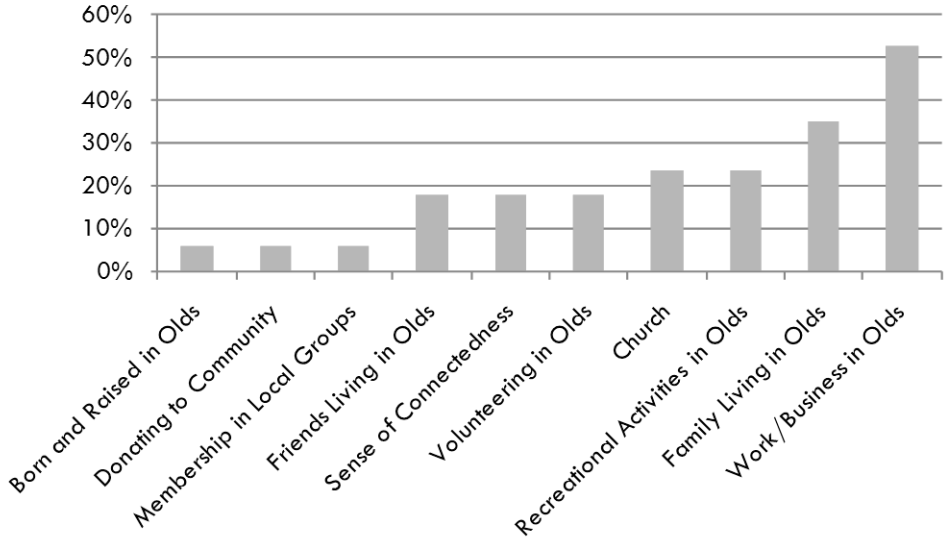

Figure 4.2. Factors influencing connection to the community of focus group members.

One focus group participant mentioned that the Town of Olds *"still has a strong sense of community and we have capital means in order to keep [it]"* and there is a *"desire among the community to control their own destiny."* One focus group member mentioned that successful activities are people-driven, for example, the theatre or skate park, and that these are developed because *"people say we need this."* Many service clubs contribute to the financing of local projects. An example of these initiatives identified by focus group members included the Kiwanis Club building community playgrounds. However, focus group members recognized that a transition was occurring as to the types of service groups in the community because of the availability of appropriate facilities. One example cited was that a theatre group existed in Olds in the past, but had moved to Didsbury where a facility existed. The recent creation of a new theatre and the revitalization of the theatre group, however, will likely increase interest and participation.

Focus group members also expressed that the volunteer population in the community is aging. One respondent said *"my mother volunteered for the fair at age 82."* Although the culture of the community was perceived as being service-oriented, it was described as potentially changing. As one respondent said,

> *I am the grandson of pioneers, and the communities of western Canada were all built by the people, and they did participate in community building, and they were building their own economic enterprises, and having been raise in that community, I still feel that. So the question [is] does the next generation feel it?*

Participants also felt that family structure was one of the reasons for the lack of volunteer commitment. As one focus group member said,

> *All the families you see out there now are two income families, so how much time does mom have to volunteer or dad when they're running kids to school [and] hockey plus working jobs.*

There was also an acknowledgement of competition between service clubs for volunteers. As one survey respondent said,

> *[Olds has] too many service clubs and not enough people to keep everything active... we are all trying to compete … and there's not enough revenue and people.*

The financing of these service groups was thought to be difficult because of recent changes in regulations. Now, community service groups were seen by the focus group members as having to require permits and permission. One focus group respondent said *"we find ourselves in a situation where now you need the financial capital to invest because you cannot invest the human capital."* Also, with recent changes to regulations in gaming, one focus group member said,

> *[I have to look at] trade-off of committing my time, my energy, and skills to this, or am I going to commit my money to it. Always before, if the community wanted to do something to raise money it was 'here is the donation' and even that is getting more difficult to do because it was mostly done through a form of gaming that is not available to the local communities anymore. The province, for reasons that it is a global industry, has come in and taken care of gaming and 'we will give you the money if we think you deserve it and you can compete with the other guys'. So once again that is crushing to raising capital locally for community projects and so you put that on top. If you can't use sweat equity then what are we going to do?*

The focus group respondents expressed that service work in the community was an important factor in community development. As one respondent said, *"there still is a social need for doing more than just [giving] money."*

Figure 4.3 illustrates the value of potential financial contributions toward community investment. Most focus group respondents were willing to invest within the $20,000 to 40,000 range (Figure 4.3). Focus group respondents expressed that there was a large amount of financial resources in the community. One respondent said when he moved to the Town of Olds, it

> *had every chartered bank in Canada - Treasury Branch, Credit Union and two other investment houses for a small town of 4500 people. It was almost unheard of and that tells you right off the bat there was a large amount of money in this area.*

When asked what type of incentives would be required for investing in a local capital retention initiative, the strongest incentive identified among focus group participants was that of giving back to the community. One focus group member said that the "*definition of investing is changing*" with the availability of more diverse investment options in the marketplace, referring to the ability of investing locally, nationally, or globally. However, even in a diverse marketplace, with a variety of investment options, investing locally was viewed as having great value because it gave back to the local community in ways investors are able to see with their own eyes.

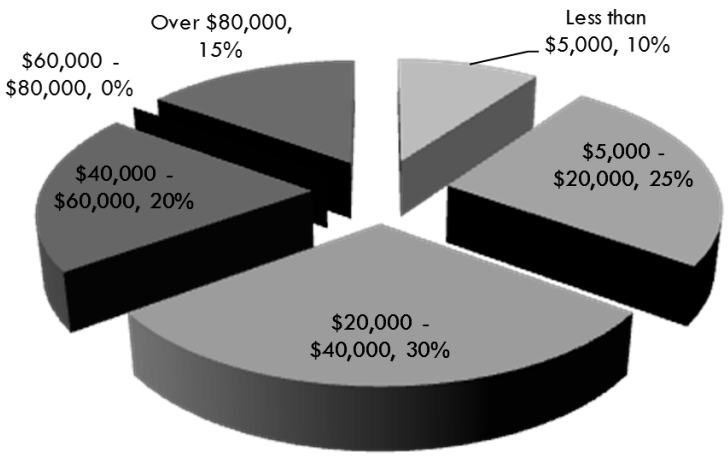

Figure 4.3. The willingness to invest among focus group members.

Through the focus group dialogue, our research team identified five major considerations that participants perceived as important in the structure of a local financial capital retention initiative: (1) connection to community; (2) return on investment; (3) limiting risk; (4) enhancing trust; and (5) cultivating a sense of ownership. With regard to connection to the community, an altruistic statement made by one focus group participant was, *"I have lived here all my life and I have family here so it is worth a bit of financial deficit to sustain things."* Another focus group member represented an alternative viewpoint.

> *I don't feel the same obligation to the community as those who have spent their entire life here. I have been there, done that, and I have moved on because the amenities were not available in the community… So, where I am [now], I am willing to support the community without question, but the guarantee of the capital is really important.*

Comments made about the return on investment by focus group members included,

> *If we could get a guaranteed investment at somewhere around 3% and be guaranteed that the money is going to be used locally, I think a lot of people would be interested.*

and,

> *If there was an opportunity to invest in the town and the return wasn't what I would get in a secure investment elsewhere, I think I would still be more likely to invest locally just because the return wouldn't necessarily be on my investment but the community [would be] helped... I have no interest in investing in things I have no idea about.*

In describing that limiting risk was more important than the return on investment, one focus group member said,

> *As a person that is officially retiring, the risk and reward years are basically over for myself, so when I invest my money that I have secured over the past few years, I want a guarantee... I don't want the risk anymore.*

Another aspect of risk was related to the credibility of the organization or group granted the responsibility of overseeing the implementation of the investment initiative. One focus group member said that, *"investments need to be brokered. And if they are offered to …someone local to broker, then you have some interest in actually promoting them."*

Trust in the financial institution was an important factor and one respondent said, *"I'd like to know who is promoting it and if I like and respect that person in my community, to me that is a big step in my adopting something... influential people might not be high profile".* This was further explained by another respondent who stated that, *"if you have the right community people involved it is going to be extremely important, the take rate will correlate to the local aspect of the offering".* Further discussion regarding means for instilling trust and encouraging participation in the initiative identified the need for: regular project reporting on finances; community leader participation; and the involvement of financial experts.

Feelings of the need for ownership emerged when one participant said *"the project has an appeal because you get to watch it and it can be your pet project... a small bit of ownership*", and, as a 'pet project' one respondent was "*willing to accept less return*". Overall, however, the dialogue made apparent that there was no immediate consensus of one dominant incentive that would encourage investment in a local capital retention initiative, but rather a combination of many factors would require consideration.

Tables 4.1 and 4.2 list previous development projects that were perceived by focus group members as having contributed positively to quality of life in the community, and future projects that could be accomplished, respectively.

Table 4.1. Recent developments identified by focus group participants

- Community Learning Campus
- Rollerblade park
- New theatre
- Cornerstone Development
- New dialysis unit in the hospital
- Local Air Cadet space
- New library
- Commercial development at Junction of Highway 2 and 27
- County Airport
- New Seniors Lodge
- Downtown revitalization program
- Extended trail system
- Playgrounds
- New aquatic facility

Table 4.2. Potential areas of further development identified by focus group participants

• Community hall	• Recreational facilities/arena
• Convention centre	• Senior housing
• High Speed Internet access	• Support for volunteer sector
• Industry/Employment opportunities	• Youth Centre

One focus group respondent said that, *"fundamental investments start the ripple effects",* and elaborated with the creation of the Community Service Campus. With this facility, there have been an increased number of sporting events like basketball and hockey. Spin-offs from this have included increased amenities like hotels and restaurants for short stay visitors. This was cited as having provided a significant advantage on securing other opportunities such as the provincial curling championships that were recently held in Olds. This ripple effect of growth has created positive energy in the community and with more to do in the community, it may persuade local residents to stay in Olds on the weekends, retaining their financial capital from participation in such activities within the community.

Focus group members recognized that the success of developments was directly linked to attracting new residents. The completion of these projects helped in diversifying the community by providing more employment opportunities. The projects also helped expand the types of services that people had access to. These upgrades, as one focus group respondent mentioned, can contribute *"to becom[ing] more of a centre for 40,000 people".* However, many of the large developments that have come to Olds have been a factor in creating transitions in a variety of ways. Focus group members expressed the increase in big box stores and their location outside of the town centre. Additionally, with the movement of the local school and Agricultural Society facilities out of the town centre, previously occupied land will be freed for commercial and residential development.

An area of further study that was identified in the focus group dialogue was with regard to regional planning. One respondent said,

> *One of the struggles right now is that we haven't decided what the community really is. We've got Innisfail, Bowden, Olds, Didsbury, Carstairs, Sundre. The pride in all these communities… and today as these communities all grow, we all have our own pride. We think we should have all these facilities in Olds. Before this thing grows much more we will need to define...the community we are with more than the town limits in my mind. We [the various communities] can't all continue to spend that amount of money on facilities. So, creating centres of excellence... [will require] doing these major facilities a little differently.*

The *Olds Strategic Plan: Sustainable Opportunities for a Growing Community* was seen by the focus group members as an example of positive public participation with eight public sessions with trained facilitators and over 400 community members involved.

Online Survey Results

The total number of survey respondents was 105, with approximately 400 potential respondents from the mailing lists of the community organizations noted above. Demographic information of participants was gathered in the survey. Figure 4.4 shows that more than 35% of the participants have lived in the Town of Olds for more than 20 years, while approximately 30% have lived there for less than 5 years. Figure 4.5 indicates that close to 50% of the survey participants fall into the "40-59" age category; slightly more than 20% fall into the "20-39"category; and 20% fall into the "60-69" age category. Additionally, 4.7% and 3.8% fall into the "over 80" and "below 20" age categories, respectively.

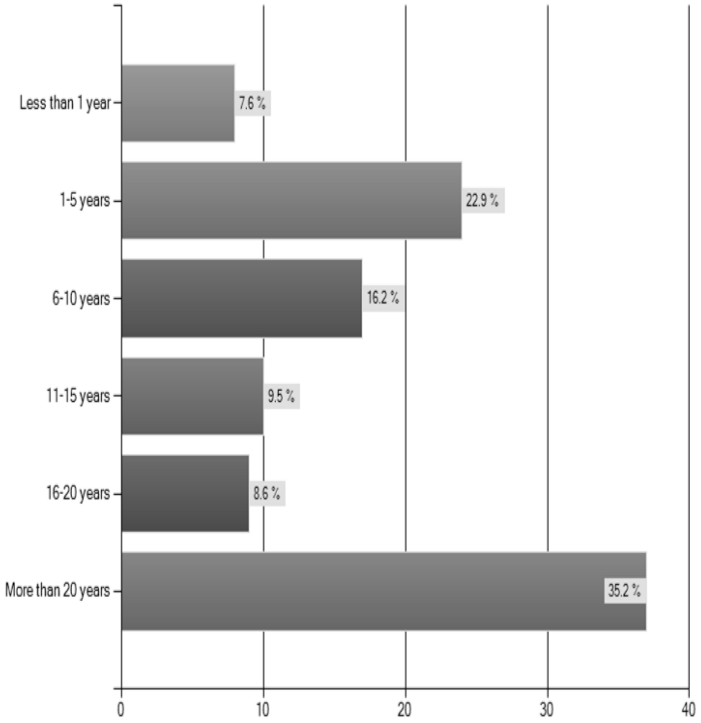

Figure 4.4. The number of years that online survey respondents have lived in the community of Olds.

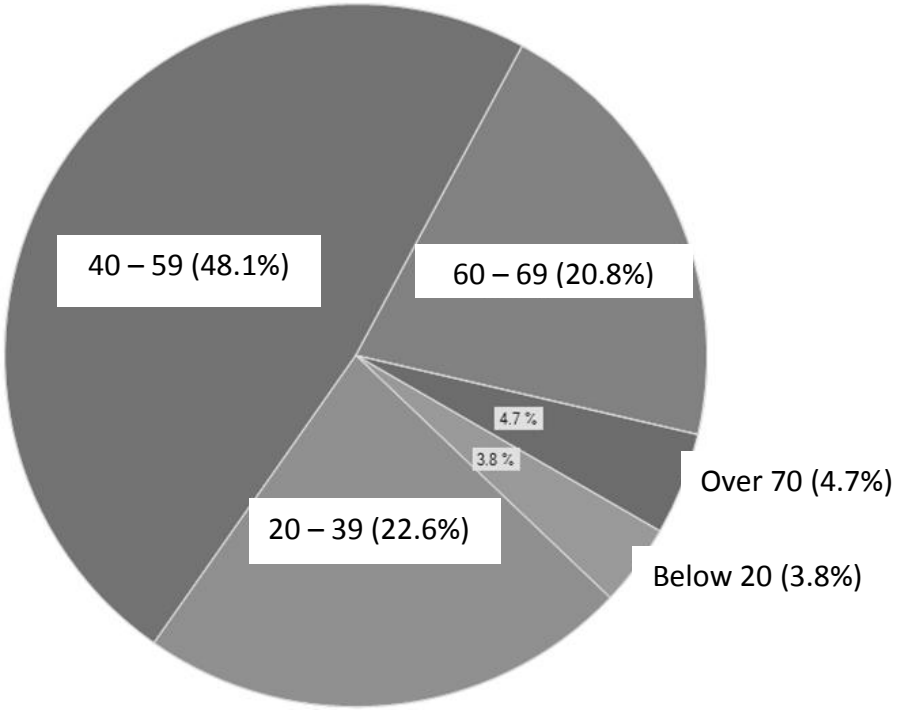

Figure 4.5. Age distribution among online survey participants.

Questions regarding the participants' perception of connectedness to the community were posed. One of the survey questions "Do you feel connected to the community?" was used to examine social capital and resilience of the community. Based on a scale from "Very Connected" to "Definitely Not Connected", results show that 91% felt some connection to the community (i.e. "Very Connected" plus "Somewhat Connected"). Approximately 9% of respondents felt little or no connection to the community (i.e. "Somewhat Not Connected" plus "Definitely Not Connected"). Results are shown in Figure 4.6.

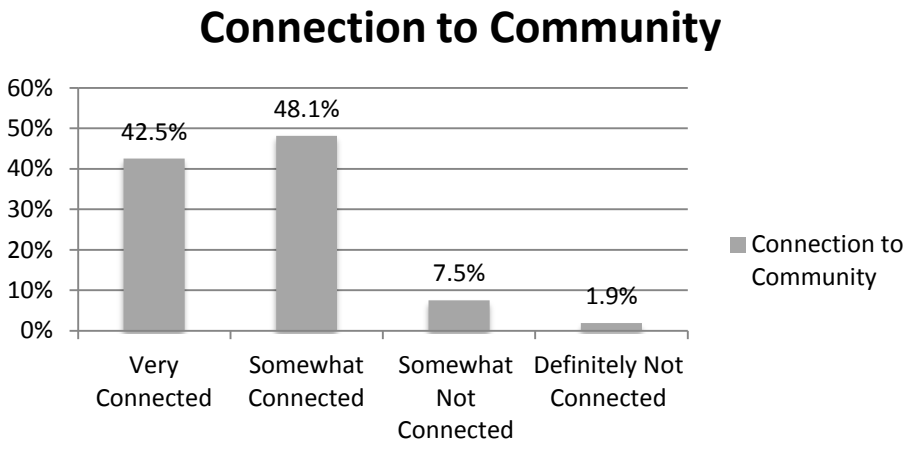

Figure 4.6. Perceived level of connectedness to community.

To further study the social capital aspect of the community, we then asked the participants about their "strongest source of connection" to the community with an opportunity for an open-ended response as to "why" if they did or did not feel connectedness. The results show that among those who did feel connected to the community, work or having a business in the area was the strongest factor that ties people to the community (Figure 4.7). This result was surprising, having expected that being born and raised in Olds would have been cited by participants as imparting a greater sense of connection to the community than work related factors. Additionally, having friends and family living in the area was also ranked high as a source of connection, as did volunteering and membership in local groups.

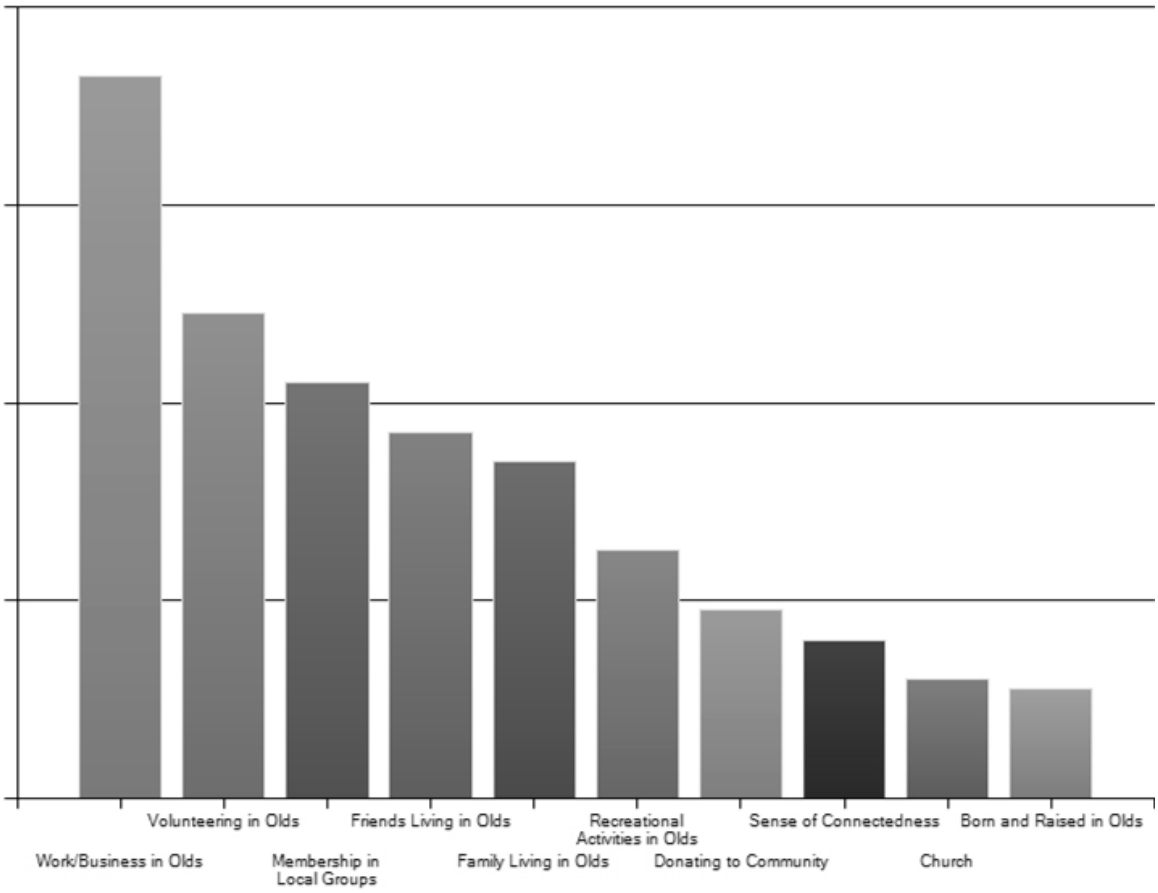

Figure 4.7. Response to the question "If you feel connected to the community, please tell us the source(s) of your strongest connection?"

On the other hand, among those who feel little or no connection to the community, difficulties in getting information about community events and "not enough leisure time" are some of the reasons that they feel this way. Following are some of the direct quotes from the respondents:

> *It is hard to source out activities or league play unless you meet a person who is already involved.*

My exposure to Olds College and the school systems have reduced since my jobs there were completed and my children completed their education. Both continue to have impact on the community, but the connectedness is lost.

Another question was related to leadership in the community. The question asked if the respondents thought that leadership in the Town of Olds was doing a good job in maintaining the quality of life for residents in this area. Results are shown in Table 4.3. 70% of respondents either "Strongly Agree" or "Agree" that leadership in the Town of Olds is doing well at maintaining a good quality of life for residents in the area, while a relatively significant percentage (22.9%) responded neutrally. A comment repeatedly mentioned was that respondents thought the concept of "leadership" was rather broad and made the question difficult to answer. Furthermore, 6.7% of the respondents chose "Disagree".

Table 4.3. Question on perception about leadership in the Town of Olds

Do you agree or disagree with the following statement: "Leadership in Town of Olds does a good job in maintaining the quality of life for residents in the area"	**Response (%)**
Strongly agree	14.3
Agree	56.2
Neutral	22.9
Disagree	6.7
Strongly disagree	0.0

Overall, willingness to invest was also investigated in the survey to study the financial capital potential in the Town of Olds. Respondents were asked about their level of interest in investing in local capital retention initiative. Results are shown in Table 4.4. Over 70% of the respondents indicated that they were either "Very Interested" or "Interested" in investing, while the rest are either "Not interested" or "Definitely not interested".

Table 4.4. Survey question about willingness to invest in local initiatives

How interested are you in investing your personal funds in local initiatives that would benefit the Town of Olds and surrounding areas?	**Response (%)**
Very interested	11.8
Somewhat interested	60.8
Not interested	21.6
Definitely not interested	5.9

In order to investigate the relationship between people's connection to community and their willingness to invest, the responses to each of those questions were correlated

(Figure 4.8). The findings show that even without any information as to the structure of an investment initiative, some participants who considered themselves as only "Somewhat Connected" or "Definitely Not Connected" were still "Somewhat Interested" in investing locally. Predictably, those who were "Very Interested" in investing locally were those who feel some connection to the community, however there were some who do feel connected to the community but were not interested in a local investment opportunity. It would be important to explore this further to determine if communication about the structure of the investment or the goals of an initiative like this would perhaps increase participation.

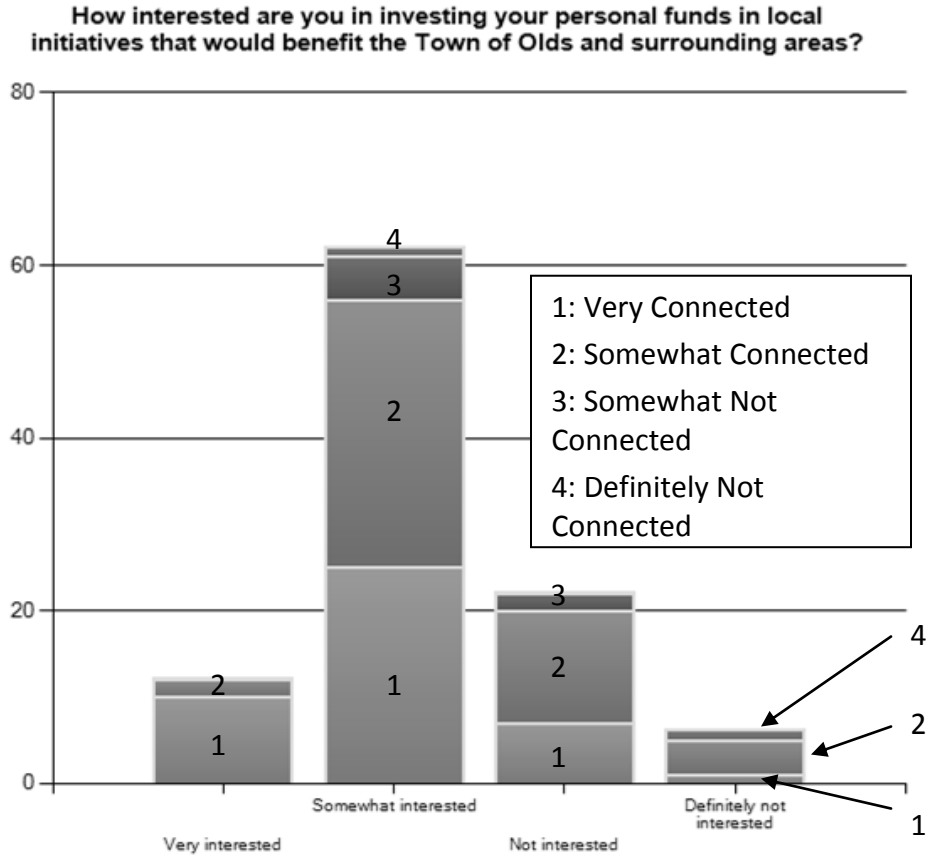

Figure 4.8. Linking results of "Connectedness" and "Willingness to invest in locally."

Figure 4.9 is based on the survey question "How would you rank the following incentives to invest locally?" It is clear that while our research was attempting to draw linkages between connectedness to the community with willingness to invest, "Financial Return on Investment" remains an important deciding factor for 35% of survey participants. However, one third of respondents did rank "Giving Back to Community" as the most important factor, while the remainder indicated "No Preference". Therefore, of the survey participants, nearly 2/3 (i.e. "Giving Back to Community" plus "No Preference") would not consider the financial return to be the single most important factor in making the decision to participate in such an initiative. This is significant when considering the final

design of the investment structure and could be explored in more depth through further research.

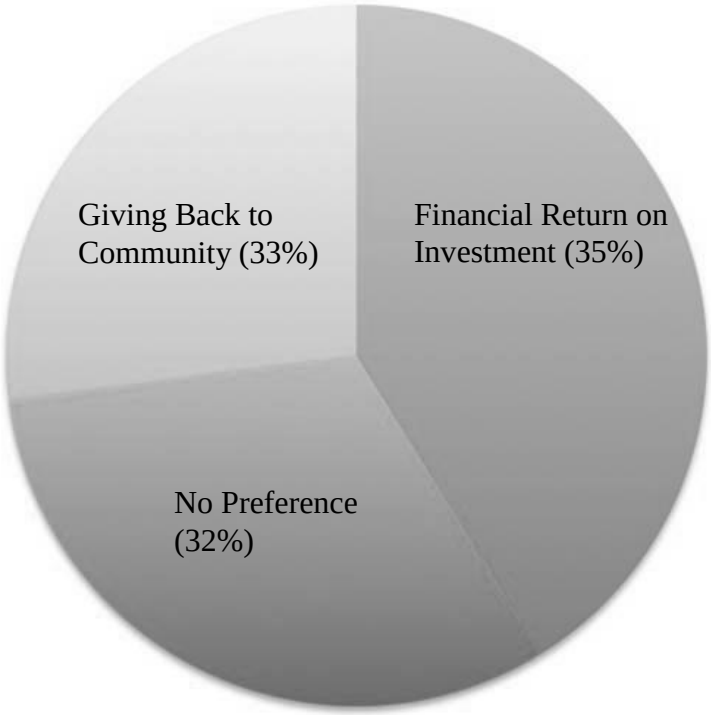

Figure 4.9. Response to the question "How would you rank the following incentives to invest locally?"

Furthermore, in the more tangible questions, we linked participants "Willingness to Invest" with "How Much Are They Able and Willing to Invest". Results are summarized in Figure 4.10. Of the participants who indicated a willingness to invest locally, the majority would be willing to invest less than $5000 and many between $5000 and $20,000. A few of the respondents indicated values between $20,000-40,000 and several over $80,000, representing a potentially significant opportunity for a local investment initiative.

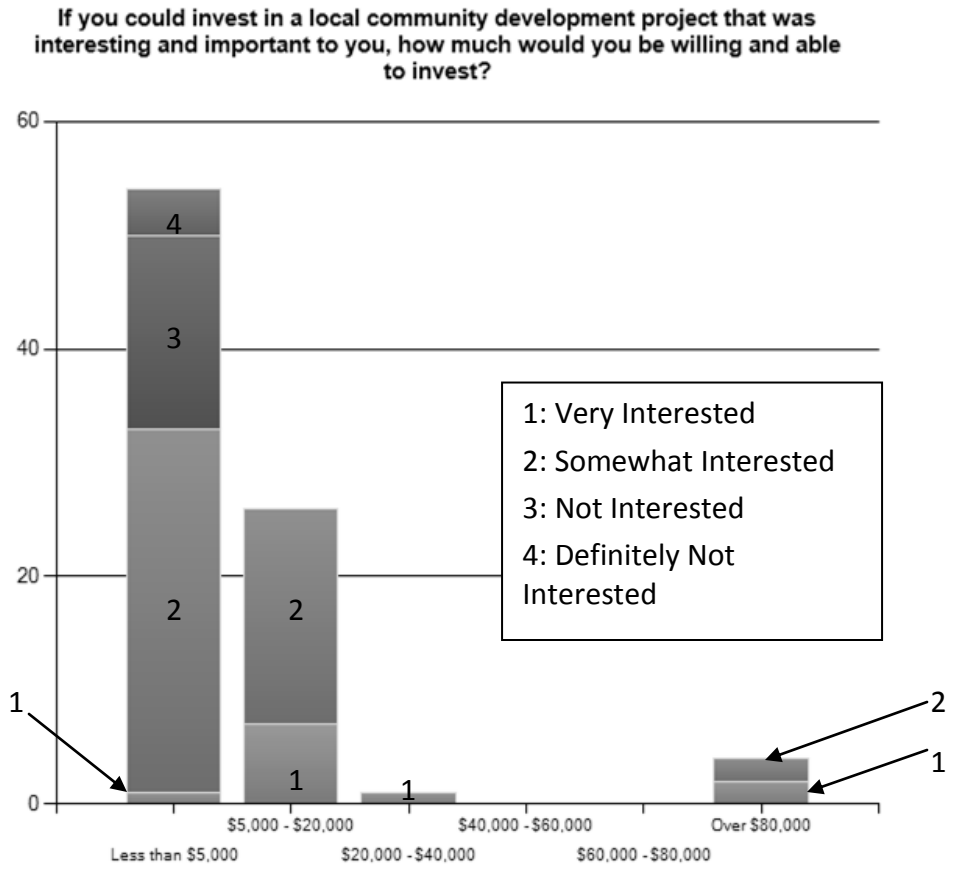

Figure 4.10. Linking results of "Willingness to Invest" with "How much are you willing to invest."

To ascertain areas within the community that respondents felt required future development, the question "Are there any local projects that you would like to see invested in and advanced within your community?" was asked. Respondents were asked to choose from a list that was developed from the focus group discussion, or add other projects not included on the list. Results are shown in Figure 4.11. Most of the respondents selected "Industrial/Employment Opportunity" as being most beneficial to the community. Other projects that ranked high were "High Speed Internet Access", "Youth Centre" and "Convention Center". With regard to industrial/employment opportunities, one respondent stated, "*I would like to see more support on retaining and respecting the existing business sector rather than putting all your efforts into new. Respect those who choose Olds as their home and raise their families here.*" As such, there is clearly a diversity of opinions on the types of projects that survey participants felt should be advanced. Further study on building consensus is discussed in the next section of the report.

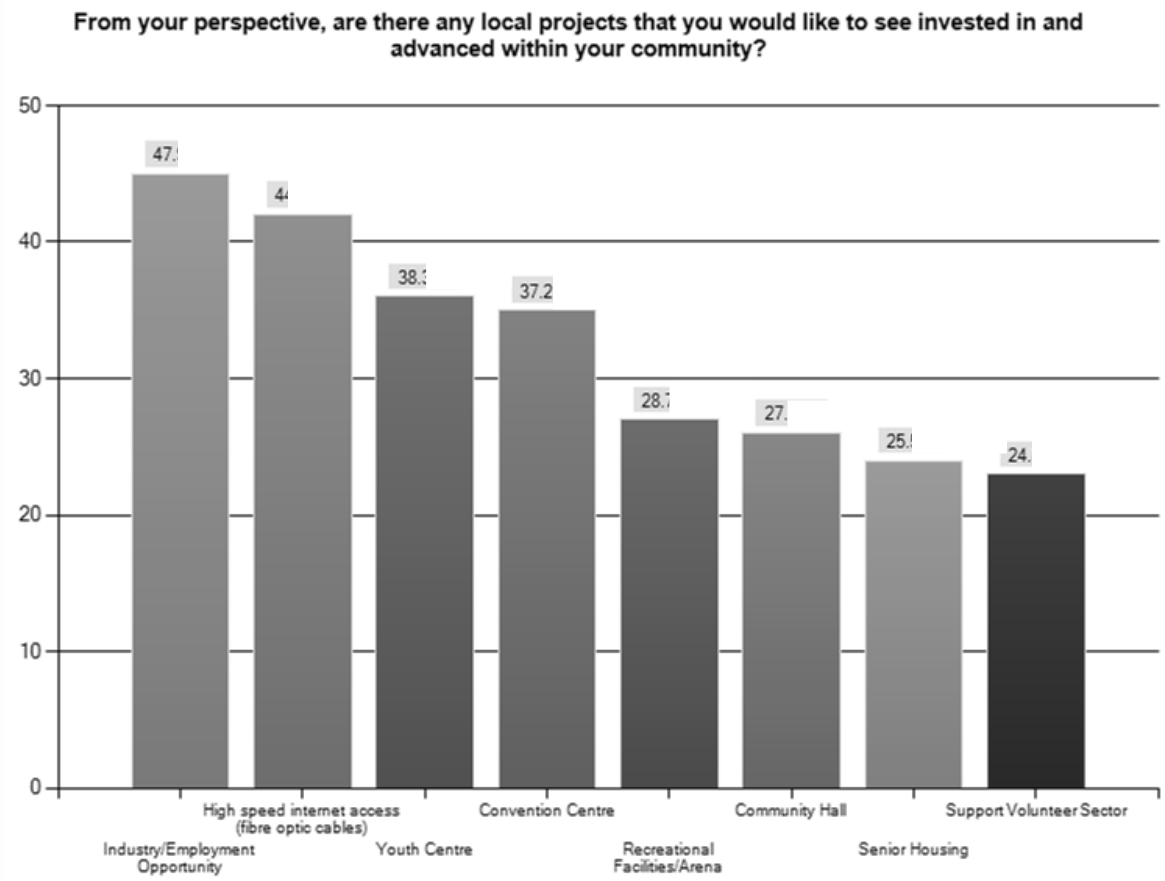

Figure 4.11. Potential local projects for development.

Civic Engagement and Consensus Building for Local Capital Retention

Residents of rural communities often ascribe meanings to the community and their livelihoods within it that are fundamental to their understandings of themselves and their place in the world. This was evident in the research results in that more than 90%[1] of respondents indicated feeling connected to the community. This is arguably a very strong form of social capital in the potential that it holds for commitments to improving community structures and maintaining or enhancing quality of life for local residents.

Focus group discussions highlighted that there are a large number of active community organizations in the region. In linking the relationship between feeling connected to the community and the source of that connectedness, respondents rated volunteering activities and participation in local organizations as two of the most significant factors, which indicates that social capital exists within and around these organizations. However, it is important to note that this result may be due to the referral sampling technique used, which solicited participants through existing community organizations. Only seven of the respondents were not members of, or directly involved in, one of the local organizations.

[1] Any reported results in the discussion section combine both the focus group and survey results, unless otherwise noted.

Nonetheless, this is a significant result and should be explored in further research. In addition, these organizations currently each have their own agendas and the capacity to act only within their particular organizational structures and designated objectives, as cited in the focus group discussion. Since collective action to enhance resilience relies on the strength of networks and relationships built on trust and exchange, the alliances and associations among these organizations should be championed. In doing so, the community can enhance *bridging social capital* and thereby contribute to the very strong *bonding social capital* that already exists in these social networks, along with those that are work and family related. However, it should be noted that having too many organizations that are competing for members, volunteers or other forms of commitment can lead to burn out and strain on community residents, as cited in Chapter One.

With regard to investment, the survey results showed that over 70% of the survey participants indicated an interest in investing personal funds in a local initiative. It is important to remember that these participants did not have any information regarding the type of investment initiative that they would be investing in; only that it was a "local capital retention initiative". Therefore, this is a strong representation of a generally high interest in a locally driven initiative.

Those respondents who indicated that they were interested in investing appear to have a large reserve of financial capital available for an investment vehicle. The majority of respondents indicated that they would be willing to invest less than five thousand dollars, but there were also many who pointed to a willingness to invest much greater sums. As such a roughly 70% positive response toward investment could create significant financial resources for a local investment initiative.

The second research question was revolved around determining if a relationship existed between connectedness to the community and willingness to invest. Although only those participants that were "Very Interested" are those that also feel some connection to the community, our results also show that some participants that considered themselves as only "Somewhat Connected" or even "Definitely Not Connected" were still "Somewhat Interested" in investing locally. Another point of interest is that there were many who do feel connected to the community that were not interested in a local investment opportunity. Overall, over 90% of community members felt connected to the community and approximately 70% were willing to invest. It would be important to explore this further to determine if communication about the structure of the investment or the goals of an initiative like this would perhaps increase potential participation in a local investment opportunity.

Through the engagement of the focus groups, the five major incentives that emerged in discussions centered on ways to encourage participation in the initiative were: connection to the community; return on investment; trust; risk; and ownership. The survey respondents did not exhibit a strong preference over giving back to the community (i.e. altruism) or return on investment. As such, our research team would suggest three key considerations for encouraging participation and promoting a local capital retention project; (1) strong leadership, (2) broad public involvement, and (3) consensus building,

all of which have inherent benefits and challenges. These are explored below and tied to the concept of resilience.

Leadership

Strong leadership within a community is crucial for sustainability and long-term development. Therefore, the survey asked participants if they felt that leadership in the Town of Olds does a good job in maintaining quality of life for its residents. It was up to the individual to define leadership, as survey respondents were not given a formal definition. Leaving leadership undefined allowed insight into what residents believe it really is.

One respondent said, *"I believe RESIDENTS do a good job of maintaining the quality of life for community leaders",* however, the respondents generally agreed that leadership is succeeding in maintaining quality of life for residents. 75% of survey respondents stated that they believed this to be true about leadership. Therefore, it is important for those in leadership roles in the community to become active in the early stages of the development and promotion of a local capital retention initiative. Citizens look to community leaders to move the community in a positive direction. Public forums organized by community leaders such as the ones used in the development of the *Olds Strategic Plan: Sustainable Opportunities for a Growing Community* would likely prove to be beneficial for a capital retention initiative. This would be a crucial step in the success of the initiative.

With the number of citizen groups and organizations available in the community there are multiple opportunities for citizens to build on existing social networks, however, this also represents a challenge in that community members may already be struggling to find time to maintain current commitments. Residents may view the addition of public forums and calls for involvement in a negative way. However, with strong leadership promoting potential benefits and a framework that will build trust among community members broad participation can be encouraged.

Public Involvement

Public involvement and input will be important in defining a local capital retention initiative such that its structures and objectives are clear to residents. The survey did not provide respondents with any description of how such a capital retention initiative would be structured. This raised many questions for respondents. As one respondent said,

> *Many of the options you have listed do not generate revenue as they roll out – they are strictly community support projects. So I am very unclear as to whether you are asking – will I make a donation or will I truly make and investment? I think the message is very mixed.*

Therefore, this highlights the need for strong communication with the public on the structure of the investment opportunity that would be made available and the need to promote it in order to help build a strong financial capital base with which the community can work.

In addition, the Town of Olds is in a period of transition. The community has shown signs of adaptive management to contemporary variations in the definition of 'investing'. Changing community structures have resulted in the previous investments of "*sweat equity*" being replaced by 'financial equity'. A local capital retention initiative would offer a vehicle to help the community further adapt to the challenges now faced in raising capital through existing organizations.

Focus group dialogue indicated that social change processes are occurring in the Town of Olds. These include demographic change processes such as in- and out-migration; economic change processes such as conversion or diversification of local economic activity; and social-cultural change processes such as shifting local involvement in community organizations and an alteration in local culture reflecting globalization. The social impacts that may result from these processes include alterations in family structures, aspirations for the self and children through changes in the ability to sustain livelihoods, and community cohesion, respectively. Through public involvement in the development of a capital retention initiative, local residents can be made aware not only of the potential for investment, but more importantly of the potential for preventing the transformation of their community into a less desirable state as social change processes lead to undesirable social impacts. Initiating this dialogue and promoting social learning would work to build on the adaptive capacity of the community through appropriate management. Furthermore, it would work toward consensus building in developing a long-term strategy for the community, which is the topic of the following section.

Consensus Building through a Participatory Framework

Current literature on public participation and encouraging deliberative dialogue in decision-making processes highlights the benefits inherent in such a broad and inclusive framework. As previously mentioned, both the structure and the goals of a capital retention initiative would need to be clarified with the public for buy-in and the building of trust. The research results indicate a clear lack of consensus on a project(s) that the community aspires to for enhancement of quality of life. Therefore, the identification of a common goal(s) is essential to enhancing resilience. Public input sessions could be useful in generating new networks, the bringing forth of valuable ideas, and ultimately, building consensus among community members.

With a definite direction acquired through the inclusion of multiple perspectives and value-based contributions from all sectors of the community, the Town of Olds can work toward the development of means by which the goal(s) can be achieved and thereby, reduce vulnerability to change, reduce dependence on external funding agencies, and provide a wide range of benefits to the community. If there is a strong vision within the community, the challenges associated with social change processes can be recognized and overcome through collective action.

Conclusion

The Olds capital retention initiative has the potential to mobilize various forms of capital and increase the community's capacity for responding to current transitions in social, economic and financial structures. A participatory process applied through a lens of

resilience would be most appropriate in order to determine from the views and opinions of the local public which local issues are of concern. In addition, a viable (and desirable) direction for the future can be discovered through the process. Local social and cultural knowledge of community needs can be generated and used in determining and evaluating the type of investment vehicle and subsequent development project(s) that should be pursued.

The way forward for the Town of Olds is to encourage participation in the initiative by showing strong, continuing leadership in maintaining a high quality of life and guiding the community strategically toward reduced vulnerability and enhanced resilience. This can be accomplished within a collaborative citizen participation framework, from initial decision-making through to implementation, ensuring that multiple stakeholder views are considered in determining the future direction of the community, and perhaps the region as well.

Areas for future research include:

- establishing whether or not trends in social change processes are indicative of the changing social fabric of the community from "small town" to a more regional centre or bedroom community, which would help in determining a future direction for the community;
- assessing the role of incentives, and the actual structure of the investment opportunity, in encouraging participation, which could be accomplished through surveys that include a description of potential investment vehicles;
- addressing willingness to invest using alternative stated preference methods for example choice modeling instead of contingent valuation (see Adamovicz et al., 1998);
- determining interest in working collectively with existing organizations to merge human resources;
- determining interest in working collectively with regional communities for the development of a long-term regional development plan; and
- relating willingness to invest to gender and identifying whom in the household would make the ultimate decision over investment decisions, which could influence the type of investment vehicle(s) made available.

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