

Briefing: Resilient Communities, Sovereign Economy

A Synopsis for the Government of Canada, v 2.0

Summary

A diverse coalition of community finance, local economic development, business, philanthropic and social sector allies are ready to help the government deliver on its mandate to build a more sovereign economy in communities across Canada. They are asking the government to implement a package of community resilience initiatives that would unlock philanthropic and private capital and unleash impact finance to build Canada at the local level.

These proposals would build upon a robust impact finance sector that has matured significantly over the past decade, thanks in part to investments from the Government of Canada such as the Social Finance Fund. This sector includes philanthropic capital with over \$135 billion in foundation assets; community finance institutions with more than \$7 billion in an ecosystem that includes community loan funds, Indigenous Financial Institutions, Community Futures organizations, community land trusts, and other institutions; and broader impact investing actors with \$160 billion in reported Canadian assets.

This brief asks Budget 2026 to implement a **Community Resilience Strategy**, committing approximately \$3.2 billion over four years structured to mobilize up to \$15 billion in additional investment and public savings.

Key Messages

- **Canada is mobilizing capital to build major national projects to support economic growth and sovereignty. It must also put capital in communities to work, financing the essential economic and social infrastructure on which local prosperity depends.** Strong local economies are the foundation of a sovereign national economy: who owns Main Street, whether communities can house their workers, and whether wealth generated in our communities stays in Canadian hands are crucial for Canada's economic future.
- **Canada does not lack capital. It lacks the financial and policy architecture to put that capital to work in communities.** Canada holds trillions in individual retirement savings, pension funds, and bank balance sheets. Yet too little of this capital reaches communities, entrepreneurs, Indigenous Nations, and projects where it would generate lasting value for Canadians. SMEs accounted for only 11.5% of outstanding business loans in Canada in 2024, relative to the OECD average of 44%. SME lending should be \$300 billion greater to match our peers. There is no legislation recognizing and supporting community finance institutions. We have few regulations encouraging local investments and a patchwork of tax incentives. And there is no coordinated local capital strategy.
- **Reinvesting domestic capital into Canadian communities pays for itself by delivering strong financial, economic and social returns.** When Canadian capital is reinvested locally, there are social, environmental and financial returns. Community Futures lending has generated \$1.63 in additional capital per dollar lent and Indigenous Financial Institution lending generates \$3.60 in GDP per dollar deployed.
- **Canadians are ready to stand up and invest in the country's sovereignty and long-term well-being.** Governments and the private sector can lead, but the community sector and individual Canadians want to put their resources to work to build a more resilient economy for them and their children. **It is time to make it easier for Canadians and investors to invest in the resilience and future of our communities.**

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Community Resilience Strategy: Key Pillars

The federal government should implement a four (4) year community resilience strategy, beginning in Budget 2026, with immediate action that will:

1. Establish a \$3 billion **Community Resilience Fund** to capitalize community finance institutions, build sector capacity, and finance initiatives that demonstrate impact at scale.
2. Unlock private, philanthropic and retail capital through a **coordinated suite of guarantees, tax credits, targeted programs and regulatory changes** aimed at unlocking more foundational capital and enabling practical pathways for Canadians to invest in their own communities. This represents a \$205 million total commitment.
3. Introduce **legislation** that provides a statutory definition and public accreditation framework for community finance institutions, establishes community-level economic resilience and wellbeing as a national priority, and creates a permanent mechanism for dialogue and coordination between government and communities, Indigenous leadership, non-profit sector, philanthropy, finance and research.

The strategy would be managed through the Ministry of Finance / Privy Council Office, and a permanent cross-sector advisory body would inform and advance the strategy. Details of the operation of the fund and the actions above are explained in more detail in the companion technical document.

Key Outcomes

This strategy could produce **real results for Canadians** by leveraging impact finance to create:

- Homes people can afford and more community infrastructure that people see and use;
- Sustainable and sovereign food systems alongside more rapid energy transition;
- Healthy natural systems and climate resilience that mitigate extreme weather events;
- Greater levels of Indigenous economic development and sovereignty;
- Economic inclusion for Indigenous, Black, women, rural, 2SLGBTBI+, young and other entrepreneurs that face barriers to accessing capital; and
- More local business ownership and increased access to capital for SMEs.

There are strong **economic benefits** when investing in community resilience:

- **Jobs:** Every \$10 million invested supports 158 full-time jobs.
- **Growth:** Every \$1 invested generates about \$1.20 in GDP and 85 cents in wages.
- **Impact:** \$1 billion a year into community-financed affordable housing would build homes, and recover \$2-3.5 billion in avoided public costs over five years.

This strategy would create \$15 billion in combined investment **leverage and public savings**. For example, a tax incentive costing Ottawa \$50 million a year could mobilize up to \$900 million, and a catalytic capital investment can leverage \$3-5 dollars in private sector capital. Much of this package is repayable or contingent, so its accrual cost is a fraction of the headline figure.