



CHANTIER
DE L'ÉCONOMIE SOCIALE

Where are the MRI opportunities for foundations?

Philanthropic Foundations of
Canada

October 15, 2012



L'ÉCONOMIE SOCIALE.
ÇA PARLE D'ARGENT ET DE VALEURS HUMAINES.

Social economy in Québec

- A grassroots entrepreneurial movement that emerged in the past decades
- A growing number of social enterprises (cooperatives and non-profits) that are producing social, environmental and cultural benefit
- Innovation in new financial products that have created capacity to use private investment wisely



New financial tools

- RISQ (1997): 350+ small (50,000) non-guaranteed loans to non-profits and coops
- Chantier de l'économie sociale Trust (2007): patient capital up to 1.5 million with initial capitalisation 53M\$ and 27M\$ invested)
- Investment Quebec (1997): loan guarantees and non-guaranteed loans to non-profits and coops
- Local development funds (1997) invest in social enterprises at a local level



Emerging needs

- Need for patient capital to support projects that are moving to scale:
 - Community real estate
 - Community housing
 - Social and sustainable tourism
 - Cultural infrastructures
 - Environmental projects: alternative energies, recycling and reutilisation, natural resources,
 - New services (seniors, personal services, services to enterprises)



How to invest successfully

- Historically, investments in the social economy have been low risk when compared to traditional enterprise
- Need for intermediaries that understand the specificities of social enterprise and are capable of evaluating risk and reducing delivery costs
- Partnerships with community based networks to access reliable knowledge to guide investment decisions
- Hybrid forms with government, program related investment necessary for certain types of projects (small projects, certain social sectors)



What is in the investment pipeline?

Community housing fund: patient capital for cooperative and non-profit housing with long term (15 years zero coupon bonds) at $\pm 4,50\%$ fully guaranteed by government agency. Pilot project (3 years) with 34M\$. Forecast 80M\$/year after pilot.

Investment fund for artists workshops: mixed capitalisation of a patient capital fund with an expected 6% IRR. Initial capitalisation 15M\$ (10M\$ gov + 5M\$ private investor)

- Patient capital for several large community real estate projects
- Recapitalisation of RISQ and the Chantier de l'économie sociale Trust (8M\$)
- Process to create a secondary market to allow exit strategies for social investment
- Exploring other vehicles to generate liquidity and provide exit strategies
 - eg . Bonds – eg. community bonds (CDFI fully guaranteed bonds; CSI (Toronto); MFIs capitalization through bond issues, etc)



Want to know more?

- www.chantier.qc.ca
- www.fiducieduchantier.qc.ca
- www.fonds-risq.qc.ca

