

Responsible and Solidarity-Based Finance

A novel partnership between private foundations and a financial institution injects \$15 million for Quebec's social economy and community action

Montreal, September 11, 2018 - The **Caisse d'économie solidaire Desjardins**, the **McConnell Foundation**, the **Lucie and André Chagnon Foundation** and the **Mirella et Lino Saputo Foundation** are presenting today the **Garantie solidaire**. The Garantie solidaire, which stems from an unprecedented collaboration, is a financial tool designed to support the expansion of Quebec's social economy and community action. Acting as endorsers, the private foundations offer a **\$15 million guarantee** to allow community organizations, social economy enterprises, cooperatives and non-profit organizations to obtain loans from the Caisse d'économie solidaire Desjardins, a financial cooperative specializing in social economy and solidarity-based finance. With easier access to credit, these organizations will now be able to carry out projects that would not have been possible otherwise and to generate yet more positive impacts for the community, while injecting \$15 million in Quebec's social economy and community action sector.

Offset the market's shortfalls

"Our wish was to find a solution to the challenges faced in the field by social economy and community action organizations who are struggling to access the capital they need," explains **Erica Barbosa Vargas, director of Solutions Finance at the McConnell Foundation**.

Firstly, banks see these organizations, often wrongly, as presenting a higher risk than private sector businesses. Secondly, these organizations face difficulties which are inherent to their status or mission, such as the inability to raise investments, to offer the required guarantees, to turn a profit from social or environmental actions or to include public donations in the assessment of their capacity to repay a loan. "We wanted to offset the market's shortfalls, so together we created the Garantie solidaire," summarizes **Claude Pinard, executive director of the Mirella et Lino Saputo Foundation**.

"This additional guarantee provided by the foundations allows the Caisse d'économie solidaire to grant loans that could not have been granted otherwise. We can now complete financing packages in complementarity with the sector's other financial actors and secure the launching of development projects that will generate additional positive impacts for our society," explains **Marc Picard, director general of the Caisse d'économie solidaire**.

Expertise combined with philanthropic capital and experience: the power of partnership

"Collaboration is key. The Caisse d'économie solidaire's expertise in social economy and solidarity-based finance, combined with the philanthropic capital and experience of the foundations, lead to a new solution to help organizations from the social economy and community action sector overcome the challenges they face. Solutions do exist, it's just a matter of bringing them to life," argues **Jean-Marc Chouinard, president of the Lucie and André Chagnon Foundation.**

A new tool at the heart of the ecosystem

The Garantie solidaire is an additional tool to help complete financing packages in collaboration with actors of solidarity-based finance in Quebec. The Garantie solidaire adds to the available solutions and facilitates the carrying out of community action and social economy development projects.

Projects that are carried out

"We have been working for ten years to become owners in order to reduce our rent costs and invest more in our mission. As a non-profit organization, it is somewhat against our very nature to accumulate surpluses. Without a down payment, we were turned down by all banks. However, the partners of the Garantie solidaire understand our reality and, thanks to this tool, we were able to become owners, which was an important step in our development," says **Patrice Machabée, managing director of ALPABEM,** a Laval-based organization devoted to supporting the families of persons who suffer from mental illness.

"With the Garantie solidaire, we don't deal with ordinary bankers. The Caisse d'économie solidaire and its partner foundations go beyond just looking at our credit score. They understand our reality and guide us through the creation of our development vision and the setting up of our financial goals," affirms **Maxim Bragoli, cofounder and managing director, La Pépinière | Espaces Collectifs,** a non-profit organization committed to the development, promotion and exploration of a participative approach to the city.

"Collaboration among diverse actors — La Caisse d'économie solidaire, foundations, regional partners and the Government of Quebec — has allowed us to achieve our growth. Thanks to foundation support, we have access to the financing we require to reach our next stage of development," said **Darllie Pierre-Louis, director of a catering service called BAE,** a social enterprise dedicated to economic inclusion, located in the Lanaudière region.

An initiative worth replicating

"It's a concrete solution to real difficulties experienced by organizations of the community and social economy sector. It's also one of the simplest and most effective ways for foundations to leverage their assets for the benefit of social change, in addition to traditional grant-making. We hope the initiative will be replicated and repeated on a larger scale," advises **Erica Barbosa Vargas, director of social finance at McConnell Foundation.**

The Garantie solidaire

To gain access to the Garantie solidaire, organizations will have to demonstrate the economic viability of their project, and their ability to repay the loan. The organizations that take advantage of the Garantie solidaire must pay their endorser a guarantee fee equal to 1% per year of the amount initially guaranteed, based on the length of the guarantee. This fee is in addition to the credit fees related to the loan, which are paid to the Caisse d'économie solidaire. Interested organizations must submit their application to the Caisse d'économie solidaire.

Quebec's social economy

In Quebec only, the social economy has a broad impact on the economic development. In fact, the social economy represents more than 7,000 businesses, 210,000 jobs and a revenue close to \$40 billion, which is more than 10% of Quebec's gross domestic product (GDP).

- 30 -

About the Caisse d'économie solidaire Desjardins

The Caisse d'économie solidaire Desjardins is the financial cooperative for social movements, collective businesses and citizens committed to a social and sustainable economy. It has more than 3,000 collective business members. As of December 31, 2017, it had invested \$548 million in the social economy and had \$917 million worth of assets. The Caisse is the only Quebec financial institution that is a member of the Global Alliance for Banking on Values.

About the McConnell Foundation

The McConnell Foundation is a private Canadian foundation that develops and applies innovative approaches to social, cultural, economic and environmental challenges. As of December 31, 2017, it had assets worth \$651 million.

About the Lucie and André Chagnon Foundation

The Lucie and André Chagnon Foundation is a private Quebec foundation whose mission is to prevent poverty by contributing to the educational success of young Quebecers, from conception until the age 17, by helping them develop their full potential. As of December 31, 2017, it had assets worth \$2 billion.

About the Mirella et Lino Saputo Foundation

The Mirella et Lino Saputo Foundation is a private foundation that invests in the search of solutions to social and economic challenges and in the perpetuation of such solutions in order to promote a resilient and inclusive society where the elderly, people with disability and newcomers can fully experience their citizenship. As of December 31, 2017, it had \$268 million worth of assets.

Information

Christophe Aura

COPTICOM

caura@copticom.ca

514-577-5838