

## **A Partnered Approach to Inclusive Economic Development**

**Date:** November 15, 2024

**To:** Economic and Community Development Committee

**From:** General Manager, Economic Development and Culture; Executive Director, Social Development, Finance and Administration; Interim General Manager, Employment and Social Services; Interim Chief Planner and Executive Director, City Planning

**Wards:** All

### **SUMMARY**

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This staff report puts forward a definition of Inclusive Economic Development (IED) along with a set of principles to guide the City of Toronto's efforts to advance and support IED and as the basis for co-development with community partners of an IED Framework. It aims to address the findings referenced in several City of Toronto strategies and data products -- including the Poverty Reduction Strategy and the recent Sidewalks to Skylines: A Ten-Year Action Plan for Toronto's Economy (APTE) 2025-2035 -- that the benefits of a high-performing economy have not been equitably shared among Torontonians despite Toronto's economic success over several decades.

The report responds to Economic and Community Development Committee's referral to staff of an earlier report on Inclusive Economic Development at its July 2024 meeting, and to the direction to develop a revised framework that builds on input from community partners. In September 2024, a full-day consultation was held with over 20 institutional and community partners leading initiatives related to IED, alongside those with lived experience of poverty. The feedback received at the consultation informed the definition, principles and next steps outlined in this report.

The next steps build on action #4 within the APTE, which calls for the creation of a Working Table for Inclusive Economic Development to co-develop an IED Framework. The framework will be co-developed with community partners to clarify roles and responsibilities and establish an IED governance and accountability structure. It will be brought back for consideration of the Economic and Community Development Committee by early 2026.

## RECOMMENDATIONS

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The General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, the Interim General Manager, Employment and Social Services, and the Interim Chief Planner and Executive Director, City Planning recommend that:

1. City Council adopt the definition and guiding principles of Inclusive Economic Development, as informed by community-based partners and included in this staff report dated November 12, 2024.
2. City Council request City Divisions and agencies to apply the definition and principles of Inclusive Economic Development in the development and implementation of relevant plans, strategies, programs and service reviews related to employment and entrepreneurship in Toronto, including but not limited to: the Poverty Reduction Strategy, the Community Benefits Framework, the Action Plan for Toronto's Economy, the Toronto Action Plan to Confront Anti-Black Racism, Secondary Plans, Community Development Plans, future Workforce Development strategies/initiatives, and the City's internal recruitment.
3. City Council request the General Manager, Economic Development and Culture, with relevant Divisions and agencies and in alignment with the City's Reconciliation Action Plan, to take into account Inclusive Economic Development when working with Indigenous communities to advance the commitment in the Action Plan for Toronto's Economy to co-develop an Indigenous Economic Strategy and provide an update in Q1 2026 through the Year One Progress Report of the Action Plan for Toronto's Economy.
4. City Council request the General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, the General Manager, Toronto Employment and Social Services, and the Chief Planner and Executive Director, City Planning, in partnership with other relevant Divisions, to report back on an Inclusive Economic Development Framework co-developed with the Working Table for Inclusive Economic Development as part of the Year One Progress Report on the Action Plan for Toronto's Economy in Q1 2026.
5. City Council request the General Manager, Economic Development and Culture, the Executive Director, Social Development, Finance and Administration, the General Manager, Employment and Social Services, and the Chief Planner and Executive Director, City Planning, in collaboration with other relevant Divisions and agencies, to leverage the Working Table for Inclusive Economic Development to identify any additional Inclusive Economic Development areas and actions to be added to the Action Plan for Toronto's Economy, and report back through its Year One Progress Report in Q1 2026.

## **FINANCIAL IMPACT**

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There are no current year financial implications resulting from the adoption of the recommendations contained in this report. The resources required to implement the recommendations in the report can be accommodated within the proposed 2025 Divisional operating budgets.

Any incremental resource requirements, arising from the recommendations of the Inclusive Economic Development Framework, brought forward in early 2026, will be submitted for consideration as part of future budget processes, subject to the City's financial and resource capacity against other critical City-wide priorities and impacts.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

## **RECONCILIATION AND EQUITY IMPACT**

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Inclusive economic development aligns with and complements several of the City's Reconciliation and equity strategies. It also aligns with Chapter One of the Official Plan, which outlines principles for ensuring that a strong and competitive economy is accessible to all Toronto's residents, and that the positive impacts of growth and development are shared with and focused on traditionally under-funded communities. As defined in this report, IED supports improved pathways to employment and training opportunities, entrepreneurship, and business development particularly for Toronto households and individuals facing limited economic opportunities and who are living/working precariously. This includes many members of Indigenous, Black and equity-deserving communities. The City's definition of equity-deserving communities includes racialized people, newcomers, persons with disabilities, women, 2SLGBTQ+ communities, youth and persons with low income.

An IED Framework, to be co-developed with a Working Table composed of community and Indigenous partners, will include programs and initiatives targeted to meet the social and economic rights of Indigenous, Black and equity-deserving communities. Improved career pathways and entrepreneurship supports can provide social and economic benefits to communities that have historically been excluded from many opportunities. Working with Indigenous, Black and other equity-deserving communities to co-develop the IED Framework will positively impact access to economic development opportunities for these communities.

## **DECISION HISTORY**

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In November 2024, City Council considered item EC16.2 and adopted Sidewalks to Skylines: An Action Plan for Toronto's Economy (2025-2035). The Action Plan provides a roadmap for the City to strategically maximize its levers and collaborate with its partners to enhance Toronto's economy with a focus on livability, inclusivity, and

prosperity over the next ten years. The Action Plan includes several objectives and actions intended to leverage more inclusive economic opportunities and outcomes, including creating a Working Table for Inclusive Economic Development and monitoring the progress of inclusive economic growth.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC16.2>

In July 2024, the Economic and Community Development Committee considered item EC14.1 - A Framework to Advance Inclusive Economic Development in Toronto. The report presented a proposed three-pillar framework to scope and align the City's existing and future Inclusive Economic Development policies, programs and partnerships being led across Divisions. The Committee referred the item back to staff with the request that they report to the November 26, 2024 meeting of the Economic and Community Development Committee with a revised framework that builds on input from community partners.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EC14.1>

In July 2022, City Council considered item EC31.19 - Economic Development and Culture Division Strategic Directions 2022-23. One of the five strategic directions outlined to guide the work of the Economic Development and Culture Division over the following 18 months was addressing economic inequity and developing a coordinated approach to inclusive economic development. Recognizing economic development as a City-wide function involving multiple Divisions, City Council requested staff "to continue to collaborate and bring forward a report on a coordinated approach to advance inclusive economic development with the objective that economic opportunities and outcomes improve across Toronto's population - including its Indigenous, Black and equity-deserving communities - in parallel to overall growth of the city and regional economy."

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EC31.19>

In November 2019, City Council considered item EX10.1 and adopted the Toronto Poverty Reduction Strategy (PRS) 2019-2022 Action Plan, with recommendations to advance the City's poverty reduction priorities for the term. Among the actions in the PRS 2019-2022 Term Action Plan was a commitment to "develop sustainable models of inclusive economic development."

<https://secure.toronto.ca/council/agenda-item.do?item=2019.EX10.1>

## COMMENTS

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### Defining Inclusive Economic Development

In July 2024, the Economic and Community Development Committee (ECDC) referred the Framework to Advance Inclusive Economic Development report back to staff for additional consultation with community partners. Staff subsequently worked with the Chair of ECDC to organize and host a full-day consultation event on September 13. This event welcomed over 20 institutional and community stakeholders leading initiatives related to Inclusive Economic Development and Community Economic Development (CED), alongside those with lived experience of poverty. Organizations represented are listed in Attachment 1 to this report and included foundations, post-

secondary institutions and neighbourhood-specific grassroots groups. Participants discussed a shared definition of IED along with key principles.

Based on the feedback received, the following definition was developed:

*Inclusive Economic Development (IED) seeks to meet the social and economic rights<sup>1</sup> of Toronto residents, using City levers to support, alongside community partners, accessible pathways to employment and decent work, skills training and entrepreneurship for residents and communities that have not benefitted from economic growth in the past. IED focuses on ensuring democratic processes for inclusive outcomes: it is shaped by and accountable to communities and neighbourhoods.*

This definition reflects some key points raised at the community consultation event:

- IED is a participatory effort.
- IED does not happen “in parallel” to overall economic growth; it addresses inequality through local economic growth and wealth creation.
- IED addresses economic exclusion and systemic barriers to economic participation related to race, gender, ability and other social factors and structural disadvantages.
- IED is concerned with core issues of affordability, economic security, and access to decent work; key ingredients of an equitable city for all.
- IED is rooted in and across place (City Wards and neighbourhoods).

This definition references findings in several City of Toronto strategies and data products - including the recent Action Plan for Toronto's Economy 2025-2035 (APTE) - that despite Toronto's economic success over several decades, "the benefits of a high-performing economy have not been equally shared among Toronto residents." In particular, the APTE notes that "while certain sectors saw significant growth in wages, many did not, and trends such as the rise of the gig economy, de-unionization and greater precarity of employment place continued downward pressure on wages." This analysis is also reinforced in the Poverty Reduction Strategy, adopted by City Council in 2015.

Further, the definition acknowledges that while the overall growth of the city and regional economy remains essential, it is also essential to address barriers preventing many residents from contributing to and benefiting from Toronto's prosperity and sustainability, and from being able to afford to live and thrive in Toronto.

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<sup>1</sup> Economic and social rights are human rights that relate to the ability to live in dignity and participate fully in society. They include rights related to the workplace, social security, and access to housing, food, water, health care and education. They include the right to fair wages and equal pay; the right to adequate protection of income in the event of unemployment, sickness or old age; and the right to an adequate standard of living. Canada's obligations to protect these particular rights are outlined in the International Covenant on Economic, Social and Cultural Rights (ICESCR), ratified by Canada in 1976.

## Defining Community Economic Development

It is imperative for inclusive economic development to involve the application of a geographic lens. The definition of Community Economic Development (CED) as "the place-based application of inclusive economic development" was discussed with consultation participants. It was recognized that CED should be considered especially when there is an opportunity to address economic opportunities and outcomes as part of an area study and/or local area plan.

Recent examples of coordinated approaches to CED in their early stages include Council-approved Community Development Plans in Jane Finch ([2024.EC10.1](#)) and Downsview ([2024.EC12.2](#)); the development of the Main Street Recovery and Rebuild Initiative (MRRI) and its funded partnership with businesses in Little Jamaica; and the Inclusive Local Economic Opportunity (ILEO) initiative in the Greater Golden Mile, led by the United Way, local community organizations and corporate partners, with input from City staff. City Planning and partner Divisions will continue integrating CED considerations in the area-based planning process.

The definition of IED is broader because, although it is intended to be accountable to communities, it can involve initiatives that are city-wide or, for example, specific to an industry sector operating across the city and region.

## Key Inclusive Economic Development Principles

Beyond a shared definition, participants in the consultation event discussed key IED principles for the City to apply in the development of impactful policies, programs and partnerships. Participants suggested that the City is engaged in advancing IED when:

1. It centres the social and economic rights of residents.
2. It values the meaningful participation of the people impacted in decision-making.
3. It works in close partnership with the private sector, labour-based organizations and the non-profit sector.
4. It enables training, job pathways and working conditions that provide economic security and decent work across a broad range of sectors.
5. It creates the conditions for communities and workers to build wealth and for wealth to remain and circulate in the local economy.

The principles recognize that all Toronto residents have a stake in the local economy, and that local communities know their own realities, are well positioned to identify challenges and priorities and are able to participate in identifying/implementing effective solutions. The principles also recognize the need to ensure meaningful supports across a broad range of sectors including fast growing and internationally traded sectors like Information and Communications Technology (ICT), and more locally provided services like the care sector. Finally, the principles acknowledge the not-for-profit sector as a key component of IED, given its role as a service provider, employer, and economic driver.

## **Roles and Responsibilities - A Partnered Approach**

Participants in the September 13 consultation event emphasized that municipal government is but one actor in a broader IED ecosystem, and, moreover, that IED requires cross-sector collaboration between labour, private, public and nonprofit sectors. While recognizing this important point moving forward and seeking ongoing opportunities to partner with community-based stakeholders, other orders of government and employers, the City of Toronto Inclusive Economic Development Framework (to be developed as identified in the Next Steps section below) will clarify municipal levers and how they fit in the broader framework.

These may potentially include:

- Workforce Development - determining the most appropriate and effective roles for the City and its partners in supporting job seekers to connect to good jobs and career pathways across industries while addressing the challenge of growing job precarity in the 'gig economy'.
- Procurement - leveraging the City's purchases of goods and services to create more inclusive entrepreneurship and employment opportunities for suppliers.
- Community Benefits - when the City and its partners buy and build, contracts and agreements can create workforce development, training and employment opportunities that reach local, Indigenous, Black and equity-deserving communities.
- Land Use Planning - promoting complete and inclusive communities with a diverse mix of uses that foster economic resilience and equitable access to opportunities, support a variety of employment options, encourage the growth of small businesses and entrepreneurship, mitigate commercial/industrial displacement, and create vibrant, sustainable neighbourhoods that reflect the needs and aspirations of all residents.
- Entrepreneurship Supports - encouraging the formation and growth of small businesses and ownership opportunities through helping secure affordable space, incubation services and facilitating employee ownership models.
- Research and Monitoring - identifying and tracking metrics of economic inclusion to understand and address trends and specific barriers.

## **Next Steps**

The City's new economic development strategy *Sidewalks to Skylines: An Action Plan for Toronto's Economy 2025-2035* (adopted by City Council in November 2024) includes an action to "collaborate with external partners to reduce barriers to economic inclusion." More specifically, the strategy calls on City staff, with key stakeholders, to "create a Working Table for Inclusive Economic Development to remove barriers and identify programs and partnerships to ensure economic opportunities for Indigenous, Black, and equity-deserving communities (e.g. community benefits) and develop an Inclusive Economic Development (IED) Framework."

As an immediate next step, interdivisional staff will collaborate to form the IED Working Table and leverage its expertise to co-develop an IED Framework. The IED Framework will be brought back for consideration of the Economic and Community Development Committee by early 2026 and will reflect alignment across City of Toronto equity-

advancing strategies and action plans, and key IED principles as adopted by Council. The framework will:

A. Clarify IED roles and responsibilities:

- Outline the parameters of City of Toronto IED levers and policy/program areas identifying divisional leads.
- Identify the limitations of City policy/program levers and what is 'out of scope'.
- Identify roles potentially belonging to other orders of government, community-based and nonprofit partner organizations and private sector partners.

B. Determine a governance and accountability model:

- Recommend a governance model to coordinate and advance IED initiatives.
- Align the model with existing City strategies (and include actions and initiatives originating in various strategies without creating a new one).
- Present a monitoring approach that includes a set of indicators (to be identified and tracked as part of implementation of the Action Plan for Toronto's Economy) to understand how Toronto's economic growth is linked to improved outcomes for households across the city and labour force members across occupations and industries, and inform future policy/program development.

The Working Table will also identify potential additional City IED actions that could be added to the Action Plan for Toronto's Economy in implementation and as reported in future updates to City Council.

## **CONTACT**

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## **SIGNATURE**

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## **ATTACHMENTS**

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Attachment 1: Organizations represented at the Inclusive Economic Development Framework discussion on September 13, 2024

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Atkinson Foundation  
Buy Social Canada  
Centennial College  
Diversity Institute, Toronto Metropolitan University  
George Brown College  
Lived Experience Advisory Group (LEAG)  
Metcalf Foundation  
Maytree Foundation  
Northcrest Developments  
Ontario Building Trades  
Ontario Human Rights Commission  
Parkdale Land Trust  
Seneca College  
Social Capital Partners  
Social Planning Toronto  
Toronto & York Regional Labour Council  
Toronto Community Benefits Network  
Toronto Environmental Alliance  
Toronto Metropolitan University  
United Way Greater Toronto  
University of Toronto, Scarborough  
Workers Action Centre  
Workforce Collaborative  
Working Green 2050