



Some Initiatives that Enabled the Institutionalization of Quebec's Social Economy: Civil Society's Crucial Role and the State's Essential Role

by

Marguerite Mendell, Chair of the ARUC-ÉS Finance Cluster

Ralph Rouzier, Research Professional¹

Concordia University

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For further information, contact the BC-Alberta Social Economy Research Alliance, PO Box 1161, Port Alberni, BC, V9Y 7M1, (tel) 250-723-2296
Website: www.socialeconomy-bcalberta.ca
Email: balta@xplornet.com

Author Information

Dr. Marguerite Mendell is Vice Principal and Associate Professor of the School of Community and Public Affairs at Concordia University and Director of the Karl Polanyi Institute of Political Economy, Concordia University. Her research and teaching is on the social economy, alternative investment strategies, comparative community economic development, comparative public policy, history of economic thought, and economic democracy.

Dr. Ralph Rouzier, at the time of producing this report, was a doctoral candidate in Sociology at Université du Québec à Montréal.

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II A Ripple Effect

2.1 Three Kinds of Initiatives

Following the 1996 *Sommet sur l'économie et l'emploi* [Economy and Employment Summit], other than the state's recognition of the social economy, that is to say the recognition of the social economy stakeholders as socio-economic development and transformation agents, three kinds of initiatives enabled the strengthening of the social economy's development: 1) funding of the social economy through certain public institutions (*Investissement Québec* [Quebec Investment]) and new funds (the *Fonds de lutte contre la pauvreté par la réinsertion au travail*, the *Fonds d'économie sociale*, and the *Réseau d'investissement social du Québec* [the Fund to Combat Poverty through Labour Market Reintegration, the Social Economy Fund, and the Quebec Social Investment Network, respectively]; 2) legislative changes, for example, the creation of solidarity cooperatives; 3) training and research (*CSMO/ÉSAC*, *CRISES*, *ARUC-ÉS*). Let's examine these initiatives in greater detail.

2.1.1 Funding

Investissement Québec

Created in 1998, *Investissement Québec* is a crown corporation that administers a variety of business funding programs. In 2001, it created a new subsidiary, *La Financière du Québec* [the Quebec Trust]. The latter grants funding to small and medium businesses (SMB), and it also manages the *Programme favorisant le financement de l'entrepreneuriat collectif* [Program for the Promotion of Collective Entrepreneurship Funding], which offers loan guarantees as well as loans. In addition, it manages the *Programme favorisant la capitalisation des entreprises de l'économie sociale* [Social Economy Businesses Capitalization Incentive Program], which emphasizes loans. It bears mentioning that of the \$100 million committed to business funding, *La Financière* earmarked \$15 million for social economy organizations and cooperatives under these two new programs.³

As for the first program, in 2005-2006, funding in the form of 87 loan guarantees totalling \$15.7 million was authorized. Over a three-year period, these should create 190 new jobs and guarantee 2,185 existing jobs. As for the second program, 85 funding transactions totalling \$3.6 million were authorized in 2005-2006. Over a three-year period, these are likely to create 125 new jobs and guarantee 600 existing jobs.⁴

Fund to Combat Poverty through Labour Market Reintegration

This fund was created in 1997 in the summit's aftermath. Its mission is to support "job readiness, job creation and labour market reintegration projects carried out by organizations in order to help economically-disadvantaged people join the workforce

³ Investissement Québec, 2002, « Rapport annuel 2001-2002 » [2001-2002 Annual Report], 92 p.

⁴ Investissement Québec, 2006, « Rapport annuel 2005-2006 » [2001-2002 Annual Report], 100 p.

through job reintegration and job creation projects, especially employment insurance claimants, immigrants, and, most importantly, visible minorities and women”.⁵ From 1997 to 2000, after collecting money from businesses and individuals to this end, the government made available \$250 million, \$7.4 million of which were earmarked for social economy. As of March 19, 1999, 152 projects had been financed, creating a total of 460 jobs.⁶ From 2002 to 2003, \$160 million were added for the second and last phase because of the seemingly positive effects of this measure and of surpluses encountered. However, in all the regions, except for Montréal (the metropolis), the money could be used to fund different types of projects, meaning that no specific amount was reserved for social economy purposes. In the Montréal region, \$4 million was set aside for social economy projects during the second phase.⁷

Fonds de développement des entreprises d'économie sociale (FDEÉS) [Social Economy Businesses Development Fund]

This fund constitutes a tool integrated in the local development centres (LDC) created from 1997 in all of the regional county municipalities (RCM)⁸ or their equivalent, although the large majority of LDCs were created in 1998. Through this fund, the LDCs give grants that rarely exceed or reach \$50,000 to social economy organizations. The grants are used to cover the start-up costs, but can also serve for the consolidation of social economy organizations. In 2001, the average amount available for the *FDEÉS* in 55 LDC out of 111 was \$105,065 (\$26.5 million were committed from 1998 to 2000)⁹. In 2004, more than \$80 million were invested in 117 LDCs¹⁰. With the enactment of the *Loi sur le ministère du Développement économique et régional et de la Recherche* [Law on the Department of Economic and Regional Development and Research] at the very end of 2003, and the Quebec government's 2004-2005 Budget, the *FDEÉS'* future was uncertain.

Other tools within the LDC are also earmarked for business funding. Even though they are usually used to fund capitalistic businesses, it is not excluded that they can fund social economy enterprises: they are the *Fonds local d'investissement (FLI)* [Local Investment

⁵ <http://www.mess.gouv.qc.ca/francais/flcp/presentation/index.htm> (November 21, 2003)

⁶ Fund to Combat Poverty Through Labour Market Reintegration, 1999, Annual Report, June 1997 to March 1999, Quebec, Quebec Government, 42 p.

⁷ Source: Marie-Hélène Méthé, *Chantier de l'économie sociale*.

⁸ The regional county municipality (RCM) is a supramunicipal institution regrouping the urban and rural municipalities of a given region, except for the municipalities that are part of the urban communities of Montréal, Québec, the Outaouais, the municipality of Baie-James and the municipality of Côte-Nord-du-Golfe-du-Saint-Laurent.

(http://www.gouv.qc.ca/Vision/Territoire/DivisionsTerritoriales_fr.html#MRC, November 26, 2003)

⁹ Lévesque, Benoît, Denis Martel, Margueritte Mendell, Bouchra M'Zali, Jean Desrochers, 2002, « Analyse de la gestion des fonds et portefeuille des Centres locaux de développement du Québec » [Analysis of the Management of Québec's Local Development Centre Funds and Portfolio], Report presented to the *Association des CLD du Québec* [Quebec LDC Network], Montréal, *CRISES-IRECUS-GRCR*, October, 98 p. + appendices.

¹⁰ Source: *Chantier de l'économie sociale*

Fund] that generally grants loans under \$50,000, and the *Fonds jeunes promoteurs* [Young Promoters's Fund] that can usually provide \$3,000 grants to individuals.

In the case of the *FLI*, the government extends loans to the LDC, whereas for the *Fonds Jeunes promoteurs* it provides grants. Each LDC has, on average, a little over \$1 million for the *FLI*, since the government has lent them \$126 million to this end since their inception. As a rule, the repayment of these loans can be reinvested. In 2006-2007, the total budget will reach \$171 million. From 1998 to 2004, the *FLI* has helped to create 19,311 new jobs and protect 27,788 jobs in 2,187 new businesses and 2,546 in current businesses.¹¹ Furthermore, the *RCMs* were also called upon to contribute to LDCs' operating budget, however, these amounts varied from one RCM to another depending on whether they were part of a more or less economically-advantaged region.

It bears mentioning that, within the federal government, there are Community Futures Development Corporations (CFDC) and Business Development Centres (BDC) that offer services to businesses for the start-up or consolidation of their activities through funding or assistance and advice. They act at the local level, therefore, they promote community development. Although they are not necessarily only dedicated to the funding of social economy activities, these are not excluded.

Réseau d'investissement social du Québec (RISQ) [Quebec Social Investment Network]

This fund was created in 1997 in response to a commitment taken at the *Sommet sur l'économie et l'emploi* by the business sector and the *Chantier de l'économie sociale*. *RISQ* is a non-profit organization managed by a board of directors comprised of representatives from the shareholders and various sectors of the social economy. At the beginning of 2003, it represented a \$10.3 million venture capital fund devoted strictly to social economy organizations, of which 60% comes from the Quebec government. *RISQ* has also received support with its operating budget from the Quebec government for a little less than three years. At that time, it received \$400,000 per year. Shareholders are eligible for 150% tax credits, but only at the provincial level¹². *RISQ* had invested more than \$8.3 million at the end of June 2005: \$7.4 million in capitalization and \$930,486 in technical assistance. The resulting investments reached almost \$85.7 million. Its 372 portfolios, 180 of which are capitalization loans and 192 technical assistance contributions, have helped to create and preserve 4,412 jobs (2,737 for capitalization and 1,675 for technical assistance investments).¹³

Programs

The Quebec government has developed various programs to promote social economy expansion, namely the Financial Assistance for Domestic Help Services Program in 1997, and, in 1999, the *Programme d'aide aux entreprises d'économie sociale œuvrant dans le secteur de la gestion des matières résiduelles* [Financial Assistance Program for

¹¹ <http://www.budget.finances.gouv.qc.ca/budget/2006-2007/fr/pdf/PlanBudgetaire.pdf>

¹² In Quebec, there is a provincial tax rate and a federal tax rate.

¹³ www.fonds-risq.qc.ca (November 24, 2006)

Social Economy Businesses in the Waste Management Sector]. In the first case, in 2002, a \$36 million budget was devoted to funding domestic help users. In 2006-2007, \$11.1 million is budgeted¹⁴. In the second case, the program aimed at creating and maintaining long-lasting and quality jobs in social economy organizations that manage projects related to waste management (\$23.4 million from 1999 to 2004). Then, from 2005 to 2008, \$5.7 million are planned within the *Programme d'aide financière aux entreprises d'économie sociale œuvrant dans le cadre des Plans de gestion des matières résiduelles* [Financial Assistance Program for Social Economy Businesses Working in the Area of Waste Management Plans]¹⁵. Furthermore, another program was created, the *Programme de soutien aux regroupements sectoriels en économie sociale* [Financial Assistance Program for Social Economy Sector-Based Networks] that is meant to improve sector-based expertise, management's entrepreneurial capacity as well as social economy organizations' sustainability. Funding could reach \$100,000 per project, and \$150,000 annually for each network. As of 1999, \$6 million was allotted annually to this program for a four-year period.¹⁶ There is also the *Programme de subvention aux entreprises adaptées* [Adapted Businesses Grants Program]. A \$48.4 million budget in salary grants, consolidation grants and start-up grants is planned for 2006-2007 for 44 adapted businesses spread over Quebec's territory¹⁷.

2.1.2 Legislation

The Cooperative and Non-Profit Sectors

In 1985, the Quebec government created the *Régime d'investissement coopératif (RIC)* [Cooperative Investment Plan]. This measure, complemented by a tax rebate, allows cooperative members and employees to invest in their organization through preferred shares. The maximum deduction is 150%. From 1995 to 2001, workers have invested more than \$280 million in equity capital in 250 cooperatives¹⁸. The tax rebate that now reaches 125% is calculated on taxable income at the provincial level. This deduction cannot exceed 30% of the investor's total revenue and can be carried forward over the next five years. In the case of shareholder cooperative workers, the ceiling is 165%.¹⁹

However, it is necessary to review the legislation concerning cooperative and non-profit funding. Social economy non-profit organizations are incorporated under Part III of the Companies Act. The legislative framework does not allow these businesses to issue capital shares as is the case for some cooperatives or for capitalist businesses, thus depriving them of a potential equity source. "In this context, the legal status of social economy non-profit organizations remains a major issue in order to allow these organizations to develop themselves to their full potential and to ensure further

¹⁴ http://www.chantier.qc.ca/uploads/documents/publications/bulletin_no_32.pdf

¹⁵ http://www.recyc-quebec.gouv.qc.ca/Upload/Publications/MICI/ECONOMIE_SOCIALE/Prog-Econo-Soc.pdf

¹⁶ Quebec Government, 2003, *op. cit.*

¹⁷ <http://www.ophq.gouv.qc.ca/communiqués/3avril2006.html>

¹⁸ Ministère des Finances [Department of Finance], 2004, « Budget 2004-2005 : Plan budgétaire 2004-2005 » [2004-2005 Budget: Budget plan], 7 sections.

¹⁹ <http://www.mdeie.gouv.qc.ca> (November 24, 2006)

development.”²⁰ For this reason, *CIRIEC-Canada*²¹ [Working Group on the Legal Status of Associations], in cooperation with the *ARUC-ÉS*²² and other partners²³, organized, in December 2002, an international seminar in Montreal entitled: “Avenir des associations. De nouvelles lois?” [The Future of Organizations: New Laws?] that suggested possible legislative solutions in order to promote the expansion of social economy organizations, namely in the area of funding.

2.1.3 Training and Research

Comité sectoriel de main-d'œuvre/Économie sociale et action communautaire (CSMO/ÉSAC) [Sector-Based Committee on Labour/Social Economy and Community Action]

In 1997, *CSMO/ÉSAC* was created for the purpose of facilitating and consolidating networking and partnerships in order to solve labour problems in the social economy and community action sectors. Consequently, its role consists namely of proposing specific measures, such as training for certain categories of individuals (youth, women, immigrants, disabled persons, people of 45 years and over, Aborigines), in order to allow for job creation and retention. Since 1997, the government provided \$250,000 to *CSMO-ÉSAC* in operating costs. More specifically, as a non-profit organization, it tries to “ensure sector-based labour and employment development through the mobilization and networking of the main relevant stakeholders, through in-depth knowledge of the labour market and through the development of action strategies and continuing education.”²⁴

Centre de recherche sur les innovations sociales (CRISES) [Research Center on Social Innovations]

CRISES has more than sixty university researchers, 30 of which are regular members. The Centre’s work focuses on three components: 1) development and territory; 2) quality of life; 3) work and employment. Various disciplinary and theoretical traditions such as the social movement, institutional and organizational theories, structural and social interactions, innovative environments and territorial innovation systems approaches are applied. They allow for the distinction between organizational and institutional innovations. In 2005-2006, *CRISES* had an \$8.9 million budget. It received almost \$5.5 million from university research funding institutions, of which a little more than

²⁰ Quebec Government, 2003, *op. cit.*, p. 2

²¹ *Centre Interdisciplinaire de Recherche et d'Information sur les Entreprises Collectives* [Interdisciplinary Research and Information Centre on Collective Enterprises]

²² Community-University Research Alliance (CURA)

²³ Government of Canada (Industry Canada), Government of Quebec (Finance, Economy and Research Department), *Centre de recherche sur les innovations sociales (CRISES)* [Research Center on Social Innovations], HEC Montréal [Montréal School of Higher Commercial Studies] (Research office), UQAM [University of Québec at Montréal] (Department of management sciences), *Université de Sherbrooke* [Sherbrooke University] (IRÉCUS – *Institut de recherche et d'éducation pour les coopératives et les mutuelles*) [Research and Education Institute for Cooperatives and Mutual Benefit Insurance Companies].

²⁴ *Comité sectoriel de main-d'œuvre/Économie sociale et action communautaire*, 2006, « Rapport annuel 2005-2006 » [2005-1006 Annual report], p. 9.

\$4.3 million came from the Social Sciences and Humanities Research Council (SSHRC), a little less than \$1.9 million came from the *Fonds québécois de la recherche sur la société et la culture (FQRSC)* [Québec Fund on Society and Culture Research], and the remainder coming from other sources (sponsors and university institutions). Furthermore, \$1.8 million comes from the Canadian Foundation for Innovation²⁵. The state's contribution to research is essential.

Alliance de recherche universités-communautés en économie sociale (ARUC-ÉS)
[Community-University Research Alliances in Social Economy (CURA-SE)]

ARUC-ÉS was created in January 2000. It is comprised of members from the university and various sectors involved in social economy development in Quebec. Its funding is provided by SSHRC through its Community-University Research Alliances Program, as well as by the in-kind and financial contributions of the partner universities and organizations. The state's support is essential again in this case. SSHRC will have contributed on average a little less than \$300,000 annually to *ARUC-ÉS'* operating budget, from 2000 to the end of 2004. *ARUC-ÉS* is diversifying its funding sources by securing other financial contributions to allow for the progress of research. It has six main partners, about twenty sector-based and specialized partners and more than thirty other organizations who are all associated with its work. Approximately thirty professors from four different universities contribute to its work, as well as affiliated professors from other universities on an individual basis.

III Other Specific Initiatives

3.1 *FondAction, the CSN's²⁶ Cooperation and Employment Development Fund*

This fund was created in 1995 thanks in large part to the state's financial and legal support. In 1983, a similar workers fund, the *Fonds de solidarité FTQ*²⁷ [FTQ's Solidarity Fund] was created. It received a \$10 million donation from the federal government, which also granted a 20% tax credit to fund shareholders on new shares issued, for a maximum of \$700 per year²⁸. Today, provincial and federal tax credits total 30% when contributing to a RRSP²⁹ managed by the fund or when buying the fund's shares. The same goes for the *FondAction*, although in this case, it is the provincial government who gave it a \$10 million loan at the time of its creation.

FondAction's mandate is to invest "at least 60% of its assets (from the preceding year) in Quebec businesses, mainly those involved in participative management, self-controlled businesses, cooperatives or other organizations that have included in their charter an equal distribution of the right to vote between shareholders or members, or that are

²⁵ CRISES, 2006, « Rapport annuel des activités scientifiques du CRISES 2005-2006 » [*CRISES'* 2005-2006 Annual Report on Scientific Activities], 155 p.

²⁶ *Confédération des syndicats nationaux* [National (Quebec) Confederation of Unions]

²⁷ *Fédération des travailleurs et travailleuses du Québec* [Quebec Federation of Workers]

²⁸ http://www.fondsftq.com/fra/a_propos/AproposFrame.html? (November 28th, 2003).

²⁹ Registered retirement savings plan

organizations whose decisions or activities contribute to protect or improve the environment”³⁰. As of May 31, 2006, its net assets were \$448 million and it had 64,140 shareholders. *FondAction*’s investments that have an economic impact in Quebec amount to \$271.7 million. These investments have contributed to the creation or the preservation of 8,162 jobs.³¹

In 2001, *FondAction* created *FilAction* – a fund dedicated to local investments and the provision of community funds – in order to fulfill the funding needs of businesses requiring less than \$500,000 and to provide funds to communities. One of *FilAction*’s objectives is to maintain jobs by funding businesses, especially those where there is workers’ participation as well as social and solidarity economy organizations, through the contribution of equity to micro-credit funds. It has \$7 million in assets that come from *FondAction*.

The funding granted by *FilAction* varies between \$50,000 and \$150,000 through acquisition of shareholding, equity type loans or loan guarantees. Repayment conditions are established according to repayment capacity over three to seven years for a business and five to seven years for a fund³². In five years, *FilAction* has invested more than \$7 million and made commitments worth over \$5 million towards cooperatives and non-profit organizations in Quebec. Through its “provision” portfolio, *FilAction* works “in a network with first-line financing funds such as the *Réseau québécois du crédit communautaire* [Québec Network of Community Credit] or the *Réseau des fonds d’investissement des femmes entrepreneures* [Network of Investment Funds for Women Entrepreneurs]. The expertise acquired through these networks is now used to support cooperative start-up fund networks pertaining to regional development cooperatives and technical resource groups. More recently, *FilAction* became the main partner in a \$1 million fund aimed at developing fair trade.”³³

FilAction also manages the *Fonds de financement coopératif* [Cooperative Funding Fund], created by *FondAction* and *RISQ*, which has \$6 million in assets set aside for non-profit organizations and cooperatives. Investments vary between \$100,000 and \$250,000. Social economy enterprises can obtain up to \$400,000 from *FilAction*. “This combined offer structure of capitalization that is available to collective enterprises represents an example of solidarity finance development in Quebec, where the main stakeholders create financial instruments through partnerships in order to better respond to the social economy’s needs.”³⁴

³⁰ *FondAction*, 2002), « Rapport annuel 2001-2002 » [2001-2002 Annual Report], 48 p.

³¹ <http://www.fondaction.com> (November 25th, 2006)

³² Tessa Hebb and alii (2006). « Financing social Economy Enterprises ». Ottawa : Carleton Centre for Community Innovation, Final report, March, 72 p.

³³ *Comité investir solidairement* [Solidarity Investing Committee], 2006, « Investir solidairement. Bilan et perspectives » [Solidarity Investment. Assessment and Outlook], Montréal, Alliance de recherche universités-communautés en économie sociale, p. 22.

³⁴ *Ibid.*, p. 23.

3.2 **The *Caisse d'économie solidaire Desjardins*** [Desjardins Solidarity Savings Fund]

At the beginning of the 1970s, CSN launched the creation of workers' savings funds, namely the *Caisse d'économie Desjardins des travailleuses et travailleurs* [Desjardins Workers' Savings Fund] (1971), which has since been renamed the *Caisse d'économie solidaire Desjardins* [Desjardins Solidarity Savings Fund]. It offers guaranteed loans to social economy enterprises. It supports social and solidarity economy development and provides advice to individuals to ensure "the socially responsible management of their personal finances"³⁵. As of December 31, 2005, its assets amounted to \$383.8 million, of which \$250 million (65 %) were dedicated to collective projects. It finances cooperatives and non-profit organizations, including community and social housing organizations. To fulfill its mission, it collected \$299.7 million worth of savings from its members. "This social benefit deposit serves as a financial lever for collective enterprise in the community, cooperative, cultural and union sectors. In addition, it has created the *Fonds de soutien à l'action collective solidaire* [Support Fund for Collective Solidarity Action], where depositors forfeit their interest for the benefit of collective projects. This solidarity savings strengthens the *Caisse's* mission"³⁶.

3.3 **The *Fiducie du Chantier de l'économie sociale*** [Social Economy Worksite Trust]

Patient capital, in the form of equity or near equity, for social economy enterprises remains an important issue. This is why Canada Economic Development created the *Fiducie du Chantier de l'économie sociale* [Social Economy Worksite Trust]. At the end of 2005, the *Chantier de l'économie sociale* was chosen as manager for the trust, which had an initial capitalization of \$23.5 million over five years, devoted to social economy enterprises. In 2006, the *Fonds de solidarité FTQ* announced that it would inject \$12 million in the *Fiducie*, *FondAction* \$8 million, and the Quebec government \$10 million.³⁷

The *Fiducie* plans to perpetuate and increase its investments through the "development assets market in order to create a secondary market, whose success will be intimately tied to the investors' confidence in the trust companies. If the market reaction is positive, the trust shares will then gain in liquid assets, which will increase their appeal on the market. This will enable the creation of a 'solidarity market', which will constitute a powerful leverage effect that will increase tenfold the initial investment."³⁸

3.4 **Micro-Credit**

³⁵] *Ibid.*, p. 21.

³⁶ *Ibidem.*

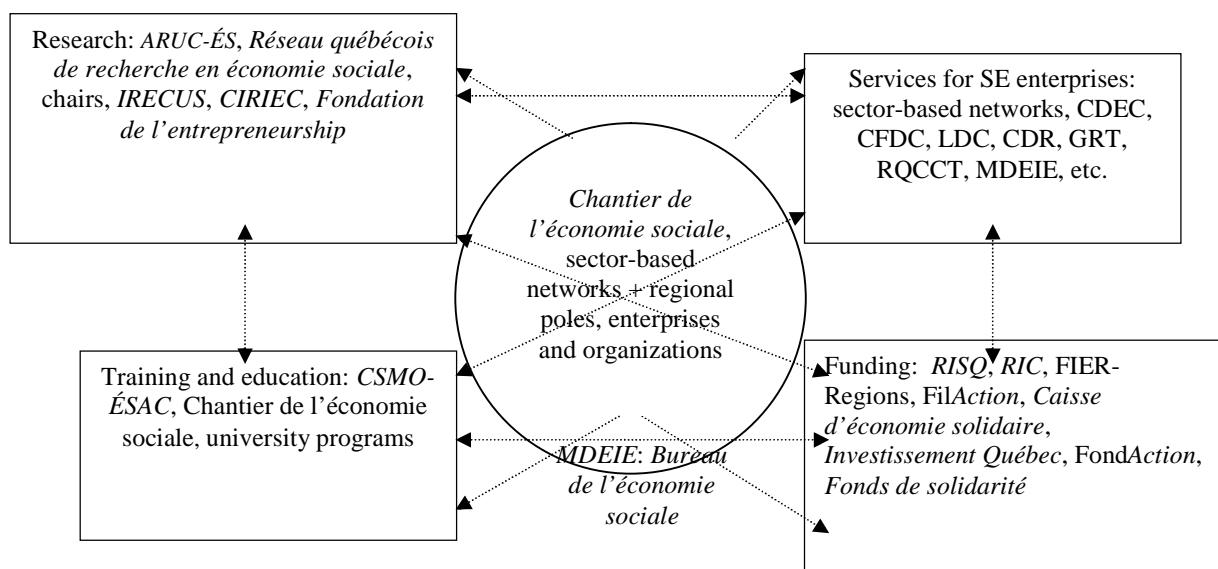
³⁷ Tessa Hebb, 2006, *op. cit.*

³⁸ *Comité investir solidairement* [Solidarity Investing Committee] (2006), *op. cit.* p. 23.

3.4.1 The *Réseau québécois du crédit communautaire (RQCC)* [Quebec Network of Community Credit]

Micro-credit took shape in Quebec with the creation of the *Association communautaire d'emprunt de Montréal (ACEM)* [Montréal Community Loan Organization] in 1990. This has then led to the creation of other microfinance tools, such as lending circles that were inspired by the Grameen Bank experience, which in turn resulted in the creation of the *Réseau québécois du crédit communautaire (RQCC)* in 2000. In 2006, *RQCC* had twenty members, nine of which were community loan funds and eleven were lending circles³⁹. The *Réseau*'s mission is to “develop and promote Quebec’s community credit approach (micro-credit, micro-finance, solidarity funding), in the context of ensuring greater individual and collective well-being, and eliminating poverty. The *Réseau* supports its members as alternative resources providing access to equity as well as coaching to local populations for the implementation of economic activities”⁴⁰. In 2005, *RQCC*'s fund assets reached \$2.3 million. Since *RQCC*'s inception, its members have granted \$3.1 million in loans. The repayment level is 85%. Its investments have contributed to the creation or preservation of 1,175 jobs.⁴¹ The creation of this network helps to ensure recognition by the Quebec government, and, thereafter, to obtain partial support, especially for operating costs⁴². Community credit is one partner among many in the funding of the social economy.

The following diagram summarizes the context that enables the creation of a Quebec social economy system of innovation:



³⁹ *Ibid.*

⁴⁰ *Réseau québécois du crédit communautaire* [Quebec Community Credit Network], 2002, « Rapport annuel 2001-2002 » [2001-2001 Annual Report], 12 p.

⁴¹ www.rqcc.qc.ca

⁴² Benoît Lévesque, Marguerite Mendell and Ralph Rouzier, 2003, « Portrait du capital de développement au Québec : une première esquisse » [Portrait of Development Assets in Quebec: A First Outline], *Économie et Solidarités*, vol. 34 no 1, p. 37-63.

Figure 1: Quebec social economy innovation system (emerging)

Source: Benoît Lévesque, « L'économie sociale comme discipline scientifique et pratique socio-économique » [The Social Economy as a Scientific Discipline and a Socio-Economic Practice] (www.aruc-es.qc.ca)

Conclusion

To briefly conclude, it is important to mention that Quebec's particular institutional context is advantageous for the development of the social economy. The state's role has been and continues to be a determining factor. This institutional context needs to be permanently set or strengthened, for example when there is a change in the governing political party. It is the case since 2003, as a result of the election of the Quebec Liberal Party who reassesses or questions the government's intervention in such initiatives through a government reengineering exercise, although it confirmed its commitment in 2006 during the *Sommet sur l'économie sociale*, which was held ten years after the creation of the *Chantier de l'économie sociale*.

The Quebec Premier then confirmed the injection of \$10 million in the *Fiducie du Chantier de l'économie sociale*. The state plays a very important role in the development of social economy initiatives. There is no doubt that the civil society's role is equally important, however, without the state's financial support, it would be much more difficult to support the social economy's development.

The following table summarizes the Quebec government's financial contribution in the social economy from 1996 to 2003. The portion of government program expenses earmarked for social economy increases from 0.5% to 2.7%⁴³.

Table 1 Government Support for the Social Economy by Intervention Category, 1996-2003⁴⁴
(in millions of dollars)

	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003	Total
Support to the services to individuals sectors	156.3	230.1	336.8	525.4	750.9	938.2	1 111.7	4 049.4
Support to other sectors	2.0	2.0	2.0	9.3	12.7	8.8	12.3	49.1
Entrepreneurial support and access to funding	10.0	3.3	4.2	13.4	17.9	17.2	33.6	99.6
Support to networks and other development organizations	2.0	2.6	3.4	5.1	8.6	6.0	5.8	33.5
TOTAL	170.3	238.0	346.4	553.2	790.1	970.2	1 163.4	4 231.6

Source: Quebec government. 2003. *Vers le plein emploi : Volet économie sociale* [Towards Full Employment : Social Economy Portfolio] (Horizon 2005). Quebec: Quebec government, p.49.

In 2005, there were 7,150 social economy enterprises in Quebec. These enterprises hired 124,000 people and generated \$17.2 billion in turnover.⁴⁵

⁴³ Quebec government, 2003, op. cit.

⁴⁴ Collected data for major assistance programs: Quebec government, 2003, op. cit., p.49.

⁴⁵ *Chantier de l'économie sociale*

Since 1997, the Quebec government has financially supported child-care centres, called *centres de la petite enfance* (CPE)⁴⁶ in Québec, by contributing to their operating budget. This is a very important measure. It allows parents to pay \$7 per day per child (the cost for private day-care is in excess of \$30 per day per child). In other words, all taxpayers pay for these services, whether or not they have children and whether or not their children attend a child-care centre.

According to the *Association québécoise des CPE* [Quebec Association of Child-Care Centres], more than 40,000 people work in the child-care centres network, which is the third biggest private employer in Quebec in terms of the number of employees. It is important to underscore once again the importance of the government's financial contribution as it represents half of the sums allocated to the *Politique familiale* [Family Policy], which has financed day-care services for the last ten years (child-care centres and for-profit day-care centres)⁴⁷. "The expenditure budget for this program went from \$1,447.3 million to \$1,568.7 million in 2005-2006, which represents a \$121.4 million increase."⁴⁸ In 2002, government support to child-care centres "represented about 85% of government support earmarked for the social economy"⁴⁹. Consequently, we can estimate that the Quebec government's social economy budget for 2005-2006 was approximately \$1,700 million.

All this money is very important, but it demonstrates that if these amounts are spread among social economy enterprises, they can serve the Quebec population globally the same way that, for example, child-care centres offer superior quality services compared to private day-cares by developing evaluated or soon to be evaluated educational programs effectively contribute to the accomplishment of one of the state's mission: public education. In addition, this can help less fortunate parents, often women that have sole responsibility for their child (children), to reintegrate or integrate the labour market or have access to training, in short, to have a few more chances of getting out of poverty before the child enters the school system. Compared to the "social benefits", the financial costs are probably very low. It is quite simply a societal choice.

In closing, we would like to mention that we have not examined all of the initiatives with respect to the state's intervention in social economy matters⁵⁰ let alone all those that concern the civil society or private organizations (non-profit organizations or cooperatives). However, where the state and public policy that promote the development of the social economy is concerned, the question is not so much to know if the total amounts invested in the social economy differ a lot or a little from the total amount that

⁴⁶ They are day-cares. The *ministère de la Famille, des Aînés et de la Condition féminine* [Department of Family, the Elderly and Status of Women] is responsible for this component.

⁴⁷ <http://www.aqcpe.com/CPE/financement.html> (November 28, 2006)

⁴⁸ *Conseil du trésor* [Treasury Board], 2005, « Budget des dépenses 2005-2006. Volume III. Plans annuels de gestion des dépenses des ministères et organismes » [Expenditure Budget 2005-2006. Volume III. Departments' and Institutions' Annual Expenditure Management Plans], Quebec, 206 p.

⁴⁹ Quebec government, 2003, op. cit., p.14.

⁵⁰ Perinatal period, environment, culture, housing, holiday camps, arts, tourism, paratransit, agriculture, etc.

we have estimated, but to find out what is the other departments' (or government organizations) impact other than those we have identified⁵¹ in terms of the dissemination of this economy in the public service. This question, if it remains unanswered, raises another one: should government departments and organizations as a whole be encouraged to include in their respective strategic plans elements that have to do with the social economy? If so, shouldn't the *Bureau de l'économie sociale* [Social Economy Office] have more resources in order to play a key role in the provision of advice and coordination of government action in the social economy sector? Undoubtedly, partnerships with civil society organizations and the private sector (non-profit organizations, cooperatives, capitalistic businesses) would be favoured in a sustainable manner especially in order to increase more effectively the government service offer to Quebec's population, regardless of the business line.

⁵¹ *Ministère de la Famille, des Aînés et de la Condition féminine* [Department of Family, the Elderly and Status of Women], *ministère de la Santé et des Services sociaux* [Department of Health and Social Services], *ministère de l'Emploi et de la Solidarité sociale* [Department of Employment and Social Solidarity], *ministère du Développement économique, de l'Innovation et de l'Exportation* [Department of Economic Development, Innovation and Export] and *ministère des Finances* [Department of Finance].

Table 2.2 The State's Predominant Role in the Funding of the Social Economy

	Funding (state)	Program (state)	Legislation (state)	Training and research (state)	Other initiatives (state, collective stakeholders, individuals)	Micro-Credit (state)
<i>Investissement Québec</i>	\$19.3 million in 2005-2006					
Fund to combat poverty	\$11.4 million from 1997 to 2003					
FDEES	\$80 million invested from 1997 to 2004 by the LDCs					
RISQ	\$7.3 million invested from 1997 to 2005					
Domestic help		\$11.1 million from 2006 to 2007				
Waste management		\$5.7 million from 2005 to 2008				
Adapted businesses		\$48.4 million in 2006-2007				
<i>CPE</i>		\$1,568.7 million in 2005-2006				
<i>RIC</i>			\$200 million from 1985 to 2003 (by individuals)			
<i>CSMO/ÉSAC</i>				\$250,000 per year from the Quebec government		
<i>CRISES</i>				\$8.9 million in 2006 (various levels)		
<i>ARUC-ÉS</i>				\$300,000 per year from 2000 to 2004		
<i>FilAction</i>					\$7 million from 2001 to 2006	
<i>Caisse d'économie solidaire</i>					\$250 million in collective projects in 2005	
<i>Fiducie</i>					\$53.5 million to invest (<i>Chantier de l'économie sociale</i> : \$450,000 per year from 2004 to 2007)	
<i>RQCC</i>						\$3.1 million in loans from 2000 to 2005

List of Group and Program Names

FRENCH NAMES	ENGLISH EQUIVALENTS
ARUC-ÉS : Alliance de recherche université-communauté en économie sociale	Community-University Research Alliance in Social Economy (CURA-SE)
Association communautaire d'emprunt de Montréal (ACEM)	Montréal Community Loan Organization
Bureau de l'économie sociale	Social Economy Office
Caisse d'économie Desjardins des travailleuses et travailleurs	Desjardins Workers' Savings Fund
Caisse d'économie solidaire Desjardins	Desjardins Solidarity Savings Fund
Centre d'aide aux entreprises (CAE)	Business Help Centre
Centre de la petite enfance (CPE)	Child-care centres
Centre de recherche sur les innovations sociales (CRISES)	Research Center on Social Innovations
Centre Interdisciplinaire de Recherche et d'Information sur les Entreprises Collectives (CIRIEC)	Interdisciplinary Research and Information Centre on Collective Enterprises
Centre local de développement (CLD)	Local Development Centre (LDC)
Chantier de l'économie sociale	Social Economy Worksite
Comité sectoriel de main-d'œuvre/Économie sociale et action communautaire (CSMO/ÉSAC)	Sector-Based Committee on Labour/Social Economy and Community Action
Confédération des syndicats nationaux (CSN)	National (Quebec) Confederation of Unions
Coopératives de développement régional (CDR)	Regional Development Cooperatives
Fédération des travailleurs et travailleuses du Québec (FTQ)	Quebec Workers' Federation
Fiducie du Chantier de l'économie sociale	Social Economy Worksite Trust
Fondation de l'entrepreneurship	Entrepreneurship Foundation
Fonds d'économie sociale	Social Economy Fund
Fonds de développement des entreprises d'économie sociale (FDEÉS)	Social Economy Businesses Development Fund
Fonds de financement coopératif	Cooperative Funding Fund
Fonds de solidarité FTQ	FTQ Solidarity Fund
Fonds de soutien à l'action collective solidaire	Support Fund for Collective Solidarity Action
Fonds jeunes promoteurs	Young Promoters's Fund
Fonds local d'investissement (FLI)	Local Investment Fund
Fonds québécois de la recherche sur la société et la culture (FQRSC)	Québec Fund on Society and Culture Research

Groupes de ressources techniques (GRT)	Technical Resource Groups
Institut de recherche et d'éducation pour les coopératives et les mutuelles de l'Université de Sherbrooke (IRECUS)	Research and Education Institute on Cooperatives and Mutual Benefit Insurance Companies
Investissement Québec	Quebec Investment
La Financière du Québec	Quebec Trust
Loi sur le ministère du Développement économique et régional et de la Recherche	Law on the Department of Economic and Regional Development and Research
Ministère du Développement économique, de l'Innovation et de l'Exportation (MDEIE)	Department of Economic and Regional Development and Research
Politique familiale	Family Policy
Programme d'aide aux entreprises d'économie sociale œuvrant dans le secteur de la gestion des matières résiduelles	Financial Assistance Program for Social Economy Businesses in the Waste Management Sector
Programme d'aide financière aux entreprises d'économie sociale œuvrant dans le cadre des Plans de gestion des matières résiduelles	Financial Assistance Program for Social Economy Businesses Working in the Area of Waste Management Plans
Programme de soutien aux regroupements sectoriels en économie sociale	Financial Assistance for Social Economy Sector-Based Networks
Programme de subvention aux entreprises adaptées	Adapted Businesses Grants Program
Programme favorisant la capitalisation des entreprises de l'économie sociale	Social Economy Businesses Capitalization Incentive Program
Programme favorisant le financement de l'entrepreneuriat collectif	Program for the Promotion of Collective Entrepreneurship Funding
Régime d'investissement coopératif (RIC)	Cooperative Investment Plan
Réseau des fonds d'investissement des femmes entrepreneures	Network of Investment Funds for Women Entrepreneurs
Réseau d'investissement social du Québec (RISQ)	Quebec Social Investment Network
Réseau québécois de recherche en économie sociale	Quebec Network for Research on the Social Economy
Réseau québécois du crédit communautaire (RQCC)	Quebec Network of Community Credit
Sommet sur l'économie et l'emploi	Economy and Employment Summit
Université du Québec à Montréal (UQÀM)	University of Québec at Montréal