



Building Capital, Building Community:

**A comparative analysis of access
to capital for social enterprises
and nonprofits in Ontario and Quebec**

**Authors:
Peter R. Elson
Andres Gouldsbrough
Robert Jones**



UNIVERSITY OF TORONTO

SOCIAL ECONOMY CENTRE



Community-University Research Alliance for Southern Ontario's Social Economy

Project 33: A Comparison of Policy Frameworks for Social Enterprises and Non-Profits in Ontario and Quebec

Principal Investigator: Peter R. Elson, PhD Institute for Nonprofit Studies, Mount Royal College, Calgary [pelson@mtroyal.ca]

Research Assistants:

Robert Jones (Mount Royal College)
Andres Gouldsborough (Concordia University)

Community Partner:

Ontario Nonprofit Network

Product: Community Research Report No 1

Report Design and Layout: Crystal Cochrane, Document Services, Mount Royal College

ABSTRACT

This community-based research was developed in collaboration with the Ontario Nonprofit Network. This is the first of five research reports which will compare different policy dimensions related to social enterprises and nonprofits in Ontario and Quebec. In this report a contextual comparison of Ontario and Quebec is followed by a profile of sources of capital for social enterprises and nonprofits. There are significant historical and socio-political contextual differences between the two provinces which are reflected in the relationship of social enterprises with government and to society-at-large.

This report profiles the access to three distinct forms of capital in Ontario and Quebec - development capital, solidarity finance, and state finance. Four additional reports address: legal and regulatory regimes; organizational development support; policy representation; and research infrastructure.

Funding for this research report was provided by the Social Sciences and Humanities Research Council of Canada (SSHRC).

© Copyright 2009 Peter R. Elson



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

TABLE OF CONTENTS

A Contextual Comparison	4
Quebec: Defined by its History	6
Ontario: Dancing in the Dark	11
A Contextual Comparison.....	14
Financing Quebec’s Social Economy.....	19
Key Trends and Innovations.....	22
Development Capital	25
Solidarity Finance	28
State Finance	33
Financing Ontario’s Social Economy	36
Micro-Finance Funds.....	38
Social Enterprise Funds	43
State Finance	48
References	53
Appendix A.....	55
Appendix B.....	57



A CONTEXTUAL COMPARISON

The most significant challenge associated with comparing Ontario and Quebec, provinces with significantly different histories and cultures, is to hold their historical and cultural context intact while also providing a basis for a legitimate comparison to be made. Rather than assuming that the same processes have to be occurring for such a comparison to be legitimate, this study uses a contextual comparison approach. A contextual comparison identifies analytically equivalent developments which may be expressed in very different terms, across different contexts (Locke & Thelen, 1998).

In this study, the analytically equivalent phenomenon which will be compared is the degree to which policies and programs support the initiation, growth, and sustainability of nonprofits and social enterprises. Five research areas will be examined: Legal and regulatory regimes; access to capital and operating funds; organizational or technical development; policy representation; and research infrastructure. This report focuses on access to capital and operating funds.

What's in a name?

There are many ways to compare the relationship of nonprofits and social enterprises in Quebec and Ontario, but one of the more revealing facets of this comparison is the actual way in which social enterprises are defined in the Quebec, and the rest of Canada.

Quebec

The following definition in Quebec is now widely accepted within the province, although Quebec, like others, went through considerable debate about the nature of social enterprises before arriving at the following definitional consensus:

Social enterprises are organizations which produce goods and services with a clear social mission which:

- Aim to serve its members or the community, rather than striving for profit;
- Are independent of the state;
- Establish a democratic decision-making process in its statutes and code of conduct, requiring that users and workers participate;
- Prioritize people and work over capital in the distribution of revenue and surplus; and
- Base its activities on principles of participation, empowerment, and individual and collective responsibility. (Neamtan, 2005, p.72).



This particular definition of social enterprise explicitly articulates its relationship to the state (independent), users and community (service and participation) and workers (democratization and participation), reflecting its desire to operate not only within the economy for social purposes, but also in society as a whole for its collective benefit. Independence from the state is liberally defined, as the Quebec provincial government is a major contract funder of social enterprises, resulting in cases where a real sense of 'independence' is sorely tested. For example, the technical service provision in home care contracts have defined the nature of the relationship between social enterprises and local governments, pushing broader social issues to the side - a circumstance all too familiar to nonprofit organizations in other part of Canada.

As inclusive as this definition may appear, it excludes co-operatives and nonprofits which do not exchange their goods in the market; a distinction which is not prevalent outside Quebec.

Ontario

In Ontario, and indeed the rest-of-Canada, the definition of social economy takes on a more utilitarian and complex perspective. There is certainly no one definition which is consistently used and tend to be highly contextual. Jack Quarter has examined the contested nature of the social economy for some time and each iteration seems to reveal a new level ambiguity concerning where social enterprises end and public or private sectors activities begin (Quarter, 1992; Quarter, Mook, & Armstrong, forthcoming; Quarter, Mook, & Richmond, 2003). For example, social enterprise is also known as social business enterprises, nonprofit enterprise, social purpose business and social venture (Quarter, et al., forthcoming). Social enterprises are one but one of several forms of organization within the broader social economy. Jack Quarter and colleagues (forthcoming, p. 142) have chosen to define social enterprise as follows:

A social enterprise is a form of community economic development in which an organization exchanges services and goods in the market as a means to realizing its social objectives or mission.

Quarter, Mook, and Armstrong differentiate between social economy businesses and social enterprises. According to Quarter et al, social economy businesses earn their total revenues from the market while social enterprises earn a portion of their revenues from the market which is supplemented with substantial and extended assistance (Quarter, et al., forthcoming). The A-WAY EXPRESS Courier Service in Toronto would be one such example.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

This definition and similar ones found in English Canada reflect the same focus on the production of goods and services for the benefit of individuals and their community as does the definition used in Quebec, yet it portrays an interdependent relationship with the state. Workers, when they are referenced, are more often seen as beneficiaries rather than co-creators in the social enterprise. As we will see, the growth of social enterprises is just one manifestation of the rich yet largely independent histories of social enterprises in Ontario and Quebec.

Quebec: Defined by its History

The history of social enterprises in Quebec is a microcosm of the very history of the province itself. Without some understanding of the nature of this history, a comparison with another province is not only superficial; it undermines the very essence of what makes social enterprises as strong as they are in Quebec. It is no coincidence that every resident author who profiles the broader social economy in Quebec either references or repeats the history of social enterprises. For this history is not one of simple economic progress or diversity, but is one of economic emancipation, independence, and nationalism.

In the early 1900s Quebec's large natural resource manufacturing companies were largely controlled by foreign and English-Canadian capital. Francophone Quebecers for their part, were very active in family owned businesses in industry and agriculture (Lévesque & Ninacs, 2000). The agricultural-based co-operatives and savings and credit industries (e.g. *caisse populaire*) emerged with the support of the Catholic Church in the 1800s. This continued until the Quiet Revolution in the early 1960s when major resource industries such as Hydro Quebec were nationalized and co-operatives flourished. As a result, Quebec has the largest concentration of co-operative businesses, unions, and crown corporations in Canada, if not North America (Ninacs, 2003). In addition, the sleeping giant of small family owned businesses prospered in a climate which recognized the value of such enterprises. Development capital investments are dominated by investments in Quebec, supporting both enterprise and the prosperity of Quebec.

These developments were supported by both the provincial and federal governments for political as well as economic reasons (Lévesque & Ninacs, 2000). Parallel to these economic initiatives in the 1970s and 1980s were a number of systemic changes to the delivery of health and social services and an active and engaged citizen's movement, particularly in areas where there was chronic unemployment and inequality, such as the city of Montreal.¹

¹ The unemployment rate in Quebec for 1996 was 11.3 per cent, more than 40 per cent in certain areas of the province, and more than 14 per cent in the city of Montreal. In Montreal the unemployment rate in certain low-income districts was more than 20 per cent and much higher for women and youth (Mendell, 2002, p. 336).

Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.



This new sense of pride in being a Quebecer manifested itself in a number of ways, including radical unionism, the separatist movement, enactment of laws to protect the French language, and in some cases unprecedented collaboration among state, labour, private sector (including co-operatives) and non-government community organizations. According to Levesque and Ninacs (2000), when the Summit on the Economy and Employment took place in October 1996², it was rooted in a thirty-year tradition of tripartite cooperation.

The Summit on the Economy and Employment in 1996 was preceded by an event which many view as the singular turning point in catalyzing support for the social economy in Quebec. In June 1995, the Fédération des femmes du Québec³ organized a 'Bread and Roses' Women's March Against Poverty. As reported by Mendell (2002, p. 322):

Hundreds of women from all regions of Quebec marched over two hundred kilometres for ten days and mobilized tremendous support throughout the province, including [that of] local, regional and provincial governments. They arrived at the National Assembly in Québec City on June 4th and presented the government with nine demands, each and all of which were to address the level of poverty among women and children and the growing number of socially excluded and marginalized communities in the province of Quebec. ... It [the March] not only forced the government to respond but also to recognize the increasing and vital role played by the women's movement and the co-operative, associational, and community sectors in the economy.

One of the nine demands which caught the immediate attention of the provincial government was the call for an investment in social infrastructure. The government immediately agreed to make such an investment (\$225 million in social infrastructure spending over five years); but even more important, the government opened up a debate on the social economy, its definition and the role of government (Mendell, 2002). A committee comprised of women's groups and government representatives was formed and it was this committee which reported to the March, 1996 Summit and led to the creation of a subcommittee on the social economy which reported to the October, 1996 Summit on the economy and employment. It was at the October, 1996 Summit on the Economy and Employment that a two year Task Force on the Social Economy was established which in turn led to the creation of the Chantier de L'économie sociale. Another event took place during the 1996 Summit on the Economy and Employment which has not received as much general attention, but is noteworthy nevertheless. Women's groups rallied between the March and October summits to have another of their policies from the Bread and Roses March put on the Summit's agenda – that is, the goal of 'zero poverty'. When Summit

² There were two provincial socio-economic summits in 1996. The first, a (national) conference on the social and economic future of Quebec, took place in March and agreed to eliminate Quebec's deficit by 2000. To the disappointment of women's movement representatives, this goal took precedence over any plan to fight poverty. This conflict came to a head in the October 1996 Summit on the economy and employment.

³ <http://www.ffq.qc.ca/index.html>

Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.



delegates failed to adopt this goal, activists from community and women's groups walked out (Ninacs, 2000; Panet-Raymond, 1999). This division between what one could term social economics and social justice continues to exist for a variety of reasons, both political and ideological. Community activists saw the social economy as yet another in a series of appropriations of the community movement by the state, in this case, as means to address unemployment. At the same time, the influence of community groups on government, particularly, in the definition and delivery of health and social services for example, has been significant and long lasting⁴ (White, 2002).

The social economy in general and one of its two representative organizations, the Chantier d'économie sociale, has grown from strength to strength as is illustrated by the timeline chart on pages 9 and 10. From 2003 to 2008, the Quebec government invested 8.4 billion dollars in the social economy. The second representative organization within the social economy, representing the co-operative and mutual benefit society dimensions of the social economy in Quebec is the Conseil de la coopération du Québec⁵. The Conseil de la coopération du Québec has a mission to foster the growth of the co-operatives in Quebec (Favreau, 2006). In November, 2008, the provincial government released a five year action plan which will address 1) a statistical portrait of the social economy in Quebec; 2) research on the social economy; 3) Labour force development within social economy enterprises; 4) The revision of the legal status of non-profit organizations; 5) the updating and development of the information portal for the social economy; and 6) support for international action concerning the social economy (Elson, 2009). At an international level, the interests of the social economy in Quebec have been represented by the Groupe d'économie solidaire du Québec (GESQ) (Le Groupe d'économie solidaire du Québec, 2009).

The social economy has been institutionalized in the province of Quebec; an institutionalization process which is as much a result of its capacity to create employment and produce social goods, as it is the product of a rich history of social and economic emancipation which was led by women and later supported in a sense of solidarity by governments, unions, and corporations.

⁴ For example, from a determinant of health perspective, literacy, affordable housing, and employment programs are health programs.

⁵ The co-operative movement in Quebec is being researched under a separate initiative led by Ontario Co-operative Association.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

A timeline of events in the evolution of the social economy in Quebec

1995-1999

*Women's March
Against Poverty*

1995 (June 4): Women's March Against Poverty (Bread & Roses) occurs, led by a coalition of women's groups, poverty organizations and students for social justice

*Conference on
the Social and
Economic
Future of
Quebec*

1996 (March): Conference on the Social and Economic Future of Quebec is organized by the Government of Quebec. For the first time, a wide spectrum of civil society groups participate, leading to the establishment of the Task Force on the Social Economy.

*Summit on the
Economy and
Employment*

1996 (October): Summit on the Economy and Employment is organized by the Government of Quebec takes place, following which the social economy working group is integrated into the Office of the Premier

1997: The Task Force on the Social Economy becomes the Chantier de l'économie sociale

1997 LAREPPS develops the Équipe de recherche Économie sociale, santé et bien-être, a research team that reflects the increased importance of the social economy field and the development of partnership-oriented research.

*Non-profit loan
guarantee*

1997 Modification of Quebec's loan guarantee program for small and medium businesses and cooperatives to include non-profits.

*Social economy
enterprise fund
created*

1997 Fonds de développement des entreprises d'économie sociale is created as an integral part of Local Development Centres

*Réseau
d'investissement
social du
Quebec*

1997 Creation by the Chantier of the Réseau d'investissement social du Quebec (RISQ), a \$10 million fund (\$5 million in donations and \$5 million in grants) offering non-guaranteed loans up to \$50,000 for social economy enterprises



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

2000-2008

*Bureau
d'économie
sociale*

La Financière

*Summit on the
Social and
Solidarity
Economy*

2000: Community- University Research Alliance in the social economy is established at the Université du Québec à Montréal (UQAM)

2001: Special office for the social economy within the Ministry of Finance and Economic Development is established.

2001: The Quebec government creates a new investment fund for collective enterprises within its investment entity, La Financière. An envelope of \$15 million is allocated for the social economy. In 2008, an additional \$10 million is invested in this program.

2006 The Chantier de l'économie social Trust was created to provide long term capital for social economy enterprises. It is a \$53.8 million patient or quasi-equity fund.

2006 (November): Summit on the Social and Solidarity Economy

2008 (November): Government of Quebec releases 5 year action plan on the social economy

The ultimate future of social enterprise in Quebec may depend on the extent to which these two significant representative groups embrace a broader definition of the social economy to include not only market-based social enterprises, but also non-market mutual and nonprofit associations and cooperatives.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Ontario: *Dancing in the Dark*

For most of their many years in office in Ontario through the 20th Century, the Conservative party blended conservative fiscal policies with more liberal social policies. With the election of Mike Harris in 1995, following terms by the Liberal and NDP parties, this changed dramatically. On the theme of creating a “common sense revolution”, Ontario politics took a sharp turn to the right, economically and socially. Neo-liberalism took hold as corporate taxes were slashed government programs and benefits to those in need were drastically reduced (Shields & Evans, 1998). At the same time as the theme of solidarity was starting to manifest itself to address high levels of unemployment in Quebec, the Ontario government’s confrontational and divisive style led to teachers’ strikes, downloading of provincial government programs to municipalities, and mandatory workfare for able bodied welfare recipients.

As illustrated in Appendix A, the increase in income inequalities in Ontario spiked during this period, particularly for the most vulnerable, a situation from which many families have yet to fully recover. Before this period of retrenchment, government transfers had made a positive impact on after-market income inequalities. After successive cuts to transfers from federal transfer programs, combined with provincial budget cuts in the mid to late 1990s, income inequalities grew and the gap between rich and poor accelerated across Canada (Elson, 2007; Yalnizyan, 2007).

Voluntary sector organizations experienced the first wave of funding cuts, loss of core funding, and increased competition which has since been institutionalized (Eakin, 2001, 2004, 2007). Most voluntary organizations continue to leap from project to project with an unpredictable impact on mission, staff, and clients. I have described this elsewhere as the transition from citizenship-based program funding to service-based project funding (Elson, 2008).

The government of Ontario has continued to view the voluntary sector in silos, developing relationships which are specific to the interests of a particular ministry, and little thought to the collective contribution of the nonprofit sector as a whole, distinct from volunteering, to the citizens of Ontario. The one exception to this rule would be the contribution of the Ontario Trillium Foundation, but as an agency of government it remains politically sensitive and cautiously progressive.



For its part, sustained representation of the voluntary sector in Ontario has been through clusters of regional alliances, such as the Pillar Nonprofit Network (London) and the Ottawa Chamber of Voluntary Organizations, but until recently there have been few attempts to coalesce around a sector-wide policy issue. This may be changing with the emergence of the Ontario Nonprofit Network and the Social Economy Roundtable, both funded by the Ontario Trillium Foundation. The same can be said of the important first steps being taken by Social Enterprise Ontario and Social Finance Ontario, other clusters within the Ontario Nonprofit Network.

In many ways nonprofits and the provincial government in Ontario are dancing in the dark. The absence of a clear, collective voice for the voluntary sector, and a muted desire by the provincial government for any on-going high-level political or policy relationship, combine to extend the status quo of two potential dance partners who operate more in isolation than connection.



A timeline of events in the evolution of the nonprofits and social enterprises in Ontario

1950s – 1970s

Rise of the mixed welfare state

Common Sense Revolution hits Ontario

Social enterprise loan funds created

Patchwork of enterprise programs and policies

1950s-1970s – The Ontario government provides grants and subsidies to charitable organizations and municipal institutions to delivery and to expand the availability of health and social services.

1953 – Last time Corporations Act is substantially modified.

1982 – The Trillium Foundation is established.

1984 – The Canadian Alternative Investment Cooperative (CAIC) is formed.

1995 – The Progressive Conservative Government of Mike Harris is elected under the banner of a “Common Sense Revolution”.

1995 – The Government of Ontario unilaterally eliminates its contribution to the Community and Neighbourhood Support Services Program (CNSSP).

1997 – Government of Ontario implements the Social Assistance Reform Act, which reduced many of the social services provided by the government and introduced Workfare.

1997 – At the Ontario Voluntary Forum, conference participants agreed to create the Coalition of Ontario Voluntary Organizations (COVO).

1997 – Local Services Realignment is announced by the Government of Ontario.

2000 – The Toronto Enterprise Fund and the Ottawa Community Loan Fund are established.

2001 – The Pillar Nonprofit Network is created

2002 The Ottawa Chamber of Voluntary Organizations (OCVO) is officially launched.

2005 –ACCESS Community Loan Fund is established

2006 – The Ministry of Citizenship and Immigration launches Strengthening Voluntarism in Ontario.

2007 – Ontario Nonprofit Network (ONN) is established

2007 – Government of Ontario releases first of three Consultation Papers on revising the province’s Corporations Act.

2008 – Enterprising Non-profits Toronto and the Ontario Social Economy Roundtable are created



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

A Contextual Comparison

This research deliberately positions its comparison at a contextual level to avoid distorting this context when profiling individual policies and programs. As the two profiles above highlight, there are fundamental differences in the history, culture, and dominant language in the two provinces. Quebec's Quiet Revolution in the 1960s manifested itself in new language laws and the nationalization of key resource industries. For its part, Ontario has had a reputation for being the centre of the dominant Canadian establishment and corporate largesse.

When the economic downturn occurred in the mid-1990s, Ottawa responded by slashing transfer payments to provinces (Guest, 1997). Ontario responded with the election of the Mike Harris government which in turn led to protests and conflicts with numerous groups, one of the most vocal and strident of which was with the Ontario Coalition Against Poverty (OCAP). In Quebec, the women's movement in general and la Fédération des femmes du Québec in particular, led hundreds in a "Bread and Roses" March on the Quebec government and successfully brought the voice of community into the political and policy arena. Where Ontario has a fragmented policy agenda with nonprofits which varies across ministries and virtually none with the social economy; both have flourished in Quebec, particularly in the co-operative and credit union sectors. Ontario has a more decentralized and less coordinated approach than Quebec. Although Quebec definitely has stronger co-op and credit union sectors than Ontario, it is not clear that the same is true for nonprofits in Quebec.

These contextual differences are not incidental, but fundamental to understanding the cultural and political differences which support some policies and marginalize others. These insights are intended to support a contextual comparison across a number of policy areas and a more thorough understanding of nonprofits and social enterprises in both Ontario and Quebec.

Building Capital, Building Community

Variances in social enterprise terminology in Ontario and Quebec are a reflection of the social as well as economic purposes of the capital funds.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Ontario

In Ontario, capital funds have been divided into three categories: micro-finance and enterprise funds, social enterprise funds and state funds. Micro-finance and enterprise funds are capital funds which have been established to support a social mission through private enterprise, of which social enterprises per se are neither explicitly included nor excluded. Funds are available and invested, but clearly dominated by private for-profit enterprises. Social enterprise funds provide explicit support for social enterprises, providing either secured and unsecured capital, or both. Some are dedicated to start-up level funding while with others it is clear that a threshold level of development must be reached before a loan is made.

We identified no instances in Ontario where patient capital or quasi-equity shares were involved, although discussions in this direction are certainly underway. State programs include on-going support for enterprises which include and support a particular group of marginalized people, or funds which are designed to be organizationally transformative, as is often the case for the Ontario Trillium Foundation.

Private foundations have not been specifically investigated as distinct sources of capital, although collectively, their resources are certainly significant, for two reasons. First, they are constrained by law to transferring funds to charities, rather than nonprofits or social enterprises. Second, most foundation programs target specific groups or causes, rather than providing broad sectoral support. Time and resources prevented such an investigation.

This research report has attempted to profile as many sources of capital for nonprofits and social enterprises as possible. In the absence of any centralized database, it cannot be considered exhaustive, but it is hopefully representative of the types of funding which are available.

The state of access to capital in Ontario is highly fragmented, with little co-ordination and no central portal to access these funds. In this regard, it is hoped that the inventory presented in this report will make a contribution to those seeking access to capital funds. There is also no central policy arena in the provincial government for either nonprofits or social enterprises. Dedicated and targeted programs exist within many ministries, but this does not constitute an open source of capital. There is also, we believe, a serious case for conventional enterprise funds to be liberalized to include social enterprise investments.



Quebec

Responsible Investment in Quebec blends financial objectives and the achievement of socio-economic goals. Quebec's responsible investment sector is comprised of intertwined institutions and lending practices. Even though institutional boundaries are blurred and non-static, the responsible investment sector can be generally divided into two broad groups: Development Capital and Solidarity Finance, with an additional third category, state financing.

Development capital uses venture capital instruments (unsecured equity or quasi-equity) to, achieve financial yields and achieve social, economic and environmental objectives. These 'multi-purpose' funds impose social criteria (local development, job creation, worker training, environmental protection) on the businesses in which they invest. Development capital can take the form of capital shares, collective loans or traditional loans. Its agencies do not necessarily invest directly in the social economy but often establish effective partnerships with those who do. Examples of such funds include the Fonds de Solidarité, FondAction and Capital régional et coopératif Desjardins (CRCD).

Solidarity finance refers to the direct financing of community economic development and social economy enterprises. It is governed by actors in the sector, uses a variety of financial instruments (secured or unsecured) and serves a very specific clientele, mainly collective enterprises and disadvantaged groups. In the United States and Great Britain, it is usually referred to as 'Community Investment', and the institutions specializing in this area are known as Community Development Financial Institutions (CDFIs). Caisse d'économie solidaire Desjardins, Réseau d'investissement social du Québec (RISQ), and the Fiducie du Chantier de l'économie social examples of solidarity finance funds.

State finance can take the form of Development Capital or Solidarity Finance. This means that they can invest directly or indirectly in community economic development initiatives and the social economy. The only difference is that these capital pools come entirely, or in its majority, from government sources such as les Fonds local d'investissement (FLI) or Investissement Quebec.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Summary

What then, can be summarized from this brief overview of access to capital for nonprofits and social enterprises in Ontario and Quebec? The contextual differences certainly highlight the importance of taking history into account when looking at the existence or absence of support for nonprofits and social enterprises.

Quebec: Robust financial and policy infrastructure

The capital infrastructure in Quebec is not only more robust than the infrastructure in Ontario; it forms a financial ladder to increasing levels of financial support for nonprofits and social enterprises. For example, Local Development Centres (LDCs) and the Réseau d'investissement social du Québec (RISQ) provide funds up to \$50,000, while the FilAction supports social enterprises with funds in excess of \$250,000. What is equally important is the political and policy support which reinforces this financial infrastructure.

Ontario: Snakes and ladders

The picture in Ontario could be described as a game of snakes and ladders. Initial start-up funds for dedicated purposes are available from some funders while others cater to a more sophisticated and mature clientele. In many more cases there is uncertainty about where to turn for support and if initial funding can be replaced or repeated. Funding instruments in Ontario do not foster sustained growth through start-up, growth and maturation phases of development (see Appendix B) and broad political support for social enterprises within the provincial government, private sector, or among unions is largely absent.

Opportunities for growth

In Quebec, there is very creative work underway to address the long-term financial needs of social enterprises. The Fiducie, for example, is working on the development of a secondary market, a “social stock exchange”, designed to respond to Quebec’s social enterprise needs and unique circumstances.

There are a number of potential strategies which may be beneficial to the development of capital for nonprofits and social enterprises in Ontario:



Dedicated funds: Lobby for existing large pools of capital, (e.g. the Ontario Trillium Foundation) and community economic development funds (e.g. Eastern Ontario Development Fund, Community Futures Program), to dedicate resources for social enterprise incubation, start-up and development.

Pooled Funds: Use existing capital pools to invite increased investment by credit unions for example, to minimize risk and increase availability.

Sector Funds: Create a vehicle to act as an investment by governments, private sector organizations and credit unions in social enterprises such as is the case with the Réseau d'investissement social du Québec (RISQ) and ENP-Toronto.

Conclusion

The growth of nonprofits and social enterprises in Ontario will depend less on reflecting developments in Quebec than it will on developing strategies which build on existing opportunities in Ontario. This research has identified these opportunities as leveraging existing non-profit and for-profit sources of capital; building support networks across funding programs; and tapping into regional community development funds.



FINANCING QUEBEC'S SOCIAL ECONOMY

Introduction

Conventional financial institutions are generally not interested in the social economy⁶ because they associate it with low rates of return, increased risk, and high transaction costs. Social economy actors, on the other hand, generally unfamiliar with the traditional financial communities and practices, are many times reluctant to finance their activities through debt instruments and, sometimes, due to their alternative forms of governance, have limited space for mainstream investments. Historically, the social economy in Quebec financed its activities through donations, gifts, government grants and program funding, loan guarantees and/or self-financing. The problem is that these traditional sources were not sustainable, not always available, and by no means sufficient.

During the 1996 *Sommet sur l'économie et l'emploi*⁷, Quebec's social economy main stakeholders not only recognized these challenges, but the need to establish a comprehensive finance sector for the development of the social economy movement in the Province. More than ten years have passed and the Responsible Investment⁸ landscape in Quebec has changed dramatically: new actors and networks have emerged, unique partnerships and forms of collaboration have been established, and innovative investment products and technical support services have been designed and implemented.

A New Financial Architecture

Responsible Investment organizations differ from conventional financial institutions in that they explicitly pursue socio-economic goals. Quebec's responsible investment sector is an intertwined architecture of diverse institutions and practices. Even though boundaries are blurred and non-static, it can be generally divided into two broad groups: Development Capital and Solidarity Finance. However, it is also important to distinguish a third category, one that represents development capital and/or solidarity finance funds supplied by the state.

Development Capital

Known in the US as 'Economically Targeted Investment', Development Capital uses venture capital instruments (un-guaranteed equity or quasi-equity) to, besides obtaining financial yields; achieve social, economic and environmental objectives. These 'multi-purpose' funds impose social criteria (local development, job creation, worker training, environmental protection) on the business in which they invest. Development capital can take the form of capital shares, collective loans or traditional loans. Its agencies, such as the Fonds de Solidarité do not necessarily invest directly in the social economy but often establish effective partnerships with those who do.

⁶ Social Economy in the Quebec context is defined by market-based social enterprises, excluding non-market co-operatives and nonprofits.

⁷ The objective of the Summit on the Economy and the Employment was to enable a broad consultation on the economic and fiscal crisis in Quebec at the time. It brought together CEOs of large corporations, employers associations, labour federations, institutions, municipalities and representatives of social movements.

⁸ In Quebec, 'Responsible Investment' refers to the direct and pro-active investment in activities that contribute to the well-being of society. It is different to 'Responsible Indirect Investment', a screening and rejection of enterprises engaged in activities perceived as negative. For a detailed classification of Socially Responsible Finance refer to (Mendell & Nogales, 2009).

Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.



Solidarity Finance

Solidarity finance refers to the direct financing of community economic development and social economy enterprises. It is governed by actors in the sector, uses a variety of financial instruments (secured or unsecured) and serves a very specific clientele, mainly collective enterprises and disadvantaged groups. In the United States and Great Britain, it is usually referred to as 'Community Investment', and the institutions specializing in this area are known as Community Development Financial Institutions (CDFIs)

State Finance

State finance can take the form of Development Capital or Solidarity Finance; this means that they can invest directly or indirectly in community economic development initiatives and the social economy. The only difference is that these capital pools come entirely, or in its majority, from government sources. While the federal government also has agencies throughout the province to assist small business development including social enterprises, such as the Société d'aide au développement des collectivités (SADC) or d'un Centre d'aide aux entreprises (CAE); the focus of this research report is on Quebec-based agencies.

Here is a chart outlining the institutions which will be profiled in this report:

Development Capital	Solidarity Finance	State Finance
Fonds de Solidarité	Caisse d'économie solidaire Desjardins	Les Fonds local d'investissement (FLI)
FondAction	Réseau québécois du crédit communautaire (RQCC)	Le Fonds de développement des entreprises d'économie sociale (FDEES)
Capital régional et coopératif Desjardins (CRCD)	Réseau d'investissement social du Québec (RISQ)	Investissement Québec
	FilAction	Fonds d'intervention économique régional (FIER)
	Fiducie du Chantier de l'économie social	Investissement Québec
	Réseau d'investissement social du Québec (RISQ)	Fonds d'intervention économique régional (FIER)
	FilAction	
	Fiducie du Chantier de l'économie social	



Size and General Characteristics of Quebec's Responsible Investment

The general characteristics and relative size of Quebec's Responsible Investment, including Development Capital and Solidarity Finance, has been documented by ARUC-ES Working Group on Responsible Finance⁹. The working group found that more than half of the sector's investors (64%) are nonprofit organizations, followed by corporations (26%). Almost one third (30%) have missions related to regional or local development, followed by missions related to technical support and consultancy (26%) and job creation and maintenance (25%). One third of Quebec's Responsible Investment funds invest in business start-up and expansion; and 15% affirm that they also invest in business consolidation, takeovers and acquisitions. 61% of the funds offer direct or indirect support for project design and business plans.

The majority of investors indicated that they generally invest in three sectors: manufacturing, high-tech, and the retail sector. Only 3% claim that they finance all types of companies. Retail, real estate and financial services are excluded by several funds (28.6%). 67% of the capital funds provide management assistance to the enterprises they finance through counseling and support, and 47% participate in the board of such companies. The two mayor sources of capital cited by Responsible Investment institutions in Quebec were the Provincial Government (26%) and the Fédération des travailleuses et travailleurs du Québec Solidarity Fund (24%).

Regarding the size of their investments, almost 60% of the funds offer financing products smaller than \$10,000, while 22% have financing products between \$50,000 and \$250,000. More than half (53%) of these funds offer unsecured loans, 27% offer share capital and 14% some kind of debenture.

Between 1996 and 2006, the Quebec's Responsible Investment sector had invested \$755 million in the Province's social economy. In 2004, nearly \$330 million was channelled into Quebec's Social Economy through Solidarity Finance institutions. Most of these funds were used to support social economy enterprises (69%) and collective housing projects (30%). On the other hand, during 2006, the much broader Development Capital institutions mobilized over \$3.9 billion in investments impacting Quebec's overall economy.

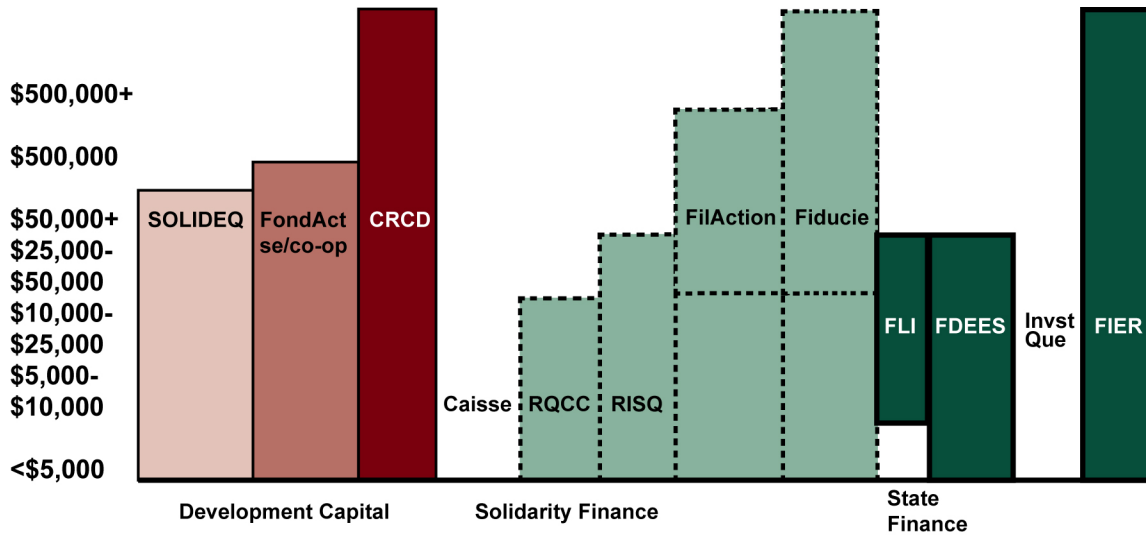
⁹ For the 2006 Summit on the Social and Solidarity Economy, the Responsible Finance task force from the ARUC-ÉS (*Alliance de recherche universités-communautés en économie sociale*, or University-community social economy research alliance) surveyed the majority of the social economy stakeholders in Quebec and documented their findings. For more details refer to (Comité investir solidairement, 2006) and (Lévesque, et al., 2008).

Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.



Range of Access to Capital by Funder Type (Quebec)



Key Trends and Innovations

This new financial architecture is the result of an attempt to satisfy the real needs and overcome the obstacles faced by a growing social economy sector in Quebec. It is characterized by its innovative responses to the financing challenges of the social economy and by the collaborative, horizontal and inclusive means it utilizes to address such challenges. The Responsible Finance sector in Quebec is unique and in that it is expected that its investments will focus primarily, although not exclusively, on Quebec.

Responsive and innovative financial services

The lack of availability and diversity of financial instruments for the social economy became an incentive to design and establish new alternatives. These new funds are unique not only in their legal structure, networks, governance structure, and target clientele, but also in the variety of debt/equity instruments they offer and the types of investments they sponsor. They are designed to meet the specific funding and capacity needs of social enterprises and, at the same time, generate larger pools of capital and reduce risk for investors.

The Fiducie's patient capital product is a good example of this new type of financial innovation in Quebec. Since social economy enterprises cannot sell shares, they exclusively rely on short term debt for their financing. It is very difficult for them to finance growth and invest in capital equipment and real estate. The growing need for equity required a new financial product. The Fiducie du Chantier de l'économie sociale responded to the need to capitalize social economy enterprises with an innovative long term financial product, a quasi-equity hybrid form that falls somewhere between venture capital and traditional financing, a patient loan with a 15-year capital repayment moratorium.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

The state as a partner

The government's role in the development of Quebec's Social Economy is indisputable. Its involvement as a partner and facilitator has been, and still is, a determining factor in the development of its social finance architecture, either directly, through financial contributions, or indirectly, through enabling policies.

Between 1996 and 2006, the Government of Quebec's support for the Social Economy totaled \$4.2 million. The portion of government program expenses earmarked for social economy increased during this time from 0.5% to 2.7% (Mendell & Rouzier, 2006). In 2001 it created *La Financière*, an investment fund with a \$15 million envelope allocated for the social economy. In 2006, the public investment arm of the provincial government, *Investissement Québec*, invested \$10 million in the *Fiducie du Chantier de l'économie sociale*, topping the \$23 million already allocated by the federal government.

The government of Quebec has facilitated the promotion of the social economy and its financial architecture through a series of policy instruments. In 1983 it established a tax credit for the creation and growth of labour funds in the Province. Two years later it created the *Régime d'investissement coopératif*, a measure allowing cooperative members and employees to invest in their organization through preferred shares; and in 1997, it modifies the law on cooperatives to include solidarity cooperatives and modified Quebec's loan guarantee program for small and medium enterprises and cooperatives to include non-profits (Mendell & Neamtan, 2009 (forthcoming); Mendell & Rouzier, 2006).

The future of social enterprise funding in Quebec

One of the unique features of the social economy in Quebec is that it is intensely embedded in its larger social, economic and political context. As a result of this, it has evolved into a multisectoral movement, one that has realigned the traditional roles and responsibilities of its different stakeholders and the types of relationships between them. Quebec's Responsible Investment architecture is represented by a diverse group of actors: the federal and provincial governments, labour unions, private investors, and social economy enterprises and networks; all working towards the socio-economic development of the Province. The partnerships and relationships among these different social actors are important, not only because they are able to pool capital for more and larger investments, but also because they divide risk and share knowledge and expertise (Mendell, Lévesque, & Rouzier, 2001).



As with its past development and growth, the future of Quebec's social economy and its Responsible Investment architecture depends on its capacity to adequately respond to the challenges it faces. There are four challenges that currently guide the future of the social economy in Quebec. These challenges are currently being addressed by different stakeholders. Innovation is central to all the challenges.

1. There is a need to broaden and strengthen associations; a need to establish a formal network that connects actors in solidarity finance with actors in development capital, and that links them with other financial and social economy stakeholders. For example, the social enterprise model in Quebec excludes non-market co-operatives and nonprofits; a view which is actively contested by co-operatives in the province.
2. Assessing the activities of social economy enterprises in a way that reflects their fair value and multipurpose nature is a challenge in Quebec. It is necessary to develop comprehensive evaluation and measurement tools that adequately reflect the values and value-added of social economy enterprises. Holistic evaluation is vital, not only to understand and guide the social economy, but also to attract institutional funds and demonstrate the importance of their investments.
3. Given the size of the social economy in Quebec and its expansion potential, it is important to amend legislation, such as the acts governing trusts and pension funds, to encourage them to further invest in this sector. In general, there is a need to reform public policy in order to facilitate and encourage new or expanded investments in the social economy.
4. It is necessary to explore and develop new financial tools that address the growing financing needs of social economy enterprises in the province. The *Fiducie*, for example, is working on the development of a secondary market, a 'social stock exchange', designed to respond to Quebec's social enterprise needs and unique circumstances.



Development Capital

Fonds de Solidarité

The *Fédération des travailleuses et travailleurs du Québec* (FTQ), Quebec's most important labour federation, established a workers fund in 1983 to respond to the loss of jobs during the recession in the early 1980's. It is basically a pension fund, made up of voluntary contributions by members of the Federation and ordinary citizens. *Fonds de Solidarité* (Solidarity Fund) invests in small and medium-sized businesses (although as of 2005 it began to invest in larger companies).

The *Fonds de Solidarité* is obliged by law to invest a minimum of 60% in enterprises in Quebec. It subjects its clients to a social audit before investing, and insists that firms adhere to a series of practices (these could include participatory management, employment standards, or environmental considerations). It also provides education and training in all firms in which it invests. In 2008, the total assets of the Fonds were \$7.3 billion. Over the years, it has invested close to \$4.1 billion in the Quebec economy, including some social enterprises, creating over 100,000 jobs in the process (Mendell & Neamtan, 2009 (forthcoming)).

In 1991, in response to the growing need for smaller investment funds, the Fonds de Solidarité and the *Fédération québécoise des municipalités* (FQM) created a SOLIDE, a financial institution which provides investments between \$5,000 and \$50,000. It provides primarily equity loans for start-up, purchase of equipment and/or consolidation of small businesses, including social economy enterprises. It is administered through local intermediaries¹⁰.

The *Fonds de Solidarité* also invests directly in the social economy through the *Société en commandite immobilière* (SOLIM). Also created in 1991, the *Société en commandite immobilière* specializes in property investment and development; it supports collectively-owned housing projects, as well as construction and renovation projects for social enterprises. As a prime example partnership funding, the Solidarity Fund invested \$12 million in the *Fiducie du Chantier de l'économie sociale* in 2007.

¹⁰ Centres locaux de développement-CLD (Local Development Centres), Société d'aide au développement de la collectivité-SADC (Community Futures Development Corporations and Corporation de développement économique communautaire-CEDC (Corporations for Community Economic Development))

Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

FondAction

FondAction was created in 1995 by the *Confédération des syndicats nationaux* (CSN), the second largest labour federation in Quebec. Its mission is to help maintain and create jobs in Quebec, with a special focus on enterprises that are worker-controlled, that practice participatory management and/or with a commitment to sustainable development. Just like the *Fonds de Solidarité*, Fondaction is largely drawn from worker pension funds, and subscribers receive the same fiscal advantages as those investing in the *Fonds*.

FondAction invests at least 60% of its assets in Quebec enterprises; primarily small and medium enterprises, including cooperatives and non-profit organizations. Firms in which Fondaction invests, are subject to an extensive evaluation of their potential socio-economic impact, their management and governance practices, their working conditions and, of course, their financial sustainability. In 2008, its total assets were \$635.6 million. Since its creation, FondAction has directly invested \$385.4 million in Quebec's economy, creating or maintaining over 8,000 jobs (www.fondaction.com).

Since it generally offers large financing packages (investments between \$1 million and \$3 million), in 2001 it created FilAction, *le Fonds pour l'investissement local et l'approvisionnement des fonds communautaires*, to meet the needs of enterprises requiring amounts of less than \$500,000, and to invest in community-based funds. FondAction is also a partner in the *Fiducie du Chantier de l'économie sociale* with an \$8 million investment.

Capital régional et coopératif Desjardins (CRCD)

Since its inception in the early 1900s, the Desjardins Group has contributed to the development of a more mutually supportive economy in Quebec. Although not all of the local caisses populaires support social economy enterprises directly, the accounts of the majority of non-profit organizations in Quebec are held in caisses populaires, and certain caisses have created social or community funds from non-distributed surplus (Mendell, Lévesque, Rouzier, 2000).

Two of its independent financial institutions are particularly relevant to the social economy: the *Capital régional et coopératif Desjardins*, which is active in development capital; and the *Caisse d'économie solidaire*, an important actor in solidarity finance in Quebec. Established in 2001, *Capital régional et coopératif Desjardins* does not exclusively fund social economy enterprises, but has a particular focus on funding cooperatives or enterprises located in Québec's resource regions. Investors may purchase a maximum of \$2,500 in shares annually, thereby qualifying for a 50% credit for Québec income tax purposes. Shares must be held for at least seven years (Comité investir solidairement, 2006).



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

At the end of fiscal 2007, CRCD's net assets totaled \$733 million. Investments in Québec businesses and funds reached \$470 million (\$88 million were invested in 2007, including \$16 million in resource regions or the cooperative sector). For that same year, Capital régional had 195 businesses and funds, including 12 cooperatives, in its investment portfolio (www.capitalregional.com).

Development Capital			
Name	Fonds de Solidarité	FondAction	CRCD
Objective	Protect Workers' retirement income while stimulating Quebec's economy through strategic investments	Protect worker retirement income while investing in enterprises to maintain and create jobs in Quebec	To contribute to Québec's economic development and to further the growth its resource regions
Total Assets	\$7.3 billion	\$635.6 million	\$733 million
Source of Funding	Worker Contribution, Private Investments	Worker Savings, Private Investments	Private Investments
Demand/ Clientele	Large Companies and SME in almost all sectors (except retail)	SE enterprises and SMEs demonstrating participatory management and commitment to the environment	Cooperatives or enterprises located in Québec's resource regions
Financing Tools	Common or preferred shares, Equity, participative, guaranteed and non-guaranteed loans	Common or preferred shares, Loans, Non-guaranteed loans, Debt acquisitions, Convertible or non-convertible debentures	Common or preferred shares, Convertible or non-convertible debentures, Non-guaranteed loans, Quasi-equity Financing
Funding Range	Up to \$2 million, \$5,000-\$50,000 (SOLIDEQ)	\$500,00 -\$5 million, \$100,00-\$250,000 (SE and Coop. Fund)	Up to \$20 million
Total Investments	\$4.1 billion in the Quebec economy	\$385.4 million in the Quebec economy	\$470 million
Impact	126,135 jobs created or maintained	Over 8,000 jobs created or maintained	30,000 jobs
Website	www.fondsftq.com	www.fondaction.com	www.capitalregional.com



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Solidarity Finance

Caisse d'économie solidaire Desjardins

Originally launched in 1971 as the *Caisse d'économie des travailleuses et travailleurs de Québec*, the *Caisse d'économie solidaire* (Desjardins Solidarity Savings Fund) was for many years the single financial institution in Quebec which supported the social economy. Today, the Caisse finances mainly cooperatives and non-profit organizations, including community and social housing initiatives. It offers financing in the form of loans and loan guarantees. Its mission is to support the development of the social and solidarity-based economy and to advise citizens on the socially responsible management of their personal finances. Furthermore, the Caisse created the *Fonds de soutien à l'action collective solidaire* (Support Fund for Collective Solidarity Action), a fund where depositors forfeit their interest for the benefit of collective projects (Mendell & Rouzier, 2006).

After more than three decades of financing the social economy, *Dejardins' Caisse d'économie solidaire* has demonstrated the financial viability of this specific type of clientele. According to a study conducted in 1998, the Caisse was, between 1985 and 1995, one of the more profitable divisions within the Mouvement Desjardins (Mendell, et al., 2001).

Réseau québécois du crédit communautaire (RQCC)

The first community-based fund in Canada, the *Association communautaire d'emprunt de Montréal* (Montréal Community Loan Organization) was established in 1990.

This organization not only encouraged the design and promoted the use of different micro-finance tools in Quebec, but was an important step in the establishment of the *Réseau québécois du crédit communautaire* (Québec Network of Community Credit) in 2000.

Réseau québécois du crédit communautaire's mission is to develop and promote the community credit approach (micro-credit, micro-finance, solidarity funding) in Quebec, in the context of ensuring greater individual and collective well-being. In 2008, it had 22 members, including twelve community loan funds and ten loan circles. It supports its members by providing access to equity (\$20,000 for community loans and \$5,000 for loan circles) and by offering localized mentoring and coaching for the implementation of economic initiatives. Since its inception, its members have granted \$5 million in loans. The repayment level is 90%. Its investments have contributed to the creation or preservation of 2,330 jobs (www.rqcc.qc.ca).



Réseau d'investissement social du Québec (RISQ)

The Réseau d'investissement social du Québec (RISQ) was established in 1997 by the business sector and the *Chantier de l'économie sociale* as a response to the lack of financing for the social economy in Quebec. It is a non-profit organization managed by a board of directors comprised of representatives from the shareholders and various sectors of the social economy.

The Réseau d'investissement social du Québec is a \$10.3 million venture capital fund (60% of which comes from the Quebec government) devoted strictly to social economy organizations. Other investors include the Royal Bank of Canada, the *Confédération des caisses populaires et d'économie Desjardins*, *la Banque Nationale du Canada*, Bank of Montreal, Alcan Aluminum Ltd., *Cirque du Soleil* and others. Shareholders are eligible for 150% tax credits, but only at the provincial level. It has also received support from the Quebec government to cover its operating budget (\$400,000 per year) (Mendell & Rouzier, 2006).

Financing takes the form of loans, loan guarantees and equity investments. The Réseau d'investissement social du Québec offers loans up to \$50,000 to its clients. If necessary, prior to receiving these loans, an enterprise, cooperative or non-profit organization may be granted up to \$5,000 for technical assistance. Capitalization loans do not require collateral and repayment terms are flexible. Loans for technical assistance are interest free and are only reimbursed if the project is carried out. As of June 30, 2005, the Réseau d'investissement social du Québec had invested \$8,325,867. Its 372 projects, including 180 capitalization loans and 192 advances for technical assistance, helped to create and maintain 4,412 jobs in Quebec's SE (www.fonds-risq.qc.ca).

FilAction

FilAction, *Fonds pour l'investissement local et l'approvisionnement des fonds communautaires*, was created in 2001 by FondAction, to meet financing needs of small enterprises and to finance community-based funds. Its objective is to preserve and maintain jobs in the Province by financing enterprises, particularly those that are worker-controlled or operating in the social and solidarity-based economy, and by contributing capital to microcredit funds (Comité investir solidairement, 2006).



Funding, that can take the form of acquisition of shareholding, equity type loans or loan guarantees, varies between \$50,000 and \$150,000. Repayment conditions are established according to repayment capacity over three to seven years for a business and five to seven years for a fund (Mendell & Rouzier, 2006). It supports cooperative start-up funds connected to the *Coopératives de développement régional* (Regional Development Cooperatives) and the *Groupes de ressources techniques* (Technical Resource Groups)

FilAction contributes with equity to micro-credit funds in the region (RQCC and the Network of Investment Funds for Women Entrepreneurs); and also manages the *Fonds de financement coopératif* (Cooperative Financing Fund), a \$6 million capitalization tool created by FondAction and RISQ, a fund exclusive for collective enterprises, non-profit organizations, and cooperatives. Investments range from \$100,000 to \$250,000.

Filaction, which was capitalized by Fondaction, has \$7 million in assets. In five years, it invested more than \$7 million and made commitments of over \$5 million with Québec cooperatives and non-profit organizations (Comité investir solidairement, 2006).

Fiducie du Chantier de l'économie social

The Chantier de l'économie social Trust was created in 2006 to provide long term capital for social economy enterprises. It is a \$52.8 million patient or quasi-equity fund enabling collective enterprises to embark on long-term planning and invest in real estate.

Contributors to the trust's initial pool of capital were Canada Economic Development (\$22.8 million), FTQ's *Fonds de solidarité* (\$12 million), CSN's Fondation (\$8 million) and the Government of Québec (\$10 million). The contribution from Canada Economic Development is non-repayable, whereas the other three investors received a debenture¹¹ in exchange for their investment. With this initial capital pool and an additional \$30 million expected in investment revenues, the trust expects to invest approximately \$80 million in social enterprises over a 15-20 year period (Chernoff, 2008).

The trust invests exclusively in social enterprises; cooperatives and non-profit enterprises with assets less than \$100 million or capital less than \$50 million, preferably with less than 200 employees. It offers long term loans for business start-ups/expansions or real estate acquisition between \$50,000 and \$1.5 million repayable after 15 years. Except in the case of real estate projects, loans are unsecured. Loans are granted on the basis of financing packages in which the loan represents no more than 35% of project related costs.

¹¹ The debenture product offered to the three institutional investors is scheduled for repayment at the end of a 15 year period. Rate of return is equal to that paid by a Government of Canada Bond (greater than 10 year) plus 2%.

Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

As of September 2008, The *Fiducie* had invested \$6,447,335 in 19 projects (\$1.7m for operations and \$4.7 for real estate). These investments have leveraged an additional \$31, 907, 375 million permitting the consolidation and creation of over 524 jobs since July 2007 (Mendell, 2008).

Solidarity Finance			
Name	Caisse d'économie solidaire	RQCC	RISQ
Objective	Support the development of the social and solidarity-based economy in Quebec	Develop and promote the community credit approach in Quebec while ensuring individual and collective well-being	Provide financing to the Social Economy in Quebec
Total Assets	\$422 million	\$3.2 million	\$10.3 million
Source of Funding	Labour Unions	Community, Nonprofit, Private Investments, Unions, Government, Filaction, RISQ	Government, Private Investments
Demand/ Clientele	Cooperatives and Non-Profit Organizations	Partner Organization (community loans and loan circles)	Social Economy Enterprises
Financing Tools	Individual and enterprise loans	Un-guaranteed loans (based on MF principles)	Loans and Loan guarantees, Credit margin guarantees, Non-member shares
Funding Range	N/A	\$20,000 (community loans), \$5,000 (loan circles)	Up to \$50,000
No. Investment Projects	927 enterprises (2005)	106 Individual loans, 20 Collective loans, 30 Loan circles (235 people)	180 Capitalization projects, 188 Technical Assistance projects (2005)
Total Investments	\$500 million (1994-2004)	\$5 million	\$8, 325,867
Impact	N/A	2,330 jobs created or maintained	4,412 jobs created or maintained
Website	www.cecosol.coop	www.rqcc.qc.ca	www.fonds-risq.qc.ca



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Solidarity Finance		
Name	FilAction	Fiducie du Chantier de l'économie social
Objective	Meet financing needs of small enterprises and finance community-based funds	Meet the capitalization needs of collective enterprises and give them the support they need for their start-up and expansion projects
Total Assets	\$7 million	\$53.8 million
Source of Funding	FondAction	Government, Labour funds
Demand/ Clientele	Small enterprises and community-based funds financing the Social Economy	Social Economy Enterprises
Financing Tools	Equity investments (shareholding), Equity loans and Loan guarantees	Operations and Real Estate Patient Capital
Funding Range	\$50,000-\$500,000	\$50,000-\$1.5 million
No. Investment Projects	89	19
Total Investments	\$5 million	\$6,447,335
Impact	----	524 jobs created or maintained
Website	www.filaction.qc.ca	www.fiducieduchantier.qc.ca



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

State Finance

Les Fonds local d'investissement (FLI)

Les Fonds local d'investissement (Local Investment Funds) are part of the Local and Regional Development Program of Quebec's *Ministère du Développement économique de l'Innovation et de l'Exportation* (MDEIE). They are managed by Quebec's Local Development Centres¹². The objective of these funds is to stimulate local businesses and entrepreneurship at the local level by facilitating access to start-up and expansion capital for traditional and social economy enterprises.

Financial assistance can be granted in the form of loans, participatory loans, loan guarantees, or acquisition of bonds or other debt securities. Eligible enterprises and the amount of assistance are determined by each Local Development Centre. Generally, loans are between \$5,000 and \$50,000. The combined financial assistance from the Local Development Centres and the Québec and federal governments may not exceed 50% of the costs of the project. However, in the case of projects undertaken by social economy businesses, the assistance may cover up to 80% of allowable expenses (www.acldq.qc.ca).

The financial assistance may not be used to cover an organization's operating expenses, service its debt or repay future loans. However it can be used for capital expenses such as land, buildings, equipment, machinery and rolling stock, the purchase of technologies and software programs, and working capital requirements related strictly to the operations of the business (calculated for the first year of operation). The total available funds between 1998 and 2002 from the *Les Fonds local d'investissement* was \$130 million, an average of \$1 million per Local Development Centre (Comité investir solidairement, 2006).

Le Fonds de développement des entreprises d'économie sociale (FDEES)

Created in 1998, the *Fonds de développement des entreprises d'économie sociale* (Social Economy Enterprise Development Fund) are also managed by the Local Development Centre of each regional municipality. These funds are dedicated specifically to the social economy and provide financial assistance in the form of a grant for the realization, expansion or consolidation of business projects within this sector. The amount of assistance is determined by each Local Development Centre, but rarely exceeds \$50,000. Combined financial assistance from the provincial and federal governments and the Local Development Centre may not exceed 80% of the eligible expenses. In 2004, more than \$80 million was invested in 117 Local Development Centres in Quebec (Mendell & Rouzier, 2006).

¹² Created in 1999 by the Government of Quebec, these CLDs mobilize local actors to build local business activities and create jobs. There are 115 Local Development Centres covering all municipalities in the Province.

Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

In 2008, Local Development Centres in Quebec invested \$3.06 million in their local communities (*Fonds de développement des entreprises d'économie sociale* - \$690,000, *Les Fonds local d'investissement* - \$1.5 million). They supported 849 enterprise and local development projects and directly financed 121 projects, creating and maintaining 693 local jobs. Almost one third (31.5%) of the enterprises that received support were from the Social Economy sector. In the past ten years Quebec's Local Development Centres have invested \$33.4 million in their communities, supporting over 6,500 enterprises and local economic development initiatives and generating and consolidating almost 12,000 jobs (www.clddequebec.qc.ca).

Investissement Québec

Investissement Québec (Investment Quebec) was established (originally as the *Société de développement industriel*) in 1971 by the Government of Quebec to finance small and medium sized enterprise in the Province. It is a publicly owned corporation that administers various programs to finance enterprises. While *Investissement Québec* falls within the mandate of the *Ministère de l'Industrie et du Commerce*, it is governed by an independent board on which the social economy and the labour movement are represented. In 2008, it authorized financing of \$642.3 million in support of projects (88% of which are regional) that are expected to create 9,723 jobs and retain another 8,395 (www.investmentquebec.com)

In 2001, it created a new subsidiary, *La Financière du Québec*. Of the \$100 million allocated for the financing of enterprises, the subsidiary earmarked \$15 million for non-profit organizations and cooperatives (Mendell & Rouzier, 2006). Funds were channeled through two initiatives: The 'Program for the Promotion of Collective Entrepreneurship' and the 'Social Economy Business Capitalization Incentive Program'. Under the first program, 79 financing operations were authorized in 2007-2008 in the form of loan guarantees totaling \$20.6 million. These operations were expected to create 151 jobs and maintain another 1,153. Under the second program, 59 financing operations totaling \$2 million were authorized. These operations were intended to create 23 jobs and maintain another 5218 over a three-year period (www.investmentquebec.com)

Fonds d'intervention économique régional (FIER)

Created in 2004, the *Fonds d'intervention économique régional* (Regional Economic Intervention Fund) is designed to provide businesses with a source of capital (equity or quasi-equity financing) during the start-up, development, and succession stages. Cooperative enterprises in all regions of Québec are eligible, as well as business



corporations with limited or general partnerships. FIER also supports the creation of sector-based and start-up funds and the implementation of developmental projects, mainly in Quebec's different administrative regions.

The initial capitalization of the fund is mixed (public-private) and totals \$682 million drawn from the following sources: Québec government, through *Investissement Québec*, (\$318 million), FTQ's Solidarity Fund (\$50 million), CRCD (\$25 million), FondAction (\$15 million) and private investments (\$274 million) (www.investquebec.com).

State Finance				
Name	FLI	FDEES	Investissement Québec	FIER
Objective	Stimulate local businesses and entrepreneurship at the local level	Promote the emergence of viable projects within social economy enterprises	Promote the growth of investment in Québec and thereby contribute to economic development and job creation	Finance enterprise start-up and development, as well as support the creation of sector funds
Source of Funding	Government	Government	Government	Government, labour Funds, private investments
Demand/ Clientele	Traditional and social economy enterprises	Social Economy Enterprises	Companies, cooperative businesses and non-profit organizations	Traditional and social economy enterprises
Financing Tools	Loans, Participatory loans, Loan guarantees, Acquisition of bonds or other debt securities	Grants	Loan, Loan Guarantees (Collective Entrepreneurship), Capitalization Loan, Preferred Shares (SE Capitalization)	Equity, Quasi-equity financing
Funding Range	\$5,000-\$50,000	Up to \$50,000	75% or less of project-related expenses	Up to \$1 million (for \$15 million or larger funds)
Total Investments	\$1.5 million (2008)	\$691,361 (2008)	\$642.3 million (2008)	\$138 million (2008)
Website	www.mdeie.gouv.qc.ca	www.acldq.qc.ca	www.investquebec.com	www.investquebec.com



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

FINANCING ONTARIO'S SOCIAL ECONOMY

Introduction

At the outset of this comparative research project, little was known about the overall policy framework for nonprofits and social enterprises in Ontario. To our knowledge, a comprehensive listing of the various capital pools and financial institutions supporting Ontario's social economy was yet to be systematically compiled. Although only a piece of a much larger puzzle, it is hoped that this work will provide a greater appreciation of how nonprofits and social enterprises and in Ontario are financed.

Funding Frame

The funding frame in Ontario is not only different; it can only be described with any accuracy under a different set of categories. The three funding categories profiled here reflect grassroots support provided through micro-finance initiatives, dedicated social enterprise funding, and broader support by the state to non-profits and social enterprises, either specifically, or as one dimension of a broader funding strategy which includes for-profit enterprises.

This report has categorized institutions funding Ontario's social economy into three categories: Micro-finance and Enterprise Funds, Social Enterprise Funds, and State Finance. Micro-finance and enterprise funds will be defined as a) micro loans which very small to medium sized enterprises undertaken by otherwise marginalized individuals, who without access to start-up capital and b) investments in larger for-profit enterprises with an underlying social purpose. Often the micro-finance for-profit firms are operated by recent immigrants and others on the margins of the labour force, and therefore are classified as social businesses that are intended to help lift people out of poverty.

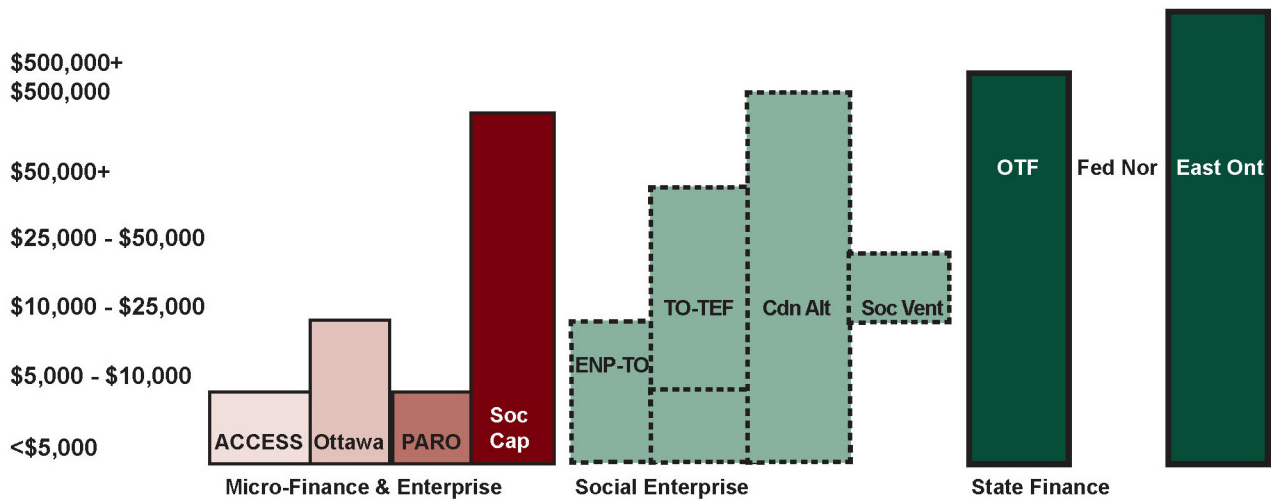
As a result, financing is targeted towards for-profit and social enterprises alike. Financial institutions falling under the micro-finance fund category are *ACCESS Community Capital Fund*, *Ottawa Community Loan Fund* and *PARO Centre For Women's Enterprise*. *Social Capital Partners* is a source of enterprise funding.

Social enterprise funding is financing dedicated exclusively towards social enterprises and nonprofits. The institutions categorized as social enterprise funds are *Enterprising Non-profits Toronto*, *Toronto Enterprise Fund*, *Canadian Alternative Investment Cooperative* and *Social Venture Partners Toronto*. State finance will be defined as development funding provided by any level of government that may or may not be targeted towards social enterprises. Institutions profiled in this category are: *Ontario Trillium Foundation*, *Eastern Ontario Development Fund*, *FedNor* and *Community Futures Development Corporations*.



Micro-finance and Enterprise Funds	Social Enterprise Funds	State Finance
ACCESS Community Capital Fund	Enterprising Non-profits Toronto	The Ontario Trillium Foundation
Ottawa Community Loan Fund	Toronto Enterprise Fund	Eastern Ontario Development Fund
PARO Centre For Women's Enterprise	Canadian Alternative Investment Cooperative	FedNor
Social Capital Partners	Social Venture Partners Toronto	Community Futures Development Corporations

Range of Access to Capital by Funder Type (Ontario)



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Micro-finance and Enterprise Funds

ACCESS Community Capital Fund (ACCF)

Formerly known as ACCESS Riverdale Community Loan Fund, ACCESS Community Capital Fund has been addressing the micro-financing needs of small and medium sized enterprises within Toronto since 1999. The Government of Ontario eliminated their funding to ACCESS in 2005. Subsequently ACCESS Community Capital Fund became a registered charity with a mission to lend to individuals or partners who have not been able to access start-up capital from other sources. ACCESS Community Capital Fund clientele are typically new for-profit enterprises or businesses that have been in operation for less than two years (Qualben, E., personal communication, April 6, 2009).

Technically, ACCESS Community Capital Fund does not issue loans itself but rather acts to guarantee loans administered by Ontario's second largest credit union, Alterna Savings. ACCESS Community Capital Fund itself receives investments from individuals and organizations and repays that principal at competitive interest rate. This is the capital pool that is used to guarantee loans from Alterna Savings. The majority of the demand for ACCESS Community Capital Fund financial assistance comes from emerging small to medium sized enterprises seeking start-up capital. Most loans are under \$5,000 but can be as high as \$10,000 for a repeat (and successful) borrower. In addition, ACCESS Community Capital Fund loans are issued under a 'step-lending' approach that provides a series of loans that increase in size as a business expands. In some instances, collateral or a guarantor is sought for issued loans.

Although more detailed information is not available here, ACCESS Community Capital Fund has issued over \$400,000 in loans since 2000. Since most loans are under \$5000, ACCESS does not fund many social enterprises as these organizations typically require a higher level of financing. ACCESS Community Capital Fund is expected to continue its current financing levels and strategies, which implies that micro-enterprises, rather than social enterprises will continue to be its focus. (<http://www.accessriverdale.com/>)



Ottawa Community Loan Fund (OCLF)

Since its inception in June of 2000, the Ottawa Community Loan Fund (OCLF) has maintained its focus on responding to the micro-financing needs of the Ottawa community through character-based lending. The Fund guarantees 80% of short-term loans, also administered by Alterna Savings, to individuals, businesses and groups that are in need of funding, have worthwhile business concepts, and a solid business plan (Brown, G., personal communication, April 8, 2009). Due to the size of its loans, Ottawa Community Loan Fund typically makes loans to small and medium sized for-profit enterprises that are all ready established but in need of additional investment to further continue and improve business operations. Typical uses of loans include purchasing fixed assets, start-up capital and working capital.

Ottawa Community Loan Fund guarantees loans from \$1,000-\$15,000 with an interest rate 6% above prime. Repayment terms range from 12-48 months and loan collateral is determined on a case by case basis. A one-time due diligence fee from \$250 to \$500 is charged to all new Ottawa Community Loan Fund loans. Loans are issued within one of three categories: *Loans for Business*, *Loans for Internationally Trained Professionals* and *Loans for Social Enterprises/Coops*. To date, the Ottawa Community Loan Fund is responsible for the investment of over \$700,000 in the Ottawa community with assets totaling \$300,000.

Although the Fund has only extended one loan to a single social enterprise worth \$15,000 as of April 2009, the Ottawa Community Loan Fund is in the process of creating a *Social Enterprise Fund* that will have a target pool of \$2 million by the end of its first two years. (<http://www.oclf.org/>).

PARO Centre For Women's Enterprise

Launched in January 1995, the PARO Centre for Women's Enterprise (PARO) provides programs, business services and micro loans to women across Northern Ontario to start, expand, or grow an enterprise. The primary purpose of PARO is to empower women within their communities, strengthen small business and promote community economic development. PARO's funders are as follows: *Government of Canada, Industry Canada/ FedNor, Government of Ontario, The Ontario Trillium Foundation, Canadian Women's Foundation Collaborative Fund, Employment Ontario, Ministry of Citizenship and Immigration through the Ontario Women's Directorate, City of Thunder Bay, FK Morrow Foundation, George Cedric Metcalf Charitable Foundation, the CIBC and the Status of Women Canada*. Since 1995, PARO has helped over 1,200 women entrepreneurs across Northern Ontario to start their own business. In 2008, 136 loans were made totaling \$239,500.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

PARO serves the micro financing needs of women through its *Peer Lending Circles* program, which allows women to participate in character based lending decisions. These circles are the primary mechanism for PARO loans as they permit each member (between 4-7 women) the opportunity to provide references for one another and be collectively accountable when seeking loans. PARO does not issue loans itself but rather approves lending decisions first through its peer circles and secondly through its Board of Directors. The Community Futures Development Corporation in the borrower's area then provides loans upon circle and Board approval.

Loans range in value depending on whether one is a first time borrower and if previous loans have been repaid. The loans are broken into the following four stages: 1) \$500 or \$1,000; 2) \$1,500 or \$2,000; 3) \$2,500 or \$3,000 and 4) \$5,000+. Each subsequent stage of loan becomes available as borrowers successfully progress through the previous stage, and if all other members of their peer lending circle are up-to-date with their loan repayments. Each stage is repaid over a standard term, regardless of the size of the loan. First, second, and third and fourth stage loans have terms of 9, 18, and 27 months respectively. The interest rate is currently 10% or less for all loans with monthly payments of \$120 for stage 1-3 loans and \$220 for stage 4 loans. For all loans, PARO provides a training program to women to help orient them to the loan process as well as small business planning and development counselling.
(<http://www.paro.ca/>)

Social Capital Partners

Established in 2001, Social Capital Partners provides unique and targeted financing opportunities to both franchises and social enterprises. Social Capital Partners uncommon approach to financing social enterprise comes in the form of a *Socially Adjust Interest Rate*, which effectively ties the interest rate paid by the number of social hires a company takes on; the more social hires, the lower the interest rate.

In its initial phase (2001-2006), Social Capital Partners' primary focus was the facilitation of various forms of financing (grants, equity and primary loans) to "purpose built" social enterprises. These investments were placed in start-up enterprises that were expressly designed with two bottom lines in mind (financial and social returns). Social Capital Partners looked for viable business ideas with high quality management and a significant number of entry level jobs with good career paths that could be used to employ those outside the economic mainstream (i.e. social hires).



In its current phase (2006-2009), Social Capital Partners has taken on the additional task of focusing on applying its Socially Adjusted Interest Rate paradigm to selected franchises. This focus on franchises has seen Social Capital Partners expand financing to organizations that incorporate a social mission into their business. Social Capital Partners' franchise financing strategy provides loans to franchises that allow a respective manager to purchase the franchise he/she oversees, while incorporating a social mission into the organization's operational framework.

Social Capital Partners financial assistance takes the form of grants and loans of up to \$300,000. Typically, a business Social Capital Partners invests in must not only meet industry standard credit guidelines, but must also meet the following eight criteria:

- 1) Create a significant number of potential full-time hiring opportunities for those who face employment barriers;
- 2) Provide the opportunity for skills development and career progression;
- 3) Provide a minimum hourly wage that will elevate those employed above the poverty line;
- 4) Provide access to some sort of security plan;
- 5) Compete successfully within some segment of the market;
- 6) Demonstrate capable management with a demonstrated track record of community involvement;
- 7) Have a business plan to reach break even or profitability in 3 years; and
- 8) Be capable of repaying any financial obligations to Social Capital Partners and other financiers.

Although Social Capital Partners offers a substantial financial assistance to its targeted organizations, it does not facilitate financing for feasibility studies, business incubation, or real estate. As of 2009, Social Capital Partners is financially partnered with the following enterprises: Active Green + Ross; We Care; Two Men and a Truck; Atira Property Management; Renaissance Quebec; TurnAround Couriers; and StratCom.
(<http://www.socialcapitalpartners.ca/>)



Micro-finance and Enterprise Funds				
Name	ACCESS Community Capital Fund	Ottawa Community Loan Fund	PARO Centre For Women's Enterprise	Social Capital Partners
Objective	Helping small to medium sized enterprises in Toronto access start-up capital	Investing in the community through character-based micro lending	Increase the self-sufficiency and success of women, families and communities in the Northern Ontario	Increase implementation and awareness of hybrid business models (social and financial returns)
Social Enterprise Eligibility	Yes, but social enterprises are not specifically targeted	Yes, but has only funded one since inception	Yes, but social enterprises are not specifically targeted	Yes
Total Assets	N/A	\$300,000	\$300,000	N/A
Source of Funding	Private citizens and organizations	Public and private investments	Public, private and anonymous investments	N/A
Funding Method	Guarantees secured and unsecured loans administered by Alterna Savings	Guarantees secured and unsecured loans administered by Alterna Savings	Loans	Grants, equity and primary loans
Funding Range	\$5,000-\$10,000	\$1,000-\$15,000	\$500-\$5,000	Up to \$300,000
Total # of Loans	N/A	N/A	136 in 2008	N/A
Demand/ Clientele	Small to medium sized enterprises	Small to medium sized enterprises	Women-operated small enterprises	Social Enterprises and Franchises
Total Investments	\$400,000 since 2000	\$1,000,000 within the city of Ottawa since 2000	\$239,500 in 2008	N/A
Impact	N/A	N/A	N/A	N/A
Website	http://www.accessriverdale.com	http://www.oclf.org	http://www.paro.ca	http://www.socialcapitalpartners.ca/



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Social Enterprise Funds

Enterprising Non-profits Toronto (ENP-Toronto)

With the help of founding partners, *Enterprising Non-profits in British Columbia* and the *Centre for Social Innovation*, Enterprising Non-profits Toronto's pilot project was launched in 2008. The purpose of Enterprising Non-profits Toronto is to help nonprofit organizations and charities in the Greater Toronto Area access technical assistance, expertise, and financial capital. The pilot project benefitted from the support of the following partners: *Alterna Savings, Catherine Donnelly Foundation, Carrot Cache, Citizens Bank of Canada, The Co-operators, Metcalf Foundation, the Government of Ontario, Social Capital Partners, MaRS, Toronto Community Foundation, Toronto Training Board, and the Wellesley Foundation.*

Enterprising Non-profits Toronto is a capital pool that issues matching grants of up to \$10,000 to nonprofit organizations in need of professional technical assistance and advice. The program does not provide operating or capital financing but rather issues grants so that nonprofits can address their need to plan a social enterprise. For example, allocated funds are used to hire staff or access third-party support to conduct feasibility studies, research market opportunities, prepare the launch of a social enterprise, and conduct evaluations.

From the 48 requests for funding totaling more than \$400,000 in 2008, Enterprising Non-profits Toronto issued matching grants to 16 successful applicants totaling more than \$100,000 in December of that year. Examples of grant recipients include *Family Transition Place, Local Enhancement and Appreciation of Forests, Toronto Renewable Energy Co-operative* and the *Working Skills Centre*. The excessive demand experienced by the Program created a strong desire by organizers to renew the program by securing additional funding partners. In early summer 2009, additional funding was secured which will allow Enterprising Non-Profits Toronto to continue operations through 2009-2010.
(<http://socialinnovation.ca/enp>)



Toronto Enterprise Fund

In operation since 2000, the Toronto Enterprise Fund is a unique partnership between the United Way Toronto the City of Toronto, the Government of Ontario and the Government of Canada. The Toronto Enterprise Fund is dedicated to assisting social enterprises working with homeless and low-income individuals. Support to social enterprises is offered through a variety of different mechanisms: unsecured grants, business development training, financial management and the sharing of research and evaluation. The Toronto Enterprise Fund has supported the *Social Purpose Enterprising Network* since 2005, which provides managers of social enterprises an opportunity to network and collaborate. In addition, the Fund has taken an active role in the social enterprise sector in Canada by actively participating in several national and provincial social enterprise networks and organizing two national conferences on social enterprise.

Since 2005, the Toronto Enterprise Fund has held an annual Business Plan Competition to grant seed funding to non profits or community groups starting up social enterprises in Toronto. The start-up grants range from \$5,000 to \$50,000 per year for finalists. In order to be considered for funding, the proposed social enterprise must provide permanent or transitional employment to people who are low-income, homeless, or at risk of becoming homeless. In the lead up to the competition, the Toronto Enterprise Fund assists all prospective applicants to test their business ideas and research their business plans to ensure the social enterprise will be viable and ready to employ a particular target group. Organizations that receive start-up funds may be eligible to re-apply for funding. Enterprises that do not meet the expected social and business goals of the Fund will be at risk of losing their funding. In addition, the Toronto Enterprise Fund encourages an increased reliance on sales revenue and a decreased reliance of grants by reducing the operating grant each year.

Between 2005 and 2007, the Toronto Enterprise Fund has issued \$3,449,178 worth of unsecured grants to social enterprises in Toronto. Examples of grant recipients include *Furniture Link, Out of This World Café, River Restaurant, Parkdale Green Thumb Enterprises, Phoenix Print Shop* and *Employing Unique Solutions*. Funding by the Toronto Enterprise Fund has remained relatively stable between 2005 and 2007, with issued grants totaling \$1,272,950 in 2005, \$1,133,355 in 2006 and \$1,042,873 in 2007. These numbers and other indicators point to a strong possibility that the Fund will continue to offer an effective relationship with both its financial partners and social purpose customers (<http://www.torontoenterprisefund.ca/>).



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Canadian Alternative Investment Cooperative (CAIC)

Operating out of Toronto, The Canadian Alternative Investment Cooperative (CAIC) was established in 1984 by a number of religious communities that pooled their resources to collectively invest towards the promotion of positive social change and alternative economic structures. Since its inception, Canadian Alternative Investment Cooperative has grown to forty-eight members and has a lending pool of approximately \$7 million invested in projects across Canada.

Canadian Alternative Investment Cooperative issues secured loans in three different areas: *Social Enterprise Funding*, *Mortgages for Community-based Projects* and *Social and Affordable Housing Initiatives*. Loans made under *Social Enterprise Funding* are issued as both debt and equity and can be secured or unsecured. The Canadian Alternative Investment Cooperative is flexible in the collateral sought. Eligible organizations for this type of funding are nonprofits, social enterprises, and cooperatives, all viewed to be working towards a social purpose.

In the area of *Mortgages and Community-based Projects*, the Canadian Alternative Investment Cooperative is mandated by its members to provide mortgages of up to 75% of the appraised value of a property. This is available to nonprofit and charitable organizations in need of a base for their operation (e.g. women's shelter and food banks). *Social and Affordable Housing Initiatives* provide loans to groups working to provide social and affordable housing in Canada where other sources of funding are not available. Social benefit housing is defined as: "any low cost rental housing; housing that remains perpetually affordable; housing that is appropriate for those being housed; and resident & community controlled housing" (Canadian Alternative Investment Cooperative, 2009). Examples of Canadian Alternative Investment Cooperative loan recipients in Ontario include: *L'Arche North Bay*, *Elizabeth Fry Society*, *Mater Dei*, *Redwood Shelter*, *St. Clare Multifaith Housing Society*, *Centre for Social Innovation* and the *Ottawa Community Loan Fund*.

Typically, Canadian Alternative Investment Cooperative loans are issued at below market interest rates and are open for payment/repayment without any penalty. Loan applications are reviewed on a first-come, first-served basis with a maximum of three applicants considered at each monthly meeting. These meetings are held each month excluding July, August and December. It takes two meetings to review the application. The board of directors will invite the applicant to a second meeting if the Canadian Alternative Investment Cooperative decides to consider the application further. Moreover, successful applicants are responsible for all legal fees, which typically cost between \$500 and \$1,500.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Social enterprises are eligible to receive loans of up to \$50,000 with a maximum repayment term of 5 years. These loans are open for renewal although a guarantee of up to 50% may be required in some cases. In addition to directly funding organizations working towards a social purpose, The Canadian Alternative Investment Cooperative is supportive of community loan funds and is interested in partnering with organizations that provide the necessary business skills and technical support to ensure successful social enterprise. The Canadian Alternative Investment Cooperative issued \$1.6 million in new loans for the year ending September 30, 2008 (Coaets, B., personal communication, March 5, 2009). (<http://www.caic.ca>)

Social Venture Partners Toronto

Formed in November 2007, Social Venture Partners Toronto is a unique partnership that brings together a group of professionals wishing to maximize their positive impact in Toronto by collectively pooling their resources. Social Venture Partners Toronto's mission is to create significant, long-term change by improving the capacity of selected not for profit agencies, and to increase philanthropy and engaged giving in Toronto. In pursuit of this mission, Social Venture Partners Toronto directs its activities through: 1) expanding the capacity of innovative nonprofits through the investment of time, money, and expertise; and 2) expanding philanthropy by educating individuals to be well informed, effective and engaged philanthropists. As of June 2009, Social Venture Partners Toronto is investing in two social enterprises (Eva's Phoenix Print Shop and MircoSkills) with a third to be selected in the fall of 2009.

Social Venture Partners Toronto's funding program is designed to promote long-term capacity building through multi-year cash grants and customized consulting teams who work with nonprofits to help them achieve their goals. Funding for Social Venture Partners Toronto comes from its group of private partners (currently 49) and a portion from a small group of seed funders. Successful grant applicants are selected at an All Partner Meeting from a short-list of finalists. In 2008, Social Venture Partners Toronto selected its first two investees or grant recipients (Eva's Phoenix Print Shop and MicroSkills). Each investee will receive \$75,000 over three years (\$25,000/year), subject to an annual review of achieved outcomes.

In selecting Eva's Phoenix Print Shop as its first investee, Social Venture Partners Toronto was able to leverage the resources of the broader Social Venture Partners Toronto network and help Eva's Phoenix Print Shop identify its operational strengths, challenges, and establish capacity building goals. The results from this assessment will be used to guide the development of an annual work plan to contribute to the establishment of a long-term vision for the areas where Social Venture Partners Toronto's resources can be directed in support of capacity building. In addition, a capacity assessment of MicroSkills is being conducted through early 2009 (<http://www.svptoronto.org/>).



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Social Enterprise Funds

Name	Enterprising Non-Profits Toronto	Toronto Enterprise Fund	Canadian Alternative Investment Cooperative	Social Venture Partners Toronto
Objective	Support for starting or expanding social enterprises	Provide transitional or permanent employment for the homeless	Enact positive social change and promote alternative economic structures	Increasing capacity of innovative nonprofits and educating people to be better philanthropists
Social Enterprise Eligibility	Yes	Yes	Yes	Yes
Total Assets	N/A	N/A	N/A	N/A
Source of Funding	Public and private institutions.	City of Toronto, Government of Ontario, Government of Canada and United Way	Religious and faith-based groups	Private investments
Funding Method	Matching grants	Unsecured grants	Secured Loans (flexible)	Unsecured grants
Funding Range	Up to \$10,000	\$5,000-\$50,000	Up to \$50,000	\$25,000 per year
Total # of Loans/ Grants	16	N/A	N/A	2 per year to date
Demand/ Clientele	Social enterprises	Social enterprises providing employment to the homeless or those at risk of homelessness	Nonprofits, charities and social enterprises	Social enterprises
Total Investments	\$100,000 in 2008	\$3,449,178 since 2005	\$1.6 million of new loans for the year ending September 30, 2008	\$125,000 since 2008
Impact	N/A	N/A	N/A	N/A
Website	http://socialinnovation.ca/enp	http://www.torontoenterprisefund.ca	http://www.caic.ca	http://www.svptoronto.org



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

State Finance

The Ontario Trillium Foundation

Established in 1982, The Ontario Trillium Foundation is an agency of the Government of Ontario and is the current responsibility of the Ministry of Culture. As an agency of the provincial government, the Ontario Trillium Foundation relies upon an annual transfer from the provincial government for its operating funds. This arrangement is in contrast to other capital pools or private foundations that may have their assets tied into volatile stocks, bonds and other financial instruments. One of Canada's largest grant-making foundations, Ontario Trillium Foundation is a primary funder of Ontario's social economy and has issued hundreds of millions of dollars to thousands of nonprofit and charitable organizations since its inception. Within the last two years the Ontario Trillium Foundation has seen its budget increase from \$105 million to \$110 million (2008-2009) and to \$120 in the most recent provincial budget (2009-2010).

The Ontario Trillium Foundation issues grants through two different funding programs: *Community and Province-Wide*. The Community program funds activities taking place within one catchment area and have a local impact in one or more communities.

The *Province-Wide* program funds activities that have a province wide impact; the work must take place in at least 3 catchment areas or 2 in the north. Within these two respective programs, funding is allocated in four sectors: *Arts & Culture; Environment; Sports & Recreation* and *Human & Social Services*. For the 2007-2008 fiscal year 1,445 Community grants were issued totaling \$78,759,500 and 111 *Province-Wide* grants were allocated totaling \$19,546,600. From these totals, 44% of funds went to *Human & Social Services* (\$44 million), 22% to *Sport & Recreation* (\$22 million), 22% to *Arts & Culture* (\$22 million) and 12% went to *Environment* (\$12 million). These funding trends have remained relatively unchanged since 2002-2003 with the exception of *Environment* and *Human & Social Services*, where funding increased from 9% to 12% in *Environment* and from 41% to 44% *Human & Social Services*. The total value of grants issued has remained relatively constant.

In 2007, the Ontario Trillium Foundation announced the creation of a new initiative, the *Future Fund*. The Future Fund was launched in order to support distinct and innovative approaches with targeted outcomes that will strengthen Ontario's future. To date the Future Fund has supported two initiatives: Innovative collaborations that will build the capacity of the environment sector in Ontario (\$2 million in 2007-2008 and \$2 million in 2008-2009) and innovative approaches to creating economic opportunities for disadvantaged groups, including social economy initiatives (\$2 million in 2008-2009 and \$2 million in 2009-2010) (<http://www.trilliumfoundation.org/>).



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

Eastern Ontario Development Fund (EODF)

Established in July of 2008, the Eastern Ontario Development Fund (EODF) is a four year Fund created by the Government of Ontario totaling \$40 million (Wingrove, K., personal communication, April 16, 2009). The Eastern Ontario Development Fund is an initiative targeted to businesses and economic developers in Eastern Ontario in order to:

- 1) Promote the creation and retention of jobs;
- 2) Encourage the introduction of new technologies;
- 3) Assist private sector firms;
- 4) Help communities and sector groups to pursue growth in new markets and improve their competitive position; and
- 5) Contribute to the economic diversification of Eastern Ontario.

There are two funding streams to Eastern Ontario Development Fund: *A Business Stream and a Regional Development Stream*. The *Business Stream* is targeted towards for-profit enterprises with eligibility requirements as follows:

- 1) A staff of 10 people who can provide financial statements for 3 years and
- 2) A project idea that involves a minimum investment of \$500,000 in eligible project costs that will create 10 net new jobs over 5 years.

The EODF-Business stream will provide up to 15% (maximum \$1.5 million) of eligible project expenses for implementation of new technologies, new equipment of skills training for projects worth \$500,000 or more; up to 35% of project costs can come from public sector funding sources while the remaining 50% of costs are expected to come from the respective business or other private sources.

The *Regional Development stream* is available to economic development offices, business associations, Non-Governmental Organizations (NGOs), nonprofits and social enterprises. The *Regional Development Stream* will consider funding projects that are designed to:

- 1) Improve the competitiveness of the local/regional economy;
- 2) Attract and enable business growth and lead to job creation;
- 3) Implement local/regional economic development plans or the outcomes of previous strategic planning processes; and
- 4) Align with provincial and regional priorities.



The EODF-Regional Development Stream will fund up to 50% of eligible project costs. Up to 16% of the remaining funding can come from public sources while the remaining 34% of costs are expected to come from the successful applicant. Applications for both funding streams are considered year-round.

Nonprofits and social enterprises qualify for funding under the *Regional Development Stream* but they must meet the specified eligibility criteria. Since nonprofits and social enterprises have a harder time providing a direct link to job creation, these organizations have been slower getting funding applications into EODF than for-profit enterprises, economic development offices, business associations and NGOs. However, Eastern Ontario Development Fund has recently approved an undisclosed number of funding requests from nonprofits and social enterprises although at this time they have not been publicly announced.

It remains to be seen if the frequency of applications from nonprofits and social enterprises will continue to be relatively low. As stated above, however, Eastern Ontario Development Fund's primary mandate is job creation and the not-for-profit sector has a more difficult time in establishing a direct link/correlation between business operations and job creation. For this inherent problem, it may be relatively difficult for nonprofits and social enterprises to secure an EODF grant, even though the Fund has no inherent bias towards for-profit organizations and treat all applications on an individual basis. (www.ontario.ca/easternfund)

FedNor

Established in 1987, The Federal Economic Development Initiative in Northern Ontario (FedNor) is directly funded by the Government of Canada through the Department of Industry Canada. FedNor has a mandate to promote business development and economic diversification in Northern Ontario. This mandate is primarily accomplished through the provision of services in three areas: business counseling and support; access to capital and economic development and planning (Fortin, T., personal communication, April 14, 2009).

There are two funding budgets which are relevant to nonprofits and social enterprises in Ontario. The first budget is explicitly set aside for FedNor and the work it does through the *Northern Ontario Development Program*, which was budgeted at approximately \$40 million 2009-2010. FedNor's second budget is allocated towards Ontario's Community Futures Development Corporations (CFDCs) through the Community Futures Program. Community Futures Development Corporations are currently budgeted at \$20.5 million per-annum and the program is reevaluated every 5 years. A similar program operates in Quebec, although it is not profiled in this study.



The *Northern Ontario Development Program* seeks to work with other funding partners to improve economic viability of northern Ontario. Typically the *Northern Ontario Development Program* only invests in a portion of the total cost of a project. For example, program contributions of \$122 million from 2002-2005 were able to leverage total project investments of close to \$400 million. The *Northern Ontario Development Program* also directly invests in nonprofits and the public sector through 'contribution agreements' that are, in many ways, similar to conditional grants and are non-repayable. For-profit organizations also funded by FedNor, but financial assistance to this sector is issued as repayable loans targeted primarily towards innovation, research, and development projects.

Community Futures Development Corporations in Ontario (CFDCs)

Through FedNor/Industry Canada, the Government of Canada supports and funds 61 Community Futures Development Corporations (CFDCs) through the *Community Futures Program* in rural communities and Southern, Eastern and Northern Ontario. Staffed by 760 local volunteers, Community Futures Development Corporations are community-based, not for profit organizations that offer the following services: strategic community planning and socio-economic development; export support; entrepreneurial training; information on relevant provincial and federal programs and services; business services; guidance with business plans; and access to capital. These services are administered to help new and existing small businesses and social enterprises start-up, expand and stabilize their ventures so as to maintain and create jobs within the target region.

In 2007, Community Futures Development Corporations issued 1,117 loans totaling \$57.2 million (\$97.4 million once leveraged), which have influenced the production of 8,471 jobs. Typically, Community Futures Development Corporations provide character-based lending to for-profit organizations that are approved by a local board of directors. Loans issued are repayable up to \$150,000 and can take the form of loan guarantees and equity investments when financing from other sources is insufficient.

While Community Futures Development Corporations provide direct technical and financial support to organizations in need, they also seek partnerships with the public and private sectors to implement special initiatives targeted towards their communities including, tourism, entrepreneurship, economic diversification and community adjustment. A recent example of this is the *Community Adjustment Fund*, which was created by the federal government in response to recent global economic shocks. This Fund, worth \$1 billion over two years, will be administered by Community Futures Development Corporations with the mandate of mitigating necessary short-term restructuring in communities across Canada. Future CFDC initiatives include the creation of a diversity awareness committee.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

State Finance				
Name	The Ontario Trillium Foundation	Eastern Ontario Development Fund	FedNor	Community Futures Development Corporations in Ontario
Objective	Strengthening voluntary sector through community-based initiatives	To promote, expand and retain business investment in Eastern Ontario	Regional Economic Development	Diversifying and strengthening communities in Northern, Southern and Eastern Ontario
Social Enterprise Eligibility	Exclusive focus on Social Enterprises	Yes	Yes	Yes, but mostly focused on for-profit enterprises
Total Assets	N/A	N/A	N/A	N/A
Source of Funding	Government of Ontario	Government of Ontario	Government of Canada	Government of Canada
Funding Method	Unsecured grants	Unsecured matching grants	Secured loans to for-profits (repayable) Contribution agreements to public sector and nonprofits (non-repayable)	Secured loans (flexible)
Demand/ Clientele	New and existing social enterprises	Small-medium sized enterprises, social enterprises, economic development offices, business associations and NGOs	Small-medium sized enterprises	Small-medium sized enterprises
Range of Loans/ Grants	Up to \$500,000	Up to \$1.5 million	N/AN/A	N/AN/A
Total # of Loans	1,430 (2006-2007)	N/A	N/A	5,682 since 2004
Total Investments	\$125 million (2009)	\$80 million over four years (2008-2012)	N/A	\$386.6 million since 2004 (includes for profit enterprises)
Impact	N/A	N/A	N/A	N/A
Website	www.trilliumfoundation.org/	www.ontariocanada.com/ontcan/en/eodf_main_en.jsp	www.fednor.ic.gc.ca/	www.ontcfdc.com



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

REFERENCES

- Chernoff, A. (2008). *Creating Capital Pools to Support Social Enterprise Development in Manitoba* (Report). Winnipeg: Canadian Community Economic Development Network.
- Comité investir solidairement (2006). *Investir Solidairement: Bilan et Perspectives* (Report). Montreal: Alliance de recherche universités-communautés en économie sociale (ARUC-ÉS).
- Eakin, L. (2001). *An Overview of the Funding of Canada's Voluntary Sector*. Ottawa: Voluntary Sector Initiative Working Group on Financing.
- Eakin, L. (2004). *Community Capacity Draining: The Impact of Current Funding Practices on Non-Profit Community Organizations*. Toronto: Community Social Planning Council of Toronto.
- Eakin, L. (2007). *We Can't Afford to Do Business This Way: A Study of the Administrative Burden Resulting From Funder Accountability and Compliance Practices*. Toronto: The Wellesley Institute.
- Elson, P. (2007). *Two Solitudes: The Voluntary Sector and Social Justice in Canada*. Paper presented at the Association of Research on Nonprofit Organizations and Voluntary Action
- Elson, P. (2008). *A Historical Institutional Analysis of Voluntary Sector/Government Relations in Canada*. University of Toronto, Toronto.
- Elson, P. (2009). *Social Economy for more Supportive Communities: Government Action Plan for Collective Entrepreneurship - Government of Quebec - November, 2008. (English translation of executive summary)*. Toronto University of Toronto.
- Favreau, L. (2006). Social Economy and Public Policy: the Quebec Experience. *Horizons*, 8(2), 7-15.
- Guest, D. (1997). *The Emergence of Social Security in Canada, Third Edition*. Vancouver: UBC Press.
- Le Groupe d'économie solidaire du Québec (2009). Historique Retrieved June 5, 2009, from <http://www.uqo.ca/ries2001/rubriquegesq/historique.html>
- Lévesque, B., Mendell, M., Bourque, G. L., Rouzier, R., Zerdani, T., Bouchard, M. J., et al. (2008). *le portrait de l'investissement responsable au Québec: Resultats de recherche*. Montreal: l'Alliance de recherche universitéscommunautés en économie sociale (ARUC-ÉS).
- Lévesque, B., & Ninacs, W. A. (2000). The Social Economy in Canada: The Quebec Experience. In E. Shragge & J. M. Fontan (Eds.), *Social Economy: International Debates and Perspectives* (pp. 112-129). Montreal: Black Rose Books.
- Locke, R., & Thelen, K. (1998). Problems of Equivalence in Comparative Politics: Apples and Oranges, Again. *Newsletter of the APSA Organized Section in Comparative Politics*, 9(1), 9-12.
- Mendell, M. (2002). The Social Economy in Québec: Discourses and Strategies. In A. B. Bakan (Ed.), *Critical Political Studies: Debates and Dialogues from the Left* (pp. 319-343). Montreal & Kingston: McGill-Queen's University Press.
- Mendell, M. (2008). The Three Pillars of the Social Economy: The Quebec Experience (1996-2007). In A. Amin (Ed.), *The Social Economy*. London: Zed Books.

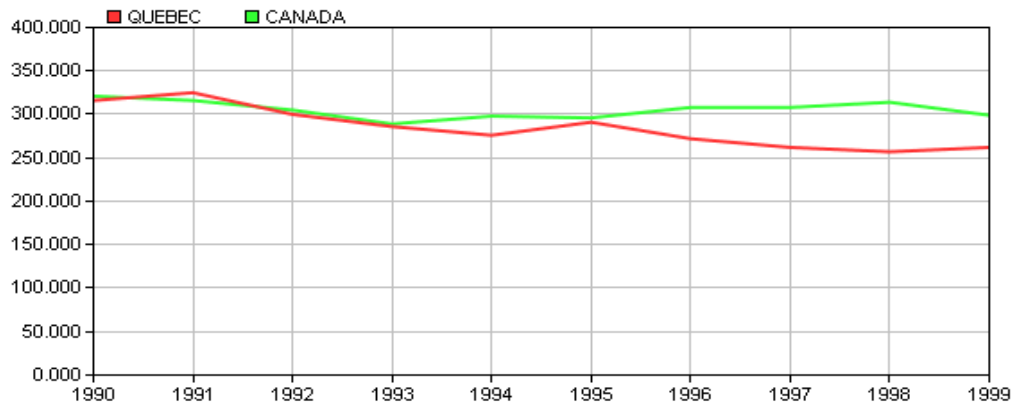


- Mendell, M., Lévesque, B., & Rouzier, R. (2001). *New Forms of Financing Social Economy Enterprises and Organisations in Quebec* (Report). Montreal: Alliance de recherche universités-communautés en économie sociale (ARUC-ÉS).
- Mendell, M., & Neamtan, N. (2009 (forthcoming)). The social economy in Quebec: Towards a new political economy. In J. Quarter, L. Mook & S. Ryan (Eds.), *Why the social economy matters* (pp. 32-58). Toronto: University of Toronto Press (under review).
- Mendell, M., & Nogales, R. (2009). Social enterprises in OECD Member Countries: What are the Financial Streams? In A. Noya (Ed.), *The Changing Boundaries of Social Enterprises*. Paris: OECD Publishing.
- Mendell, M., & Rouzier, R. (2006). *Quelques Initiatives ayant permis l'Institutionnalisation de l'économie sociale au Québec: Rôle central de la société civile et rôle essentiel de l'état* (Report). Montreal: Alliance de recherche universités-communautés en économie sociale (ARUC-ÉS).
- Neamtan, N. (2005). The Social Economy: Finding a Way Between the Market and the State. *Policy Options* (July-August), 71-76.
- Ninacs, W. A. (2000). Social Economy: A Practitioner's Viewpoint. In E. Shragge & J. M. Fontan (Eds.), *Social Economy: International Debates and Perspectives* (pp. 130-158). Montreal: Black Rose Books.
- Ninacs, W. A. (2003). *Community-based Poverty Reduction: The Québec Experience*. Ottawa: Caledon Institute of Social Policy.
- Panet-Raymond, J. (1999). A postscript: community development in Quebec: between hope and doubt. *Community Development Journal*, 34(4), 340-345.
- Quarter, J. (1992). *Canada's Social Economy: Co-operatives, Non-profits and Other Community Enterprises*. Toronto: James Lorimer & Co.
- Quarter, J., Mook, L., & Armstrong, A. (forthcoming). *Understanding the Social Economy: A Canadian Perspective*. Toronto: University of Toronto Press.
- Quarter, J., Mook, L., & Richmond, B. J. (2003). What is the Social Economy. *Centre for Urban and Community Studies Research Bulletin* (13), 1-5.
- Shields, J., & Evans, B. M. (1998). *Shrinking the State*. Halifax: Fernwood Publishing.
- White, D. (2002). Harnessing a Movement, Taming an Ideology: On the State and the Third Sector in Quebec. In K. L. Brock (Ed.), *Improving Connections Between Government and Nonprofit and Voluntary Organizations: Public Policy and the Third Sector* (pp. 85-102). Kingston: McGill-Queen's University Press.
- Yalnizyan, A. (2007). *The Rich and the Rest of Us*. Ottawa: Canadian Centre for Policy Alternatives.



APPENDIX A

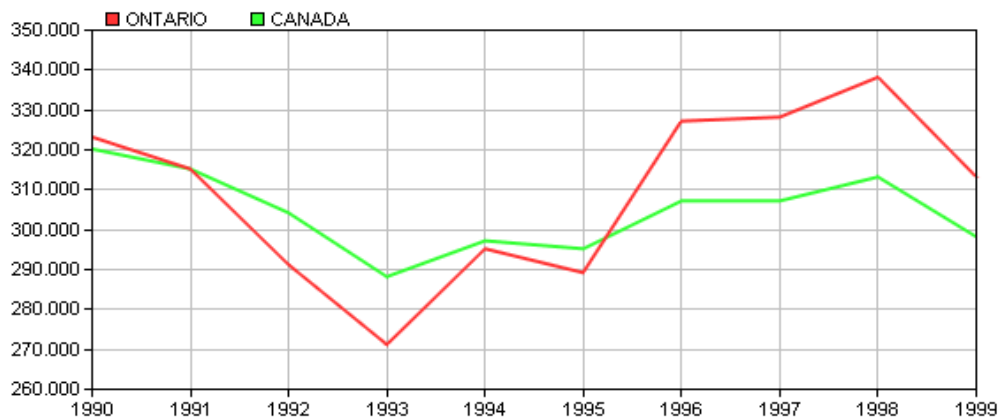
Measures of Income Inequality: Gini-Coefficient (After-tax income) Lone-parent families



Copyright: Newfoundland & Labrador Statistics Agency
Government of Newfoundland and Labrador
www.communityaccounts.ca



Measures of Income Inequality: Gini-Coefficient (After-tax income) Lone-parent families



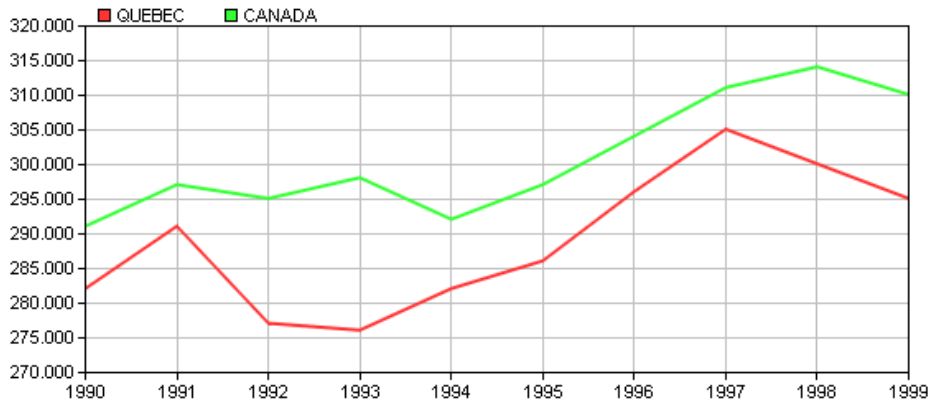
Copyright: Newfoundland & Labrador Statistics Agency
Government of Newfoundland and Labrador
www.communityaccounts.ca



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

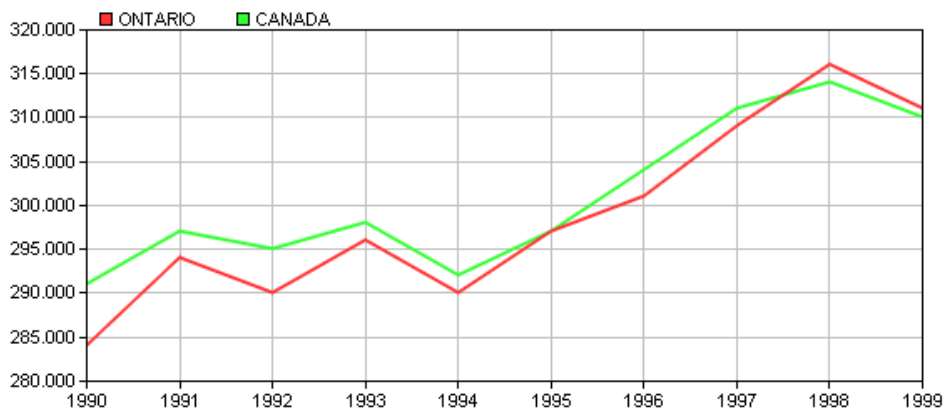
**Measures of Income Inequality:
Gini-Coefficient (After-tax income)
Economic families, 2 persons or more**



Copyright: Newfoundland & Labrador Statistics Agency
Government of Newfoundland and Labrador
www.communityaccounts.ca



**Measures of Income Inequality:
Gini-Coefficient (After-tax income)
Economic families, 2 persons or more**



Copyright: Newfoundland & Labrador Statistics Agency
Government of Newfoundland and Labrador
www.communityaccounts.ca



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.

APPENDIX B

Social Enterprise Support Matrix Analysis

		Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
		SEED	START-UP Launch	START-UP Survival	GROWTH Profitability	MATURITY
	Organizational Readiness		Raising Capital	Revise Strategy/ Business Plan	Achieved Stability and Success in Initial Market	Demonstrated Sustainability & Track Record of Growth
	Idea Generation/ Evaluation		Preparing for Launch	Build Enterprise and Management Capacity	Expansion - New Market or New Product	Push to Increase Geographic or Product Growth
	Feasibility Assessment Business Planning		Enterprise Begins Operations	Moving Towards Profitability	Additional Equipment, Facilities, HR	Spin-off or New Enterprises
Technical Assistance Grants	Grants up to \$10,000 Primarily for Outside Advisory Services					
Operational Grants	Grants usually \$20,000 to \$75,000 to Support Operations					
Patient Capital	Investments with Minimum Interest Rate and Long Term Exit Strategy, 5 Years Plus					
Equity/ Equity-Like Capital	Share Purchase or Equity Like Investment					
Loans	Debt Instruments Credit Enhancements					

Source: Thanks to Enterprising Non-Profits www.enterprisingnonprofits.ca for their permission to reprint this social enterprise funding/access to capital matrix.



Building Capital, Building Community:

A comparative analysis of access to capital for social enterprises and nonprofits in Ontario and Quebec.



UNIVERSITY OF TORONTO

SOCIAL ECONOMY CENTRE



This report is available at
http://sec.oise.utoronto.ca/english/project_pages/project_33.php