



The CFDCs that collaborate in the Fisheries Legacy Trust represent the interests of cities, towns, & villages dispersed across hundreds of miles of British Columbia's west coast.

A Life AFTER FISH



West coast fishing communities pioneer an approach to regional economic adjustment

by **George Lerchs**

Salmon and other commercial fishing was once a vibrant industry in the many small towns along the coast of British Columbia. Fishing employed some 20,000 people and was the lifeblood of these communities. More importantly, fishing was part of the ethos of coastal B.C., part of the way that people along the coast defined themselves.

During the 1990s the industry began to collapse. Large volumes of farmed and Alaskan ranch salmon drove down prices. El Niño severely affected salmon populations, as did habitat destruction by urbanization and the forest industry. A grossly over-capitalized fishing fleet could catch the entire annual quota in a matter of days. Closures, reduced fishing times, and drastic fleet reductions constrained the commercial salmon and the sport fishing sectors. As these industries downsized, small and medium-sized coastal communities faced horrific losses of employment and income.

In the past four years, with leadership from their Community Futures Development Corporations (CFDCs), coastal communities have developed a unique model for adjusting to economic change. They have implemented an effective process for allocating government resources locally and regionally to help people create a future without commercial fishing. That process has also demonstrated the ability of individuals and communities to overcome suspicion and resentment and work for the common good.

THE FISHERIES LEGACY TRUST

In 1997 the Department of Fisheries and Oceans (DFO) was looking for proposals from financial institutions to operate a loan fund that would help small fishermen adjust to area licensing (called "license stacking"), one of the first steps taken to reduce the size of the salmon fleet.

In response, 11 coastal CFDCs formed the Fisheries Legacy Trust (FLT). There are 34 CFDCs in the province, all charged with improving the economic, social, cultural, and environmental health of their communities. Small business lending, business counselling and entrepreneurial training, and community economic development are their major activities. They are run by volunteer boards of directors, chosen from and representative of the community. Professional staff carry out the board's objectives and strategies.

The FLT made a successful bid and signed an agreement with DFO to administer the loans program. Unlike the other bidders,

the Trust did not request a fee for delivering the program, apart from a portion of the interest revenue for administration costs.

In fact, the proposal included a contribution of 10% of the initial capital, under one condition: the repaid funds from the stacking loans would go not to DFO but to the FLT. The funds would capitalize a revolving loan fund, managed by the CFDCs, and be available in perpetuity to assist small businesses making their livelihood from ocean-related enterprises.

The stacking loan program was successfully delivered. The Trust's members wound up with revolving loan funds aimed at marine economic development. Working together was new to the coastal CFDCs, however. Many were not keen to do anything else with the Trust. Fortunately, Frank Eichgruen at Western Economic Diversification (the federal department responsible for economic development in B.C. and for the Community Futures program) saw the possibilities that a trust offered in the devolution of government programs to communities. He urged the Trust to continue.

Changes in coastal economies were coming on more rapidly than the communities or the industry could comprehend. Some intervention by government was needed, but what and how? In the fall of 1997 the FLT gathered together about 80 representatives of groups (apart from government) involved in helping individuals and communities adjust to social and economic change. The representatives assembled a "wish list" of possible solutions to help deal with the impending economic crisis on the coast. This list subsequently formed the foundation of the economic adjustment program for fishing communities implemented by the federal government. (See next section.)

In January 1998 Western Economic Diversification provided an additional \$5.5 million to the coastal CFDCs to top up their Fisheries Legacy Trust loan funds. Disbursing the funds through the Trust ensured that the original trust conditions applied: the funds could only be used to assist marine-related business ventures or displaced fisheries workers.

An additional \$2.1 million was provided to cover the cost of a dedicated staff person for each coastal CFDC and to provide office space with the Community Futures Development Association of B.C. in Vancouver and a regional co-ordinator. These funds were also to assist in opportunity identification and to fund the Coastwide

speedily and efficiently delivered. All loan decisions were made locally in accordance with the process each CFDC had developed for dealing with loan requests.

The second purpose was the Community Economic Adjustment Initiatives program. On one level, CEAI looked pretty conventional. It was to provide funds (as

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Initiatives program. This program provided research, development, and commercialization funding for projects that had coastwide benefits, an initiative that had been suggested in the initial planning session. The Trust delivered the Coastwide Initiatives program and all the funds were committed by November 1998.

By 1999, the FLT had thus demonstrated to industry, government, and to the communities that it could deliver adjustment programs effectively and accountably.

IMPLEMENTING THE CEAI

In the summer of 1998 the federal government announced the Pacific Fisheries Adjustment and Restructuring program, a \$400 million initiative to deal with transition issues. The coastal CFDCs were identified as the delivery partners for the community economic adjustment portion: \$25.8 million (subsequently increased to \$32.8 million). The FLT was selected as the funding channel, beating out two other, less inclusive groups whose primary interest lay in capturing resources to support narrow constituencies and the infrastructure of their organizations.

There were two purposes for these funds. \$7 million was earmarked for loans to Recreational Salmon Fishing Industry operators who had suffered from the closures during the 1998 fishing season. The Recreational Salmon fishing loan program was

loans or contributions) to assist communities with their adjustment to job and income losses as fishing licenses were retired and catch allocations reduced.

In fact, CEAI was a different animal entirely, for two reasons. First, the federal government delegated nearly all program design and decision-making to a steering committee representing a variety of interests and communities along the coast. Second, coastal CFDCs were expected to give up their autonomy and co-operate on a regional basis.

The local delivery agents were to be the CFDCs through the Fisheries Legacy Trust. The CFDCs had five tasks:

- to promote the program
- to help develop projects
- to perform analysis and due diligence
- to implement a community-based process to set priorities
- to recommend projects to the steering committee of stakeholder representatives

Project approval was the decision of the steering committee, not the CFDCs, however. This was a radical leap from tradition. Instead of an independent and locally-driven process, decision-making was to occur at the regional level.

Initially the steering committee was composed of four representatives from each of four groups:

- the Union of B.C. Municipalities, which nominated mayors from coastal towns and villages

- coastal tribal councils and aboriginal capital corporations
- coastal CFDCs
- the federal government

After the spring of 2000, two provincial government representatives joined the committee. The committee selected its own co-chairs; the secretariat was the FLT employee. The process was simple and

Some projects were ruled ineligible because they were not economic development. The imposition of standards was also resented, because a sub-standard project would not get funded even if it was the only application to come from a particular community. There were also those who insisted they were “entitled” to get funds, although in fact no entitlement existed.

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open. The steering committee developed program criteria and guidelines. Applicants – usually municipalities, Native bands or nonprofit societies – worked with the local CFDC to develop a project proposal. The CFDC, sometimes with the help of a local advisory committee, would provide an analysis and recommendation to the steering committee. It would then either approve or reject the recommendation.

Once a project was approved, the CFDC would negotiate an agreement with the applicant and administer the funds according to any conditions set by the steering committee and the CFDC’s own best practices. Western Diversification advanced funds to the FLT periodically, which retained them until the CFDC required them.

LESSONS LEARNED

The CEAI process was generally accepted by all coastal groups. They were directly involved in the process and had had input from the beginning, including program criteria and guidelines.

Certainly, there were complaints. Some perceived an insufficiency in funding, although in the end, all the available funding was not allocated. Some members complained about the policy that made commercial projects repayable loans, not grants. They eventually accepted that subsidies in the form of grants usually cause projects to fail.

In the end the complaints cancelled each other out as each special interest group had a representative at the table. Applicants, or any other residents of the coast, had the opportunity to propose changes in policies and priorities to their representative(s) on the steering committee.

The committee, even though it represented so many different interests on the coast, showed great statesmanship. It did not get dragged down into horse-trading. Committee members were not present for discussions of projects from their area, and therefore could not be lobbied. Members seemed able to set aside special interests and were willing to look at opportunities in other parts of the coast. Those committee members who could not get away from the old way of doing business – making deals, looking at per capita numbers, etc. – were too few in number to be of any importance.

For the most part, the committee worked as a team, had a lot of fun, and made good decisions – even though its members had never been in the same room together before. The process was transparent and the lines of accountability very clear. The committee believed that benefit to the greater good took precedence to “getting your share.” There was also a comprehensive communications plan. Everyone on the coast that cared to know, did know what was going on.

The CFDCs’ capacity to deliver programs in their areas varied greatly at the

start of the program. Most CFDCs grew with the program. They adapted to working with other CFDCs as a team, took advantage of the training offered, and were comfortable with peer review and with the steering committee’s reviews of their work. These CFDCs consequently came out of the process much stronger and more capable organizations. Their reputations and credibility in their communities was greatly enhanced.

Some did not grow as much as others. Not all board members and volunteers have the same level of ability and commitment; not all staff members are capable; not all communities are comfortable with change. These are challenges that every inclusive, community-based group must face. But everyone, even the least talented, has some good qualities to bring to the table. The challenge is to make use of everyone’s contribution in the bigger picture.

The program demanded that each project enjoy support from all segments of their home community. This meant that groups and factions in the communities had to get together to develop priorities and proposals. In some instances this was the first time that the various segments of the community had worked together on anything. In nearly every instance, the program helped the communities develop the capacity to work together and to take control of change. Over and over, leaders talked about how they now had greater confidence to tackle other projects in their communities, how they had been able to get beyond entitlement, and do things for the good of all. 

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