

Fogo Island, Canada: Promoting rural economic development: Entrepreneurship policy delivery Promoting rural economic development¹

(by David J.A. Douglas, Canada)

The Current Approach to Development and the Motivation

Fogo Island, from the Portuguese name for fire, is located off the north coast of the island part of the province of Newfoundland & Labrador, in Canada's Atlantic region. More recent developments in local government have included the setting up of a *Regional Council* (1995-96). The Island has four towns (municipalities) and three unincorporated areas, including *Local Service Districts* or wards. The *Regional Council*, is made up of nine elected Members, sent from the towns (municipalities) through their Councils and through the three LSDs, as elected directly by the residents. It provides services for waste collection (garbage) and disposal, recreation facilities and programmes, roads, ferries and other services through its Transportation Committee, and other agreed-upon island-wide services, as required.

However, the legacy of relentless demographic and economic decline, even in the face of a now resurging provincial economy (with major oil and mineral developments), and the consequent erosion of the fiscal bases of the Island's municipalities, has slowly but surely led to a growing realization that the current arrangements in the Island's municipal structure are increasingly untenable and that action is now urgently required, that a more sustainable solution has to be found.

Reasons for Success or Failure - The Province as Proponent and the Municipal Federation as Facilitator

The Provincial government of Newfoundland & Labrador has publicly enunciated a position in favour of regional configurations in local government. There is a formal provision in the Municipalities Act, Part II "Regions" (1999) dealing with Regional Councils. Currently the Provincial government has rejected a top-down approach of blanket edicts, and has adopted a gradualist approach that encourages local discussions and exploration of better ways of services design and delivery, and cost sharing, which might range from selected inter-municipal collaborative arrangements, or agreed upon centralized services provision (e.g. fire protection services), to formal amalgamations and other alternatives. The initiative, however, must come from local residents and their representatives.

The Province has recently implemented this policy approach through its facilitation of a major local government restructuring in Trinity Bay North (2005), through which the three former municipalities of Port Union, Melrose and Catalina agreed to amalgamate. The Province is currently in discussions with several other municipalities, looking at restructuring alternatives. As advocate, the Province takes a situational approach to each initiative. No blanket province-wide programme exists with the associated process, financial provisions, and prescribed roles and regulations. Each context is regarded as different. Each local community and/or municipality has had a different experience and is addressing place-particular costs, services provision, levels of service, accumulated debt, political climate, traditions and practices in cooperation, and other matters.

¹ Source: Discussion Paper "Entrepreneurship in the Districts Uckermark (Brandenburg) and Parchim (Mecklenburg-Western Pomerania)", in: *OECD LEED Local Entrepreneurship Series*, October 2006.

The Province also provides support for the bottom-up approach by funding feasibility studies, addressing amongst other things the fiscal impact of restructuring alternatives; making provision for opportunities for municipal debt reduction; making provision for enhanced shared cost opportunities for critical infrastructure and facilities (e.g. moving from a Provincial share of 30% to 50% of capital costs); ensuring that there are no municipalities left as fiscal “losers” through any rationalization process, and providing the opportunity for transitional funding in the start-up years of the amalgamation or similar restructuring (e.g. in Placentia).

The partner-facilitator role adopted by the Provincial government is further enriched because it is pursued with Municipalities Newfoundland and Labrador (MNL), the municipal federation, and more particularly through the MNL’s *Community Cooperation Resource Centre* (CCRC). This was set up in 2003 by the federation, with financial support from the Province, to act as a catalyst for assisting in the development of viable communities in the province, and to foster regional cooperation through the dissemination of information, research, analysis, training, advisory services and facilitation.

The Process and Prospects for Success

To date, this process has been characterized by:

- a realization by and consensus on the part of the Island’s municipalities, and likely across most residents, that a more efficient, effective and equitable arrangement of local government is urgently required,
- notwithstanding a history of some inter-community rivalry and very real concerns about cherished identity and a strong sense of place, a substantial degree of trust and goodwill to collaboratively and candidly seek out solutions,
- a sensitive and careful positioning of the Provincial government’s role here, where on the one hand regionalization and collaborative approaches to services design and delivery, through *locally* negotiated shared cost and other arrangements, are publicly advocated and variously supported, while on the other hand, they are not unilaterally enforced,
- meetings between both elected and appointed Provincial representatives and the Island’s municipalities, via the *Regional Council*,
- a facilitated meeting through MNL’s *Community Cooperative Resource Centre* (CCRC), and a commitment by all parties to continue this process with the assistance of this external, independent agency,
- a basic agreed-upon process of ongoing meetings, discussions, workshops and other undertakings to continue the exploration of alternatives, their costs and benefits, the likely distributions of these costs and benefits, and a possible restructuring of the Island’s municipal organization,
- an understanding that through an, as yet unspecified process, any final restructuring solution will have to have the support of the majority of the Island’s residents, including those currently living outside of the Island’s four municipalities.

As of January 2008, a local Committee has been established to advance the consultative process. This is, therefore, very much “work in progress”, with no predetermined outcomes.

Relevance for Other Rural Development Contexts?

What if anything is transferable here? This, of course is very much a question of local conditions, histories, the current state of local government, Provincial/State policies and priorities and related matters. Having said that, this emergent case study establishes:

- the case for *endogenous*, local or bottom-up initiatives as a viable, innovative option in this complex field,
- the case for a *facilitative role for the State*,
- the case for *appropriate resourcing* of prototypical local government organizations and processes,
- the case for a *longer-term presence*, through a prudently designed supportive role for the *State*, in restructured local government arrangements, and
- the case for a constructive, *intermediary role for relevant apex organizations*, such as a municipal federation.

It is far too early to determine whether this endogenous initiative is having or will have a significant effect on local business development, commercial and industrial investment, labour force (re)training and related initiatives, sectoral development, or other aspects of local *economic* diversification and development.

However, Fogo Island is a constituent area in the larger Kittiwake Regional Economic Development Corporation, Zone 14 in the Province of Newfoundland & Labrador's regional economic development policies and programmes (Ministerial Committee, 2005; O'Keeffe and Douglas, forthcoming). In addition, it has its own long established Fogo Island Development Association (FIDA). So the Island is well positioned to participate fully in the region's ongoing strategic economic development initiatives. What the current endogenous development initiatives do suggest, is that a more certain, efficient and settled local government configuration will serve to enhance the overall investment and development climate for this part of Newfoundland & Labrador. And the operating philosophy, principles, and implicit development concepts underpinning this local initiative do have widespread applicability to other rural development contexts.

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www.fogoisland.net/index2.htm

www.intrd.gov.nl.ca/intrd/economicboards.htm