



# Summative evaluation report of the funding component of the Social Economy Support Initiative for Quebec

March 31, 2009

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# 1. Executive summary

## 1.1 Background

In its 2004 budget, the federal government announced that it would provide additional support to community economic development and to the social economy through the Social Economy Support Initiative, hereafter referred to as the “Initiative.”

Originally, the Initiative was supposed to be implemented by the three regional development agencies (RDAs) and by Industry Canada (IC) – FedNor, since social economy models have to conform to the specific needs of each region. However, the arrival of a new government in 2006 changed the government’s actions on this issue. Only Canada Economic Development for Quebec Regions (CED) implemented the Initiative, given the advanced stage of the process in Quebec.

The mandate of Canada Economic Development for Quebec Regions, called the “Agency,” is to promote the economic development of Quebec regions, paying special attention to those with slow economic growth and not enough jobs, in order to improve prosperity and employment in the long term.

The Agency, in cooperation with the main social economy stakeholders, set up the funding component of the Initiative (patient capital fund) by holding a competition to select a recipient. A contribution agreement was drawn up between the Fiducie du Chantier de l’économie sociale (Fiducie) and the Agency in November 2006 which provides for a maximum non-repayable contribution of \$22.8 million to implement and manage the investment fund. A sum of \$11.4 million was disbursed for fiscal years 2006–2007 and 2007–2008, with the residual contribution for 2008–2009 disbursed on March 31, 2009.

As planned, the Agency conducted a summative evaluation of the funding component of the Social Economy Support Initiative in the winter of 2009. This report is the result of that evaluation and focuses on the two identified issues—relevance and results/performance—based on the Preliminary Matrix of Evaluation Questions (Appendix 1 – Preliminary Matrix of Evaluation Questions).

The period studied extends from November 2006 to January 2009. Only the 25 projects approved during that period were considered when selecting projects for this evaluation.

## 1.2 Relevance and results

Based on documentary analysis and on in-person and telephone interviews conducted with members of the Investment Committee, the Trustee Council, local development stakeholders, recipients, social economy resource people, the Fiducie management team, and resources from the Réseau d’investissement social du Québec (RISQ) and the Chantier de l’économie sociale, we can draw the following conclusions:

- In terms of the relevance of the funding component of the Initiative as defined in this report, the Fiducie’s mission to further the expansion and development of collective enterprises by making it easier to secure funding and by ensuring that social enterprises are better capitalized still has a place and still has a key role to play in the future to support the social economy sector.

- In terms of results/performance, even though the Fiducie had not, as of March 31, 2009, completely fulfilled the requirements of the performance measurements set by the Agency, as presented in Appendix 3 – Performance Measurements, it should get closer to doing so as the five-year term the Fiducie set for achieving results comes to an end. However, from a more comprehensive perspective, the results/performance of the funding component of the Initiative as defined in this report have been achieved, since the Fiducie has reached the target recipients, permitted the creation of social economy projects that could not have been carried out otherwise and encouraged additional financial contributions of \$47.5 million in investments in the social economy sector since its creation in November 2006.

It is important to note that the Fiducie has just begun its third year of operation and that it has not been running long enough for us to evaluate several elements that may have a direct and major impact on fund performance and sustainability, including losses on loans. It would be a good idea to conduct such a study in a few years.

### 1.3 Recommendations and suggestions

This evaluation report concludes with four recommendations and three suggestions to help ensure the long-term success of the funding component of the Initiative:

1. Since governance is a factor that guarantees community trust and loyalty, we recommend that the Fiducie maintain its current good governance structure, thereby allowing it to play its role properly.
2. Since transparency and the support of the entire community are prerequisites to the Fiducie's success, we recommend maintaining and further promoting cooperation and communication with local development stakeholders and ensuring that all social economy organizations are included.
3. Given the importance of having realistic pro formas<sup>1</sup> that reflect the known information on that day, we recommend conducting a more formal exercise to fully update the initial pro formas over 15 years, under the responsibility of one of the Fiducie's committees, possibly the Investment Committee. Also, in the current context of economic crisis and falling interest rates, we recommend tightly managing finances, particularly the operating fund, to ensure fund sustainability.
4. In order to satisfy the Fiducie's regional allocation objectives, we recommend continuing to make specific efforts in the Quebec City and Outaouais regions to gain a better understanding of the problem of the lack of files for the "major urban centres" regional group.

Finally, these are three suggestions that have emerged from the current exercise; the first two are related to relevance and the third to results/performance:

1. Since it is the Fiducie's duty to stay connected to social economy enterprises, it could, budget permitting, visit the premises and meet not only local development stakeholders but also recipients and potential recipients to get a better understanding of the realities of these regions.
2. Given the high employee turnover in local development organizations, the Fiducie should continue to invest in increasing these local development stakeholders' knowledge of the Fiducie and its products.
3. To meet the prescribed performance expectations and for the sake of efficiency, the Fiducie should achieve an optimal annual level of investment and maintain that pace, except if the files submitted by the various regions do not warrant the required level of investment.

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<sup>1</sup> Financial statements

## 2. Objectives and scope of mandate

Under a commitment it made to the Treasury Board, the Agency had to conduct a summative evaluation of the funding component of the Social Economy Support Initiative in compliance with the parameters set out in the Initiative's results-based management and accountability framework (RMAF), with a view to supplementing the formative evaluation carried out in the winter of 2008.

Therefore, this report on the evaluation of the funding component focuses on the two identified issues—relevance and results/performance—based on the Preliminary Matrix of Evaluation Questions (Appendix 1 – Preliminary Matrix of Evaluation Questions). This matrix was the foundation of the interview guide developed and used during the interviews with, among others, the Fiducie's financial investors, the representatives of regional organizations involved in the social economy, experts in the field and the Fiducie's recipient enterprises.

The issue of relevance was selected to ensure that the funding component of the Initiative still had reason to exist at that time. Relevance was analyzed based on the following things, among others:

- Alignment with current government priorities
- Its ability to meet identified needs
- The value added that it provides
- The duplication or scarcity of such offerings on the market
- The Fiducie's positioning vis-à-vis other social economy practices around the world

The results/performance issue was selected to get a tangible measurement of the impact of the Initiative's funding component. Results/performance were analyzed based on the following variables, among others:

- The capacity to reach target recipients
- The achievement of anticipated results
- The contribution to the creation of social economy projects that could not otherwise have been carried out

The period studied extends from November 2006 to January 2009. Only the 25 projects approved during that period were considered when selecting projects for this evaluation.

It is important to note that it is difficult to make a pronouncement at this time on the Initiative's results/performance since the Initiative has barely begun its third year of operation. That is the main limitation of the study. Nevertheless, the results with respect to the achievement of the initial objectives of improving access to long-term funding and ensuring that Quebec's social economy enterprises are better capitalized were analyzed based on the available information. Conducting an analysis in a few years would make it possible to draw more solid conclusions about various things, such as fund sustainability, access to funding and the achievement of financial results.

### 3. Methodology

During the mandate, KPMG conducted a documentary analysis and in-person and telephone interviews. Most of the conclusions are based on the information obtained through the interviews.

- The documentary analysis focused on documents from the Agency, the Fiducie, the Chantier de l'économie sociale and the Réseau d'investissement social du Québec (RISQ). A documentary analysis was also conducted on seven sample files selected from files that had been accepted as of January 31, 2009 (Appendix 2 – List of Projects as of January 31, 2009).
- In-person interviews were conducted with members of the Investment Committee, the Trustee Council, the Fiducie management team, and resource people in the social economy field. The people chosen for in-person interviews fall into three main categories: financial investors in the Fiducie (CED, FTQ, CSN, IQ), representatives from the social economy field who are members of the Investment Committee (CLD, CDC, CDR, Caisse d'économie solidaire Desjardins), and resource people in the social economy field, such as Dr. Mendell<sup>2</sup> and Ms. Neamtan,<sup>3</sup> who also sits on the Trustee Council.
- Telephone interviews were conducted with Fiducie recipients and potential recipients: seven enterprises that had received financial assistance from the Fiducie and two enterprises whose files had been deemed promising. One telephone interview was also conducted with a member of the Chantier who could not be reached any other way.
- A brief review of targeted literature was also conducted to position the Fiducie in Canada and abroad (Appendix 5 – References).

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<sup>2</sup> Professor of Economics at Concordia University, Vice-Principal of the School of Community and Public Affairs and Director of the Karl Polanyi Institute at Concordia University. Dr. Mendell is also involved as a researcher in CURA-SE (Community-University Research Alliance on the Social Economy)

<sup>3</sup> President and Executive Director of the Chantier de l'économie sociale and President of the Trustee Council of the Fiducie du Chantier de l'économie sociale

## 4. The social economy in Quebec

A revitalization of the social and solidarity economy in Quebec began during the last decade, in the wake of the Government of Quebec's 1996 Summit on the Economy and Employment: the cooperative revival at the Conseil québécois de la coopération et de la mutualité (CQCM), particularly with the strengthening of regional development corporations (CDRs) and the arrival of solidarity cooperatives, along with the reorientation of a portion of the community movement (NPOs), which made an economic turn after the arrival of the Chantier de l'économie sociale. From there, a good amount of research and work and a good number of centres, chairs, training program items and tools have since emerged, in particular during the past decade, to inform, train, sustain and support this "sector."

Four things have characterized cooperation and the social economy in Quebec during the past decade:

- a) A confirmed economic shift by many social organizations
- b) The arrival of more formative development tools and arrangements in the areas of funding, support and advice, and research and training
- c) A new momentum for collective entrepreneurship (cooperatives and NPOs)
- d) A new consolidation requiring political representation of NPOs' social entrepreneurship movement and cooperatives' renewed cohesion with the CQCM<sup>4</sup>

The Fiducie du Chantier de l'économie sociale, which was created in November 2006, is the concrete example of a new funding tool for social entrepreneurship.

The Government of Quebec recently developed a Government Action Plan for Collective Entrepreneurship aimed at maximizing the impact of that economic activity sector, which includes cooperatives and non-profit organizations. The government wants to give these community stakeholders concrete means, tailored to their reality, to enhance the dynamism of the regions and meet the needs of the communities within each region, with a view to fostering sustainable development. One of the plan's actions, in support of the development of the social economy, is the establishment of a statistical portrait of Quebec's social economy.

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<sup>4</sup> Favreau, Louis, *Entreprises collectives, les enjeux sociopolitiques et territoriaux de la coopération et de l'économie sociale*, PUQ, Collection Pratiques et politiques sociales et économiques, 2008, p.188 and foreword

## 5. The two issues: relevance and results

### 5.1 Relevance

The relevance of the funding component of the Initiative was analyzed based on the following things, among others:

- Alignment with current government priorities
- Its ability to meet identified needs
- The value added that it provides
- The duplication or scarcity of such offerings on the market
- The Fiducie's positioning vis-à-vis other social economy practices around the world

#### 5.1.1 Are the objectives of the measure in line with the Department's strategic outcomes and are they still a priority for the government?

The funding component of the Social Economy Support Initiative for Quebec is directly aligned with one of the three strategic outcomes of Canada Economic Development for Quebec Regions, namely, *vitality of communities*. The Agency's *vitality of communities* activities give Quebec regions better socio-economic prospects and allow them to maintain and develop the economic activity base. This development materializes through such things as the creation and development of enterprises that create sustainable jobs and that have local and regional influence or are part of the social economy.

Finally, the Agency's *vitality of communities* strategic outcome is directly in line with one of the Government of Canada's priority outcomes: *strong economic growth* (see p. 41 of Canada Economic Development's Report on Plans and Priorities 2008–2009 <http://www.dec-ced.gc.ca/eng/publications/agency/rpp.html>).

#### 5.1.2 Do the components of the measure still meet the needs of social economy enterprises?

The Fiducie offers a “patient” capital funding product with no capital repayment for 15 years, available in two forms:

- Real estate patient capital (CPI) to fund costs directly associated with acquiring, building or renovating real estate assets
- Operations patient capital (CPO) to fund costs related to working capital, the launch of new products, or equipment purchases

These two products still meet the needs of social economy enterprises because they fill a void in the patient capital funding available on the market for such enterprises.

As illustrated in the summary table of funding for the seven analyzed projects in Appendix 4 – Summary of Funding of Analyzed Projects, the Fiducie provides an average of 19% of the funding, while investment averages 5%, so the total of the two is 24%, which is more standard in more traditional funding.

Based on the interviews conducted with social economy resource people (Dr. Mendell and Ms. Neamtan) and with financial partners and social economy enterprises themselves, there is an ever-present need for this kind of product, which is rarely accessible to social economy enterprises. In that context, the Fiducie still meets needs.

Furthermore, in the current economic climate, though the social economy sector could suddenly appear less risky to financiers, it is nevertheless likely that such enterprises will also be affected by the general credit crunch and will be in even greater need of financial support from the Fiducie than in a more stable economic climate.

Everyone consulted during the interviews was of the opinion that the Fiducie still meets the needs of social economy enterprises.

### **5.1.3 Do the measure's components have value added for social economy enterprises in the existing supply of funding?**

The financial assistance that the Fiducie provides to social economy enterprises has the following benefits:

- It allows enterprises to carry out projects that they could not otherwise carry out.
- It helps create financial packages that would otherwise require an additional financial partner like the Fiducie and that could not otherwise be finalized.
- It improves the funding structure already in place because the Fiducie's contribution can be considered by other financial partners as an investment from the project proponent.
- It acts as a lever that allows other, more traditional financial stakeholders to get involved in funding social economy enterprises.

According to one financial investor, through the rigorous and careful review and file analysis conducted, the Fiducie also has an indirect leverage effect that makes outsiders look at these social economy initiatives more seriously and therefore makes them more likely to provide access to more traditional long-term funding.

This comment was echoed by recipients who indicated that the Fiducie helps them in their efforts with other financial partners or other partners and boosts the contemplated projects' credibility with those partners.

The recipients also stated that the Fiducie is essential to their projects. The six recipient enterprises contacted told us that their project could not have been carried out without the Fiducie's financial support. Of the two potential recipients contacted, one indicated that the Fiducie's financial support would be critical for its project and the other, having recently obtained the desired government subsidies, would not be doing business with the Fiducie to fund its project, but would need to use the Fiducie to purchase equipment through an operations patient capital (CPO).

Following the analysis of the seven selected files, found in Appendix 4 – Summary of Funding of Analyzed Projects, we can also conclude that, based on the sample selected, the vast majority of recipient enterprises need the Fiducie's financial support to carry out their projects.

#### **5.1.4 Does the measure duplicate other programs or initiatives?**

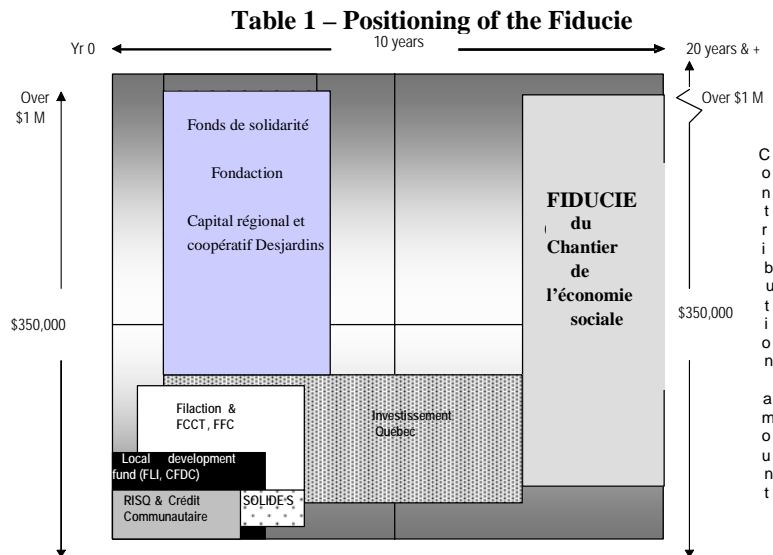
The Fiducie's offerings complement existing initiatives on the market for social economy enterprises in terms of patient capital for a 15-year period.

Several financial players are involved in the social economy and often find themselves involved in the same funding file.

With the exception of one member of the Trustee Council who saw some duplication in the offerings on the market, all the other people interviewed—financial investors, regional representatives of social economy support organizations, social economy resource people, management team members and recipients—felt that the Fiducie complemented the other financial products that support this sector of the economy.

The following table (Table 1) was presented at the Fiducie's creation in November 2006 by Mr. Charest, Executive Director of the Fiducie, and described the Fiducie's position, as well as the key players involved in the social economy. According to Mr. Charest, there has been no major change in the offerings on the market since then, except for one product that has been offered by Investissement Québec ([www.investquebec.com](http://www.investquebec.com)) for several months now for the Capitalization of Social Economy Companies. The product had been temporarily abandoned for lack of funds and it shares some similarities with what the Fiducie offers, namely, a long-term loan (10 years with a possible 5-year extension) and a moratorium on capital repayment (typically 3 years to a maximum of 5 years). Although there are similarities in the product offered by Investissement Québec, the Fiducie's product requires no capital repayment for the entire 15-year period of the loan. Based on the information available on the Investissement Québec site, we therefore believe that the two products are complementary in terms of the what is available on the market for social economy enterprises.

In conclusion, though some duplication may exist, it in no way harms the social economy; rather, it increases the funds available for social economy enterprises.



Source: Fiducie presentation

### 5.1.5 How is this measure positioned compared with other social economy funding initiatives around the world?

The Fiducie is distinguishable by its structure, its method of governance with its various committees, and its financial investors which reflect the socio-economic dynamic that exists in Quebec.

There are no other similar initiatives in Quebec, and the funding component of the Initiative was not rolled out across Canada as was initially planned. According to Dr. Mendell, the Fiducie is unique in Canada, though there are other initiatives in different regions of the world, notably in the United Kingdom, that have a similar mission to the Fiducie's but are the product of their own environment.

The government has played a key role in facilitating investment in the social economy sector, and this support has taken many forms, including legislative amendments to create intermediaries to reduce the perceived risk often associated with this kind of investment.

The absence of standardized financial assessment tools, coordination mechanisms and necessary information helps perpetuate this perception. In addition, the creation of intermediaries makes it possible to attract more investment capital and coordinate this emerging but still fragmented sector of the social economy.

The table below, taken from the study by Mendell and Nogales, gives a few examples of legislation and government policies that have been introduced in Belgium, Canada, England and the United States, showing the willingness of governments to promote the funding of social entrepreneurship.<sup>5</sup>

**Table 2 – Key policies introduced in Belgium, Canada, the United Kingdom and the United States**

Country	Date	Policy
Belgium	2003	Universal Banking Service Act
Canada	1980s	Labour Sponsored Investment Funds (LSIFs) in Quebec (this required both provincial and federal legislation and fiscal measures)
	1990s	Active participation of the Government of Quebec in the development of solidarity finance and development capital
	2007	Formal launching of FIDUCIE in which the governments of Quebec and Canada participated
United Kingdom	1832	Building Society Act
	1979	Credit Unions Act
	1994	Community Development Loan Funds and the Local Investment Fund
	2000	Recommendations of the Social Investment Task Force
	2002	Community Investment Tax Relief (CITR)
	2003	Futurebuilders England
	2004	Community Interest Companies (CICs)
United States	1976-77	Community Reinvestment Act
	1986	Low-Income Housing Tax Credit (LIHTC)
	1990s	Creation of Community Development Financial Institutions (CDFIs) They were officially recognized by the government agency, CDFI Fund (created in 1994).
	2000	New Markets Tax Credit Program (NMTC)

There are many ways for governments to encourage and support the funding of the social economy, including tax incentives like the ones Manitoba is currently considering. To evaluate the best approach for Manitoba, Alex Chernoff, in his study *Creating Capital Pools to Support Social Enterprise Development in Manitoba*, presents a few examples of funds set up or in development, as well as relevant tax break programs to fund social economy enterprises in various Canadian provinces, such as Ontario, Alberta and Nova Scotia, and in the United States.

This trend of supporting the social economy sector seems to be spreading more and more, and Quebec will be able to take advantage of its experience with the Fiducie in upcoming initiatives.

## 5.2 Results/performance

The results/performance issue was selected to get a tangible measurement of the impact of the Initiative's funding component. Results/performance were analyzed based on the following variables, among others:

- The capacity to reach target recipients
- The achievement of anticipated results
- The contribution to the creation of social economy projects that could not otherwise have been carried out

### 5.2.1 Does the measure reach the target recipients?

The seven recipient files examined show that the eligibility requirements the Fiducie imposed in terms of acceptable sectors and minimum amounts needed were met.

<sup>5</sup> Mendell, Marguerite and Rocio Nogales, *Social enterprises in OECD Member Countries: What are the financial streams?*, ARUC-ÉS, 2008, p.22.

We talked to members of the Trustee Council and the Investment Committee—financial investors as well as representatives of regional organizations that support social economy enterprises—to verify that the recipients targeted by the Fiducie were being reached.

Also, the analysis of the seven files allowed us to conclude that the funding needs of these funded enterprises are real, and that these enterprises would not have been able to undertake their projects without the Fiducie’s financial support.

However, there are still no projects in the “major urban centres” regional group, which consists of the Quebec City and Outaouais regions. The recipients initially targeted in this regional group have not yet been reached, since 12% of the Fiducie’s investments had been earmarked for these regions in order to cover all regions of Quebec. The Fiducie is working closely with local stakeholders to ensure better coverage in these regions, hoping for a spin-off in medium-term projects. None of the people consulted during the interviews was able to explain the absence of Fiducie projects for that region.

Based on the above, we can conclude that the Fiducie is reaching the target recipients, though the regional distribution of those recipients is not as planned.

## **5.2.2 To what extent were the anticipated results attained (with regard to targets, the scope of the measure, outputs, etc.)?**

The long-term objective of the funding component of the Social Economy Support Initiative for Quebec is to improve access to long-term funding and ensure better capitalization of Quebec’s social economy enterprises. The anticipated results of this measure aim to support

- Faster development and expansion of social economy enterprises
- Increased investment in social economy enterprises
- The increased financial autonomy of those enterprises

In general, the macroeconomic results were attained, since as of December 31, 2008, the Fiducie had invested approximately \$8.5 million (\$9.5 million as of March 3, 2009) in social economy enterprises. This increased investment in social economy enterprises by that amount, allowing them to develop faster and achieve better financial autonomy on account of the Fiducie’s patient capital funding structure. In terms of leverage effect, that \$8.5 million from the Fiducie encouraged the contribution of a total of \$34.3 million in additional investment in social economy enterprises (\$47.5 million as of March 3, 2009), in addition to the Fiducie’s contribution (Appendix 3 – Performance Measurements).

With regard to the performance measurement targets set by the Agency in its agreement with the Fiducie, the detailed results as of December 31, 2008, and as of March 3 are in Appendix 3 – Performance Measurements, in the format required by the Agency for the quarterly reports it receives from the Fiducie.

As of December 31, 2008, the Fiducie was behind schedule with regard to the performance measurement expectations initially set out by Canada Economic Development in terms of the number of loans granted—25 projects instead of 75—and the total amount of money invested—\$8.5 million instead of \$25 million. This delay has consequences for other performance measurements indirectly related to the number of projects and total investments. Start-up took longer than expected and the Agency and all the stakeholders in the file were already aware of that. Nevertheless, for 2009–2010 and subsequent years, Mr. Charest, Executive Director of the Fiducie, thinks that there will be sufficient opportunity to achieve investments of approximately \$10 million per year and that, based on this, all the initial funds will be invested towards the end of 2013.

As for regional distribution, four regional groups should be sharing Fiducie investments to ensure proper regional distribution: outlying areas (23%), central areas (38%), major urban centres (12%) and Metropolitan Montreal (27%). As of December 31, 2008, the actual distribution was close to the required percentages, except for the major urban centres group (including Quebec City and the Outaouais) as mentioned above, a regional group for which the Fiducie still had no projects. The 12% shortfall for this regional group was mirrored by a 12% over-investment in Metropolitan Montreal, which had 39% of the investment total. Nevertheless, as mentioned earlier, the Fiducie is taking steps to ensure better coverage of those regions in the coming year, including by hiring a new employee in March 2009 for a development officer position. That employee will travel to those regions and promote the Fiducie's products, while at the same time getting a better understanding of local realities. The Fiducie thinks it will achieve the required distribution once all the funds have been invested.

It is worthwhile to note other indicators not required under the Agency's performance measurement as of December 31, 2008, for the 25 enterprises that had received about \$8.5 million in investment from the Fiducie:

- With regard to legal status, 11 were cooperatives and 14 were NPOs.
- The 25 enterprises funded covered a variety of activity sectors, such as agri-food (2), arts and culture (2), retail trade (3), environment (3), recreation and culture (7), manufacturing (1), community media (1), personal services (4) and collectively owned property (2).
- Of the \$8.5 million in committed investments, 75.8% was for real estate patient capital and the rest was for operations patient capital.
- According to information the Fiducie obtained from recipients, 770 full-time equivalent jobs were expected to be created or retained.

### **5.2.3 How accessible would the financial assistance obtained by the enterprises have been without the Fiducie's presence?**

All the recipients (7) and potential recipients (2) consulted told us that the Fiducie is essential to their projects, and 50% of the recipients told us that they had tried to get the funding elsewhere, without success.

Following the analysis of seven files in which the Fiducie had invested, found in Appendix 4 – Summary of Funding of Analyzed Projects, we can also conclude that, based on the sample selected, all the recipient enterprises had needed the Fiducie's financial support to carry out their projects.

Furthermore, one should not forget that the Fiducie's objective is also to allow better capitalization of social economy enterprises and not solely to make financial assistance accessible to enterprises that want to carry out viable projects but might not be able to find the financial support elsewhere.

#### **5.2.4 Were there any variations in the quality or quantity of output and/or in the resources used to produce output (in connection with the achievement of anticipated results)?**

The interviewees had generally not noticed any significant variation in the quality or quantity of output aside from the following:

- As the Fiducie actually began operating in February 2007 and its creation had been announced in advance, a number of files were already waiting at the very beginning.
- When the Fiducie tours the regions and offers information sessions about its products, its regional collaborators—Community Economic Development Corporation (CEDC), regional development corporation (CDR), local development centre (CLD), etc.—are able to improve their understanding. The regional collaborators' increased knowledge of the Fiducie's products is reflected in referrals that better match the Fiducie's eligibility criteria.
- The quality of RISQ file analyses has improved significantly in the past year and all Investment Committee members consulted confirmed that they had received appropriate analyses that had allowed them to make the necessary investment decisions. Also, the six recipients consulted were all very satisfied with the file analysis process and service received; the only problem mentioned involved a former RISQ resource that had already been replaced some time previously.

#### **5.2.5 What factors contributed to the success of the funding component of the Initiative? What factors hindered the success of the funding component of the Initiative?**

Various factors contributed to the success of the Initiative's funding component that today is the Fiducie du Chantier de l'économie sociale. The following are the key factors, of which the last three should be maintained to ensure the Fiducie's success in the short, medium and long term:

- There is the Agency's non-repayable contribution which, among other things, enables the Fiducie to have a very low weighted cost of capital, allowing it to make the investments it does.
- There is the participation of regional financial investors (FTQ, IQ, CSN) that are involved in the social economy and very active on the Investment Committee and the Trustee Council.
- A good governance structure was implemented and continues to be applied. In addition to a rigorous structure for the three committees (Trustee Council, Investment Committee and Monitoring Committee), it features a balance between all stakeholders, a diversity of experience and a high level of involvement and availability from all stakeholders.
- Good representation of local development stakeholders on the Investment Committee and on the Monitoring Committee ensures that the Fiducie's offerings continue to meet and, if required, adapt to the needs of social economy enterprises.

Some factors could have hindered the success of the Initiative's funding component if corrective action had not been taken to rectify them, including the following:

- There was insufficient Fiducie presence at the regional level and an inadequate understanding of the Fiducie's products in the regions. This lack of understanding was corrected by special training and representation efforts in the regions.
- File analysis in the early days of the Fiducie was inadequate for proper decision making. This weakness seemed to stem mainly from one specific resource that has been replaced. Also, knowledge and tools for analyzing files of greater scope were acquired.
- There was greater difficulty implementing the governance of the Monitoring Committee because of the high turnover rate of individuals in the regional organizations represented.

### **5.2.6 Did any unexpected effects result from the funding component of the Initiative?**

None of the people consulted mentioned any unexpected effects resulting from the funding component of the Initiative. The only surprise to date seems to be the absence of eligible projects from the major urban centres (Quebec City and Outaouais).

## **5.3 Other points of interest**

### **5.3.1 Withdrawal of Canada Economic Development from the Trustee Council**

Since May 2008, the Agency has been following guidelines regarding the presence of an employee as a guest or, in rare cases, as a director in an organization. Under those guidelines, an employee's presence on a board of directors must be authorized by the Agency's deputy head. That kind of special permission for the Agency's seat on the Trustee Council was granted until March 2009, which was when the CED contribution agreement with the Fiducie ended. Since seats on the Trustee Council are renewed annually in December, the Agency formally notified the Fiducie at that time of its imminent withdrawal. This means that the number of Trustee Council members will drop from nine to eight and that the Chantier de l'économie sociale will have to withdraw one of the four members it is entitled to appoint to the Trustee Council in order to maintain the same balance as in the past between investor members and Chantier members.

All Trustee Council members consulted about this during the interviews said they were comfortable with this mechanism since it had already been planned, with the exception of one member who wanted to see Canada Economic Development continue to sit on the Council, even after the last disbursement was made to the Fiducie, for the sake of good governance.

Despite CED's withdrawal from the Fiducie's board of directors, the agreement signed between CED and the Fiducie still terminates 10 years after the end of the disbursement period, meaning March 31, 2019. CED will continue the necessary monitoring through its Business Development, Northern and Infrastructure Branch (BDNIB) by receiving the information and documentation provided for in the contribution agreement between the parties. Among other things, CED will receive an action plan related to activities the Fiducie intends to undertake during the year in question, taking into account the elements of the continuous performance measurement specified in Appendix 3 of the agreement; an annual report of activities carried out; a copy of the audited financial statements for the year in question; and the recommendations made by the audit committee.

### 5.3.2 Fund sustainability

With regard to the fund's sustainability, this study did not plan a detailed analysis of the pro formas, and given the Fiducie's limited history, since it is just starting its third year of operations, it is impossible for us to give a verdict on sustainability. Nonetheless, after a general review of the 2009 budget, we note that a few assumptions have a major impact on long-term budgetary outcomes and will therefore have a significant effect on fund sustainability depending on how accurate they are in the future, assuming that there will be no other additional funds raised. The anticipated net surplus of \$153,000 at the end of the 2009 fiscal year and the anticipated surpluses in future years depend mainly on assumptions related to the following factors:

- The performance of the general fund, whose shortfall is made up by the surpluses of the investment fund and the contingency fund
- The interest rate on short-term investments, especially in times of falling interest rates
- The interest rate of Canada bonds, reflected in the cost of funding and the performance required by the Fiducie
- Losses on investments, which are difficult to estimate since the Fiducie is still young

It should be noted that we have obtained the initial fiscal projections over 15 years prepared by the Fiducie and the update for the Fiducie's first two fiscal years. Mr. Charest, Executive Director of the Fiducie du Chantier de l'économie sociale, confirmed that those projections were also updated to take into account market expectations for the coming years. Nevertheless, a more formal periodic exercise to update long-term projections would be a good idea, especially in the current context of falling interest rates and in a context in which the Fiducie will receive no more contributions from Canada Economic Development to partially support its operating costs.

### 5.3.3 Studies conducted by the Chantier

One of the roles of the Monitoring Committee is to ensure that the Fiducie's offerings remain relevant for all regions and continue to correspond the sector's needs and realities by adapting, if required. To do this, the Monitoring Committee relies on the two kinds of studies—strategic intelligence and needs analysis—conducted for the Fiducie by the Chantier de l'économie sociale. These studies seem to be appreciated by the people on the Investment Committee and the Trustee Council who were consulted.

Should social economy information become available through services funded by the Government of Quebec<sup>6</sup> and a statistical portrait of Quebec's social economy be developed, the Fiducie would be able to adapt its current requirement for such studies from the Chantier and even cancel the requirement if the studies were no longer needed.

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<sup>6</sup> Government Action Plan for Collective Entrepreneurship

#### **5.3.4 Ongoing improvement**

Since the file analysis process is important for the Fiducie and the RISQ, an internal exercise to continually improve file analysis, particularly in terms of investment criteria accuracy, including the evaluation grid and due diligence, is warranted. Such an exercise is currently being conducted to allow risk analysis to be linked to practices used by various financial institutions, taking the special features of the social economy sector into account as much as possible.

In terms of the process itself, an external consultant is currently reviewing the file routing and analysis process at the RISQ to improve the process.

#### **5.3.5 Presence and proximity of the Fiducie**

During the interviews conducted, a common theme emerged regarding the importance of the Fiducie staying connected to its “market.” Among other things, this involves remaining connected to social economy enterprises, collaborating with local stakeholders and being present in the regions to better understand their reality. One recipient would have liked Fiducie representatives to visit his/her enterprise, while one potential recipient expressed appreciation that a Fiducie representative had visited the enterprise’s premises.

## 6. Conclusions and recommendations

Based on documentary analysis and on in-person and telephone interviews conducted with members of the Investment Committee, the Trustee Council, local development stakeholders, recipients, social economy resource people, the Fiducie management team, and resources from the RISQ and the Chantier de l'économie sociale, we can draw the following conclusions:

- In terms of the relevance of the funding component of the Initiative as defined in this report, the Fiducie's mission to further the expansion and development of collective enterprises by making it easier to secure funding and by ensuring that social enterprises are better capitalized still has a place and still has a key role to play in the future to support the social economy sector.
- Even though the Fiducie had not, as of March 31, 2008, completely fulfilled the requirements of the performance measurements set by the Agency, as presented in Appendix 3 – Performance Measurements, it should get closer to doing so as the five-year term the Fiducie set for achieving results comes to an end. However, from a more comprehensive perspective, the results/performance of the funding component of the Initiative as defined in this report have been achieved, since the Fiducie has reached the target recipients, permitted the creation of social economy projects that could not have been carried out otherwise and encouraged additional financial contributions of \$47.5 million in investments (as of March 3, 2009) in the social economy sector since its creation in November 2006.

It is important to note that the Fiducie has just begun its third year of operation and that it has not been running long enough for us to evaluate several elements that may have a direct and major impact on fund performance and sustainability, including losses on loans. It would be a good idea to conduct such a study in a few years.

In conclusion, this evaluation report provides four recommendations and three suggestions to help maintain and guarantee the long-term success of the funding component of the Initiative:

1. Since governance is a factor that guarantees community trust and loyalty, we recommend that the Fiducie maintain its current good governance structure, thereby allowing it to play its role properly.
2. Since transparency and the support of the entire community are prerequisites to the Fiducie's success, we recommend maintaining and further promoting cooperation and communication with local development stakeholders and ensuring that all social economy organizations are included.
3. Given the importance of having realistic pro formas that reflect the known information on that day, we recommend conducting a more formal exercise to fully update the initial pro formas over 15 years, under the responsibility of one of the Fiducie's committees, possibly the Investment Committee. Also, in the current context of economic crisis and falling interest rates, we recommend tightly managing finances, particularly the operating fund, to ensure fund sustainability.
4. In order to satisfy the Fiducie's regional allocation objectives, we recommend continuing to make specific efforts in the Quebec City and Outaouais regions to gain a better understanding of the problem of the lack of files for the "major urban centres" regional group.

Finally, these are three suggestions that have emerged from the current exercise; the first two are related to relevance and the third to results/performance:

1. Since it is the Fiducie's duty to stay connected to social economy enterprises, it could, budget permitting, visit the premises and meet not only local stakeholders but also recipients and potential recipients to get a better understanding of the realities of these regions.

2. Given the high employee turnover in local development organizations, the Fiducie should continue to invest in increasing these local development stakeholders' knowledge of the Fiducie and its products.
3. To meet the prescribed performance expectations and for the sake of efficiency, the Fiducie should achieve an optimal annual level of investment and maintain that pace, except if the files submitted by the various regions do not warrant the required level of investment.

## APPENDIX 1 – PRELIMINARY MATRIX OF EVALUATION QUESTIONS

Summative evaluation of the funding component of the Social Economy Support Initiative for Quebec (hereafter the “measure”)

Questions	Indicators	Data Sources
<b>Relevance</b>		
Are the objectives of the measure still a priority for the government and are they in line with the department’s strategic outcomes? *	Alignment with government priorities; Alignment with strategic outcomes	Document review; Agency interviews
Do the components of the measure still meet the needs of social economy enterprises?	Usefulness of services offered; Financial expectations of SE enterprises; Reason for turning down applications; Change in number of applications over time	Document review; Interviews with recipients and non-recipients, managers and professionals from the Fiducie or from its various committees and related organizations; Chantier survey
Do they have value added for social economy enterprises in the existing supply of funding?		
Does the measure duplicate other programs or initiatives?	Complementarity with other available programs/initiatives	Document review; Interviews with recipients
How is this measure positioned compared with other social economy funding initiatives around the world?	Positioning compared with other measures in this field (niche, type of assistance,...)	Document review and interviews (CURA finance specialist <sup>7</sup> in social economy, ...)
<b>Results/performance</b>		
Does the measure reach the target recipients?	Profile of funded recipients (vs. target recipients)	Extraction from the Fiducie’s database; Chantier survey (of non-recipients)
To what extent were the anticipated results attained (with regard to targets, the scope of the measure, outputs,...)? *	Level of attainment of anticipated results	Extraction from the Fiducie’s database; Measurement table of the performance measurement; Interviews with recipients
How accessible would the financial assistance obtained by the enterprises have been without the Fiducie’s presence?	Access to similar financial products; <i>Financial package of enterprises with similar profile</i> ; Perception of recipients	Document review; Interviews with recipients, non-recipients and representatives of the financial sector

<sup>7</sup> The Community-University Research Alliance on the Social Economy (CURA-SE)

Questions	Indicators	Data Sources
<b>Results/performance</b> Were there any variations in the quality or quantity of output and/or in the resources used to produce output (in connection with the achievement of anticipated results)? *	Variations documented	Document review; Extraction from the Fiducie's database; Interviews with managers and professionals from the Fiducie or from its various committees and related organizations
What factors contributed to the success of the funding component of the Initiative? What factors hindered the success of the funding component of the Initiative?	Factors documented	Interviews and/or discussion groups with managers, employees and recipients; Chantier survey
Did any unexpected effects result from the funding component of the Initiative?	Unexpected effects documented	

\* Question for considering cost-effectiveness, draft directive on the evaluation function

## APPENDIX 2 – LIST OF PROJECTS AS OF JANUARY 30, 2009

Project Name	Region	Activity Sector	Fiducie Investment	Total Cost of Project	Jobs Retained or Created	Local Partners***
Alimentation COOP Port-Cartier	Côte-Nord	Agri-food	\$750,000	\$5,934,568	40	Port-Cartier region CDE, Fédération des coopératives d'alimentation du Québec
Ateliers créatifs – Centre-sud/Plateau Mont-Royal	Montréal	Arts and Culture	\$686,542	\$2,794,203	3	Plateau-Mont-Royal/Centre-Sud CEDC
Bonjour aujourd'hui et après	Laval	Personal Services	\$150,000	\$533,795	20	Laval CLD
Corporation de développement touristique de St-Juste-(Camping du Sous-Bois de l'Anse)	Bas-St-Laurent	Recreation and Tourism	\$100,108	\$477,108	6	Témiscouata RCM CLD
Coopérative brassicole de l'Autre Monde	Estrie	Agri-food	\$169,000	\$510,000	5	Estrie CDR and Estrie CEDC
Coopérative de l'Université de Sherbrooke	Estrie	Retail Trade	\$250,000	\$1,450,000	30	Fédération québécoise des coopératives en milieu scolaire
Coopérative de solidarité Développement Jarry/2 <sup>e</sup>	Montréal	Collectively Owned Property	\$715,000	\$2,318,292	None	Centre-Nord CEDC
Coopérative funéraire de l'Estrie	Estrie	Funeral Services	\$450,000	\$2,051,000	87	Fédération des coopératives funéraires du Québec, Estrie CDR and Haut St-François CLD
Coopératives de travailleurs CHNC	Gaspésie-Îles-de-la-Madeleine	Media and Communication	\$95,000	\$271,650	10	Bonaventure RCM CLD
Corporation touristique de Bergeronnes (Camping bon désir)	Côte-Nord	Recreation and Tourism	\$155,000	\$465,910	17	Haute-Côte-Nord CLD
La Corporation du Cinéma Beaubien	Montréal	Arts and Culture	\$506,373	\$1,791,484	25	Rosemont/Petite-Patrie CEDC
Le Centre de la Biodiversité du Québec	Centre-du-Québec	Environment	\$381,969	\$1,295,040	9	Bécancour CLD, CFDC
Légendes Fantastiques	Centre-du-Québec	Arts and Culture	\$412,000	\$3,150,733	18	Drummondville SDE
Les Boutiques Chic Chez Vous (Collection Innova)	Montréal	Retail Trade	\$150,000	\$450,000	10	CDEST, Longueuil CLD
Les Serres coopératives de Guyenne	Abitibi-Témiscamingue	Agri-food	\$250,000	\$1,675,500	155	Abitibi-Ouest CLD, CFDC, CDR
Recyclo-Centre	Montréal	Environment	\$350,000	\$1,629,624	22	Bas Richelieu CLD

Project Name	Region	Activity Sector	Fiducie Investment	Total Cost of Project	Jobs Retained or Created	Local Partners***
Service funéraire coopératif Drummond	Centre-du-Québec	Funeral Services	\$525,000	\$4,382,500	26	Fédération des coopératives funéraires du Québec, Drummondville SDE
Société des Fêtes et Festivals du Québec	Montréal	Recreation and Tourism	\$250,000	\$572,750	28	None
Société Immobilière Communautaire des Premiers Quartiers	Mauricie	Recreation and Tourism	\$59,000	\$224,670	3	ÉCOF, Trois-Rivières SDE
Coopérative de solidarité La Co.Mode Verte	Bas-St-Laurent	Environment, Retail Trade	\$60,000	\$597,435	8	Matane RCM CLD, Bas-St-Laurent CDR
Jouvence, Base de plein air	Estrie	Recreation and Tourism	\$550,000	\$2,450,000	156	Estrie CLD
Coopérative de solidarité en environnement la Maison Verte	Montréal	Environment, Retail Trade	\$95,000	\$593,321	7	Côte-des-Neiges CEDC, Notre-Dame-de-Grâce and Montreal/Laval CDR
Village québécois d'Antan	Centre-du-Québec	Recreation and Tourism	\$340,455	\$1,369,005	58	Drummondville SDE
Coopérative funéraire de l'Île de Montréal	Montréal	Funeral Services	\$700,000	\$2,555,000	9	CDEST, Fédération des coopératives funéraires du Québec
Site historique maritime de la Pointe-au-Père (Onondaga)	Bas-St-Laurent	Recreation and Tourism	\$250,000	\$3,181,052	18	Rimouski-Neigette CLD
Total			\$8,457,790	\$42,756,983	770	

\*\*\*CLD: local development centre; CEDC: Community Economic Development Corporation; SDE: economic development corporation; CDR: regional development corporation; CFDC: Community Futures Development Corporation

## APPENDIX 3 – PERFORMANCE MEASUREMENTS

Results from Appendix E of the Agreement Project 400023344 – Fiducie du Chantier de l'économie sociale Period: November 15, 2006, to December 31, 2008					
Anticipated short-term results					
<b>A) FUNDING OF ELIGIBLE SOCIAL ECONOMY ENTERPRISES</b>	<b>Objectives</b>	<b>Real Accumulation</b>	<b>Results Achieved %</b>	<b>Real Accumulation</b>	<b>Remarks, Comments or Corrective Action</b>
Target periods	Nov. 16/06 to Mar. 31/09 (28 months)	Feb. 1/07 to Dec. 31/08 (22 months)	79%	Feb. 1/07 to Mar. 3/09 (25 months)	Submission of projects to the Fiducie started on February 1, 2007. Therefore, 22 months of funding operations out of 28 months of funding objectives
Answer 750 requests for information on the Fiducie's financial products (provide list containing this information: NPO/Co-op, activity sectors, stage of development, region)	750	1,990	398%	N/A	304 requests for information addressed to the RISQ, 706 participants in information sessions, 980 visitors to the Fiducie's information booth and 10 representation and networking events (350)
Process 160 requests for funding	160	115	72%	143	25 projects accepted, 17 projects under analysis, 21 potential projects and 52 projects withdrawn, ineligible or turned down
Provide 75 loans for eligible social economy enterprises	75	25	33%	27	
Provide \$25 million in investments for eligible social economy enterprises (when giving the information, provide the list of all loans granted)	\$25 M	\$8,457,790	34%	\$9,560,290	\$6.4 M in real estate patient capital (CPI) and \$1.8 M in operations patient capital (CPO)  Projects being processed represent \$10.3 M in investment potential for the Fiducie
Generate \$70 million in total investments (specify the contribution of the enterprise and other donors)	\$70 M	\$42,756,983	61%	\$56,943,846	Fiducie contribution of \$8.5 M, enterprise contribution of \$2.5 M and contribution from other donors (loans and grants) of \$31.8 M
Monitor 44 eligible social economy enterprises, including 15 the second year (when giving the information, provide a summary of type of monitoring and length of intervention)	44	10	23%	12	Annual and quarterly monitoring based on a monitoring plan by enterprise. Note that the disbursement period following project acceptance is much longer than anticipated, so 10 of 25 authorized files are being monitored.
Support 7 eligible social economy enterprises that received an investment and are having difficulties (when giving the information, provide a summary of intervention type and length)	3	1	33%	1	One enterprise was having difficulties, so the Fiducie and the other financial partners granted a nine-month moratorium on capital and interest repayment (enterprise whose activities are seasonal).
Ensure a satisfaction rate of 90% among eligible social economy enterprises that submitted an application and those that received a loan	90%	86%	95%		Of 25 enterprises that received an evaluation questionnaire, 19 participated in the survey and 14 of them were very satisfied (satisfaction rate above or equal to 90%).
<b>B) LEVERAGE EFFECT OF FUND</b>					
Obtain \$12 million in investments in the Fiducie from contributors or investors other than CED	\$12 M	\$10 M	83%	\$10 M	Debentures of \$4 M from Investissement Québec, \$3.6 M from the FSTQ and \$2.4 M from Fondation (April and October)
<b>C) REGIONAL ALLOCATION OF FIDUCIE INVESTMENTS FROM 2006-2007 TO 2010-2011</b>					
Ensure coverage of all Quebec regions according to the following regional allocation of investments:					
Outlying areas	23%	20%	86%	17%	7 projects
Central areas	38%	41%	108%	37%	10 projects
Major urban centres	12%	0%	0%	0%	
Metropolitan Montreal	27%	39%	144%	46%	8 projects
<b>D) ASSESSMENT OF NEEDS OF ELIGIBLE SOCIAL ECONOMY ENTERPRISES</b>					
Annual survey of funding needs of eligible social economy enterprises (1 survey report per year)	2	2	100%	2	Survey report provided in September 2007 and 2008
Needs analysis for fixed asset funding and operation funding (1 analysis report per year)	2	2	100%	2	Analysis report provided in September 2007 and October 2008
Annual summary of sectoral and regional development issues for eligible social economy enterprises (1 summary per year)	2	2	100%	2	First report submitted on January 25, 2008, second report in December 2008 (copy currently being revised)

# APPENDIX 4 – SUMMARY OF FUNDING OF ANALYZED PROJECTS

## CANADA ECONOMIC DEVELOPMENT

### Summary table of funding of analyzed projects

Funding requirements																		
Projects	1		2		3		4		5		6		7		Total	\$	Total	
Infrastructure – Specific use	No	Yes			No	Yes			No	Yes			Yes					
Real estate	1,102,136	78%	1,200,000	72%	1,985,947	86%	2,169,000	70%	486,000	92%	2,008,500	83%	388,338	81%	9,339,921		78%	
Operations/Equipment	312,063	22%	475,500	28%	332,345	14%	918,000	30%	44,000	8%	416,500	17%	88,770	19%	2,587,178		22%	
<b>Total</b>	<b>1,414,199</b>	<b>100%</b>	<b>1,675,500</b>	<b>100%</b>	<b>2,318,292</b>	<b>100%</b>	<b>3,087,000</b>	<b>100%</b>	<b>530,000</b>	<b>100%</b>	<b>2,425,000</b>	<b>100%</b>	<b>477,108</b>	<b>100%</b>	<b>11,927,099</b>		<b>100%</b>	

Funding sources																	
Projects	1		2		3		4		5		6		7		Total	\$	Total
<b>Debts</b>																	
Banks	600,000	42%	1,275,000	76%	1,178,901	51%	420,000	14%	60,000	11%	15,000	1%	250,000	52%	3,798,901		32%
CLD (local invest. fund)	50,000	4%		0%		0%		0%		0%		0%		0%	50,000		0%
Bonds	15,000	1%		0%		0%		0%		0%		0%		0%	15,000		0%
Other loans	25,000	2%		0%		0%		0%		0%		0%		0%	25,000		0%
	<b>690,000</b>	<b>49%</b>	<b>1,275,000</b>	<b>76%</b>	<b>1,178,901</b>	<b>51%</b>	<b>420,000</b>	<b>14%</b>	<b>60,000</b>	<b>11%</b>	<b>15,000</b>	<b>1%</b>	<b>250,000</b>	<b>52%</b>	<b>3,888,901</b>		<b>33%</b>
<b>Quasi-equity loans</b>																	
RISQ	50,000	4%	50,000	3%	50,000	2%		0%	50,000	9%	50,000	2%	25,000	5%	275,000		2%
CLD grant		0%		0%		0%	100,000	3%		0%		0%		0%	100,000		1%
CEDC		0%		0%	50,000	2%		0%		0%		0%		0%	50,000		0%
Investissement Québec	100,000	7%		0%		0%		0%		0%			25,000	5%	125,000		1%
	<b>150,000</b>	<b>11%</b>	<b>50,000</b>	<b>3%</b>	<b>100,000</b>	<b>4%</b>	<b>100,000</b>	<b>3%</b>	<b>50,000</b>	<b>9%</b>	<b>50,000</b>	<b>2%</b>	<b>50,000</b>	<b>10%</b>	<b>550,000</b>		<b>5%</b>
<b>Contributns &amp; capitalizatn</b>																	
Grants	141,401	10%		0%		0%	1,395,000	45%	135,000	25%	1,785,000	74%	50,000	10%	3,506,401		29%
CLD grant	40,000	3%		0%		0%		0%	80,000	15%	25,000	1%	15,000	3%	160,000		1%
CEDC		0%		0%	60,000	3%		0%		0%		0%		0%	60,000		1%
Investments	160,000	11%	100,500	6%	264,391	11%		0%	25,000	5%		0%	12,000	3%	561,891		5%
<b>Fiducie CPI</b>	<b>150,000</b>	<b>11%</b>	<b>0</b>	<b>0%</b>	<b>715,000</b>	<b>31%</b>	<b>230,000</b>	<b>7%</b>	<b>160,000</b>	<b>30%</b>	<b>550,000</b>	<b>23%</b>	<b>0</b>	<b>0%</b>	<b>1,805,000</b>		<b>15%</b>
<b>Fiducie CPO</b>	<b>0</b>	<b>0%</b>	<b>250,000</b>	<b>15%</b>	<b>0</b>	<b>0%</b>	<b>112,000</b>	<b>4%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>100,108</b>	<b>21%</b>	<b>462,108</b>		<b>4%</b>
<b>Total Fiducie</b>	<b>150,000</b>	<b>11%</b>	<b>250,000</b>	<b>15%</b>	<b>715,000</b>	<b>31%</b>	<b>342,000</b>	<b>11%</b>	<b>160,000</b>	<b>30%</b>	<b>550,000</b>	<b>23%</b>	<b>100,108</b>	<b>21%</b>	<b>2,267,108</b>		<b>19%</b>
<b>Other</b>																	
	82,798	6%		0%		0%	830,000	27%	20,000	4%		0%		0%	932,798		8%
	574,199	41%	350,500	21%	1,039,391	45%	2,567,000	83%	420,000	79%	2,360,000	97%	177,108	37%	7,488,198		63%
<b>Total</b>	<b>1,414,199</b>	<b>100%</b>	<b>1,675,500</b>	<b>100%</b>	<b>2,318,292</b>	<b>100%</b>	<b>3,087,000</b>	<b>100%</b>	<b>530,000</b>	<b>100%</b>	<b>2,425,000</b>	<b>100%</b>	<b>477,108</b>	<b>100%</b>	<b>11,927,099</b>		<b>100%</b>

**Observations:** The funding requirements of the selected projects are mostly for infrastructure and for a specific use.

On average, 33% of the funding is debt.

On average, 5% is investment, which is minimal but reflects the reality of the sector.

On average, the Fiducie provides 19% of the funding.

Grants of all kinds make up 31% of the funding.

Generally speaking, financial packages are consistent with the nature of the assets, the activity sector and the borrower's profile.

## Project 1

- Funding used mainly to renovate and enlarge a building.
- General nature of asset (general/industrial/commercial use) makes acceptance of guarantee more attractive.
- In row one, bank financing of 42% represents acceptable financing. Note that the guarantee from Investissement Québec was required to obtain the financing.
- **Conclusion: Package consistent with the nature of the assets, the activity sector and the borrower's profile**

## Project 2

- Funding used to acquire a tree nursery (including rights).
- Very specific nature of assets (specialized equipment and rights).
- In row one, bank financing of 76% represents acceptable financing. Note that the guarantee from La Financière Agricole was needed to pique the bank's interest. Without this guarantee, bank financing would not have been forthcoming. Under the circumstances, the Fiducie's funding seems necessary to us.
- **Conclusion: Package consistent with the nature of the assets, the activity sector and the borrower's profile**

## Project 3

- Funding used mainly to build a residential building (74 condominium units with businesses on the ground floor).
- Given the overall general nature of the asset (residential use), the guarantee is good (after a first row of \$1,178,000).
- In row one, bank financing of 51% represents acceptable financing. Without the guarantee of Investissement Québec, bank financing would have been more difficult to secure. The Fiducie's funding came after that of the bank and seems necessary to us.
- **Conclusion: Package consistent with the nature of the assets, the activity sector and the borrower's profile**

## Project 4

- Funding used for improvement and construction projects.
- Very specific, even unique nature of assets (specialized equipment).
- In row one, bank financing of 14% represents minimal financing. Note that the city's guarantee was needed to pique the bank's interest. Without the city's guarantee and all of the grants from various parties, bank financing would have been more difficult to secure. Under the circumstances, the Fiducie's funding seems necessary to us.
- **Conclusion: Package consistent with the nature of the assets, the activity sector and the borrower's profile**

## Project 5

- Funding used to purchase and renovate a building.
- Given the overall general nature of the asset (general/industrial use), the guarantee is good.
- Very specific, even unique nature of assets (specialized equipment).
- In row one, bank financing of 11% represents minimal financing.
- **Conclusion: Package consistent with the nature of the assets, the activity sector and the borrower's profile. Bank financing could perhaps have been a bit higher, but would have limited the enterprise in its liquid assets.**

## Project 6

- Funding used for improvement and construction projects.
- General nature of assets but on a unique site (difficult to change purpose).
- Bank financing of 1% for this phase of the project seems low, but is acceptable in light of pre-existing bank indebtedness of \$1,450,000 with Desjardins. Additional bank financing of \$15,000 is in sixth place for movable and immovable property. The Fiducie's funding in the last row seems to us to be necessary to carry out the project.
- **Conclusion: Package consistent with the nature of the assets, the activity sector and the borrower's profile**

## Project 7

- Funding used to purchase and renovate cottages.
- General nature of assets but on a unique site (difficult to change purpose).
- In row one, bank financing of 52% represents acceptable financing. Note that the city's guarantee was needed to secure bank financing. The Fiducie's funding is in second place behind that of the bank and, under the circumstances, the Fiducie's funding seems necessary to us.
- **Conclusion: Package consistent with the nature of the assets, the activity sector and the borrower's profile**

## APPENDIX 5 – REFERENCES

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