

Social Equity

What does "Social Equity" mean?



Definition in public administration (NAPA 2000):

"The fair, just and equitable management of all institutions serving the public directly or by contract; and the fair and equitable distribution of public services, and implementation of public policy; and the commitment to promote fairness, justice and equity in the formation of public policy."



Social Equity

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Social Equality

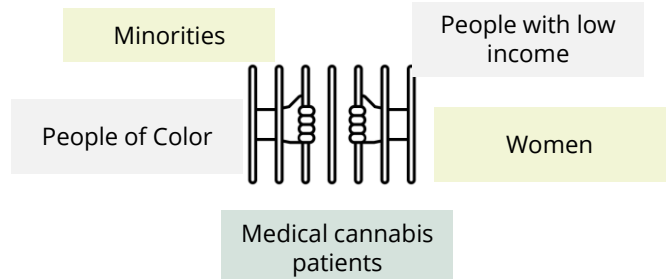
Social Equity and Cannabis Regulation



Goals of Governments' Social Equity Programs:

To bring justice to those who were and are disadvantaged and treated unfairly during the period of drug prohibition policies

Groups that have been/are potentially marginalized and/or oppressed by cannabis drug prohibition



- Decades of drug prohibition policies have led to **structural inequality, injustice & stigmatization**
- More and more, cannabis has been legalized for recreational and/or medicinal purposes in numerous states, and some countries, like Germany, are on the verge of doing so
- It is important to focus on how to design the regulation because "legal regulation has the potential to become **a powerful tool to redress decades of criminalization, economic exclusion, and lack of access to appropriate health care**" (IDCP 2020)
- On top, **destigmatization** is necessary and crucial, and could lead to earlier and more targeted addiction prevention measures and services of addiction support (fdr 2019)

How to Design a Social Equity Program for a Cannabis Industry?

3 policy categories for regulators to address (inspired by Title 2021)

1

Criminal justice reforms including automatic expungement of past cannabis offenses and rehabilitation

2

Reinvesting a share of funds available through legalization to **take socially just measures**

3

Creating a cohesive **cannabis industry licensing framework** with special considerations for people affected by drug prohibition policies



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1 Criminal Justice Reforms

- “The comprehensive character of reparation includes **restoring the rights that have been violated** and, if this is not possible, applying compensation, satisfaction and non-repetition measures” (IDPC 2020)
- Criminal justice reforms may include automatic **expungement of past cannabis offenses**, and releases from prison (inspired by Title 2021)
- Possible **rehabilitation measures**, e.g. receiving apprenticeships, training as skilled personnel, etc.

“Good Practice” from the U.S.:



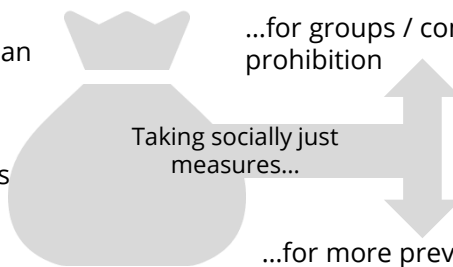
“The Last Prisoner Project (LPP) is a national, nonpartisan non-profit organization dedicated to cannabis criminal justice reform” (LPP 2022)

LPP addresses the past and continuing harms of unjust drug policy by “legal intervention, public education and legislative advocacy”

2 Reinvesting a Share of Funds available Through Legalization

Estimated **4.7 billion euros per year** can be raised by legalizing cannabis in Germany (Haucap & Knoke 2021)

1. through **additional revenue** (taxes and social security contributions)
2. through **saved expenditure**



...for groups / communities most impacted by prohibition

...for more prevention measures and youth protection (BMG 2022)

3 A Cohesive Cannabis Industry Licensing Framework

I. Definition of eligible participants

- Varying approaches exist to identify who qualifies for social equity programs
- Common examples for criteria: e.g. residency in specific geographic areas; race; people with own or their family members' past drug arrests and convictions

II. Definition of benefits that social equity businesses receive, e.g.

- Access to funds for grants and loans for social equity businesses (important: funding must be available before application processes for licensing starts)
- Access to real estate property or allowance of shared commercial kitchens and cultivation spaces
- Technical assistance with applications, compliance, and operation of a business
- Fee waivers/discounts (e.g. application fees, software fees, tracking fees)
- Advantages in licensing processes (e.g. additional scoring for social equity applicants in processes)
- Exclusive access to a pool of licenses or a specific license type
- Design of different “tracks” of benefits for applicants with different interests in the industry, such as ownership, jobs, executive positions etc.
- ...



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Social Equity and Cannabis Regulation in Germany



Selection of questions to be asked when designing a social equity program

inspired by the 20 principles for the responsible legal regulation of cannabis (IDPC 2020):

- Which groups have been and are marginalized and oppressed by cannabis drug prohibition in Germany? (Data collection needed)
- How can successful amnesty (=“Amnestie”) in light of the Narcotics Law (BtMG §29a, 30,30a) look like?
- How can smaller-scale entrepreneurs be integrated?
- How might licencing barriers (e.g. cost of application, criminal history, upfront commitment costs) for marginalized groups be different from barriers for non-marginalized groups?
- How can people with BtMG offenses receive rehabilitation, e.g. through apprenticeships, training as skilled personnel, etc.?
- How can people with accumulated knowledge that worked in the illicit market get access to newly created jobs in the legal market? (combat skills shortages)



Objectives of a social equity program:

- Successful and fair transit of illicit into legal market (IDPC 2020)
- “To actively promote social (and economic) equity applicants” and “racial, ethnic, and gender diversity” among licensees (MRTA 2022; Syracuse 2023)

Also important: Consideration of **learnings from international experiences** (U.S. Federal States like New York, Illinois, California etc.) and organizations like the Cannabis Regulators of Colors Coalition



Learnings from e.g. New York (MRTA 2022; Syracuse 2023)

- Thinking a **social and economic equity plan** together, especially taking into consideration the potential positive impact of cannabis legalization on employment and earnings (NBER 2022)
- Good practices to develop such a program: The New York cannabis agency created **community roundtables** with representatives from social and economic equity groups

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