NATIONAL PORTRAIT

Public Policy Instruments Enabling Impact Investment Funds

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CDFC | CBDC

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OBJECTIVES OF THE STUDY

- Document public policies that enable impact investing by applying a broad definition to “impact Investing” (social finance; development capital; solidarity finance, micro credit, etc., are some of the terms applied over time)
- Apply a historical lens to public policy measures facilitating these types of investments; (distinguish between programs and policy enabling impact investment
- Demonstrate the extensive role played by government as enabler and facilitator of impact investing (our broad definition; different terms over time)
- Useful information for investors and policy makers today in this growing market
- Findings reveal a successful track record for those policy measures in place
- Distinguish between government programs and policy measures that facilitate social impact investment (private and/or institutional)

IMPACT INVESTING

- Rockefeller Foundation coined the term in 2007, “putting a name to investments made with the intention of generating both financial return and social and/or environmental impact”
- Prior to this, numerous terms such as “double bottom line” “triple bottom line” and “blended value”
- Intentional/Direct Investing
- Beyond Social Responsible Investing or Ethical Investing (negative screening)

CANADIAN IMPACT INVESTMENT MARKETPLACE

- $9.2 billion in assets under management as impact investments in 2015
- 123% increase over 2013

*Information is drawn from *2016 Canadian Impact Investment Trends Report* (Responsible Investment Association, 2016)

METHODOLOGY

- Primary and secondary research
- Our classification of policy instruments was informed by the Impact Investing Policy Collaborative Policy Framework, but was modified
- Extensive environmental scan of impact investment funds and identified public policy measures enabling these funds
- Search though websites, annual reports, journal articles and government literature was comprehensive, but not exhaustive
- 20 key informant interviews with project managers or executives representing the selected funds
- Identified the following dimensions: year established, organization mission, fund objectives, fund capitalization, terms and conditions, investments, public policy instrument(s), support services offered

FINDINGS

Number of Funds	One-Time Capital Injections	Recurrent capital injections	Fiscal Measures	Credit enhancement	Funds Offering Support Services
66	11 Federal 29 Provincial 4 municipal 15 Private	14 Federal 17 Provincial 1 territorial 3 Municipal 1 Private	13 Federal 7 Provincial 1 Territorial	2 Federal 1 Provincial 1 Municipal 1 Private	47
			Total		
66	59	36	21	5	47

FINDINGS

QUEBEC

- LARGEST NUMBER OF FUNDS: 23
- MOSTLY PROVINCIAL PUBLIC POLICY INSTRUMENTS
  21 PROVINCIAL
  7 FEDERAL
  1 MUNICIPAL

ONTARIO

- SECOND IN NUMBER OF FUNDS: 9
- ONTARIO LAUNCHED A SOCIAL ENTERPRISE STRATEGY 2016-2021

NOVA SCOTIA

- ALSO ACTIVE IN THE IMPACT INVESTING MARKETPLACE WITH 8 FUNDS TRACKED
- THIS IS GREATLY FACILITATED BY THEIR CEDIF PROGRAM

REGIONAL FINDINGS

- The Maritimes Provinces: a high concentration of business development programs and renewable energy enterprises taking advantage of the CEDIF program in Nova Scotia
- The Western Provinces: a number of public policy measures enabling investment in indigenous businesses and in building capacity among indigenous entrepreneurs
- Quebec has a well developed social finance marketplace
- Most provinces have investment funds specifically targeting social enterprises

FREQUENCY OF POLICY MEASURES TARGETING SPECIFIC GROUPS OR SOCIAL OBJECTIVES

Women entrepreneurs	1 Federal | 1 Provincial
Indigenous entrepreneurs	6 Federal | 7 Provincial | 2 Territorial
Rural entrepreneurs	2 Federal | 1 Provincial
Individuals who face barriers to accessing capital	3 Federal | 12 Provincial | 1 Territorial | 5 Municipal
Entrepreneurs with disabilities	1 Federal | 1 Provincial
Social entrepreneurs (multiple target groups)	1 Federal | 5 Provincial | 3 Municipal
African Canadian Entrepreneurs	2 Provincial
Nonprofit and Charitable Organizations	2 Provincial
Job Creation in Quebec	1 Federal | 4 Provincial
Environmental Objective	3 Provincial

COMMUNITY FUTURES DEVELOPMENT CORPORATIONS (CFDC) AND COMMUNITY BUSINESS DEVELOPMENT CORPORATIONS (CBDC)

Year Established	**1985**
Mission	**Created to support rural communities across the country**
Objective	**Finance activities and provide advisory services**
Capitalization	**$570 million capital injection by the federal government to establish the funds**
Loans and investments	**269 CFDCs and CBDCs** **Since 2000, 80,143 loans / $3.2 billion invested as of 2014**
Public Policy Instrument	**Recurrent capital injections by the federal government**
Support programs	**Offers support programs**

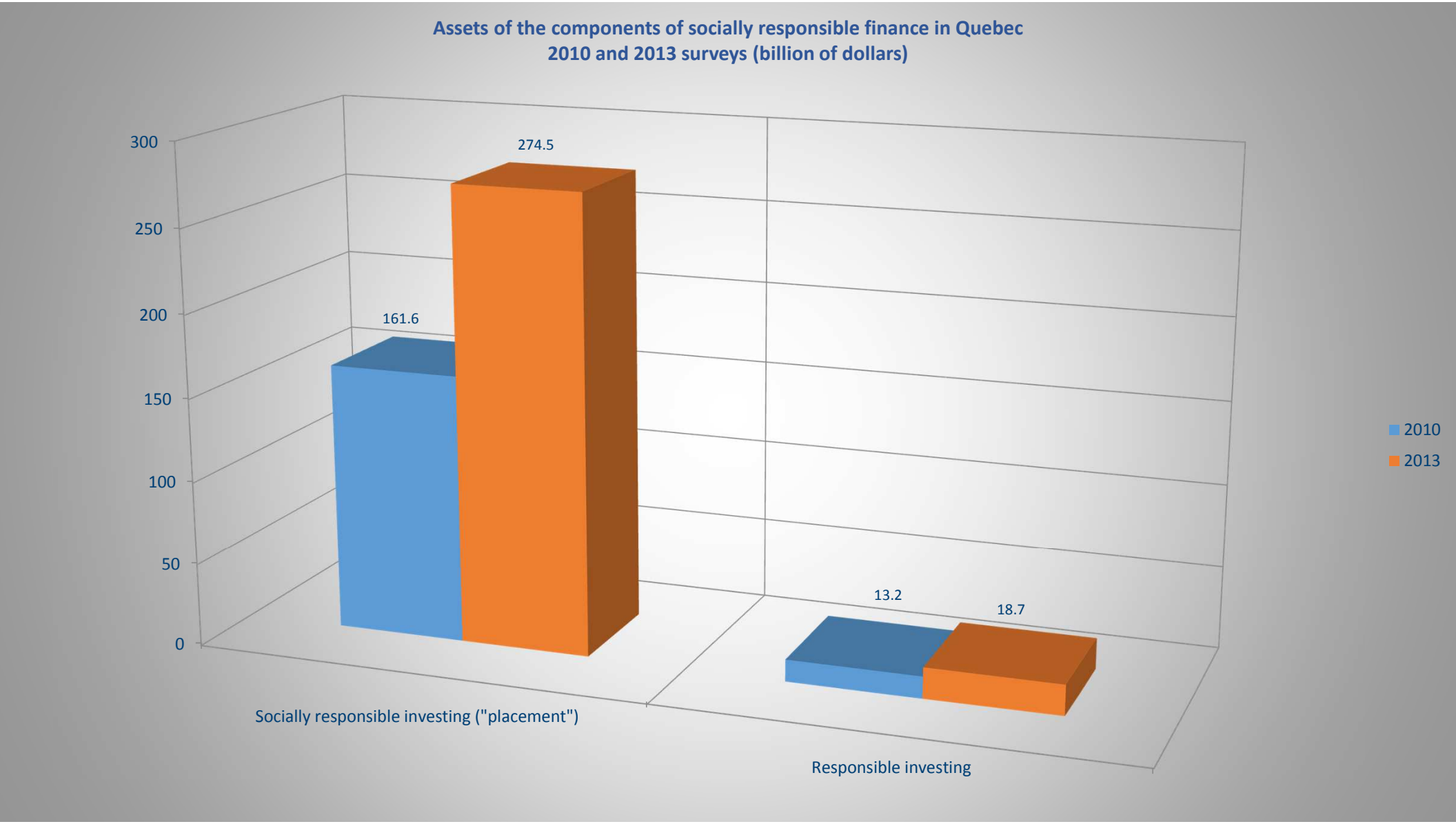
ANNEX

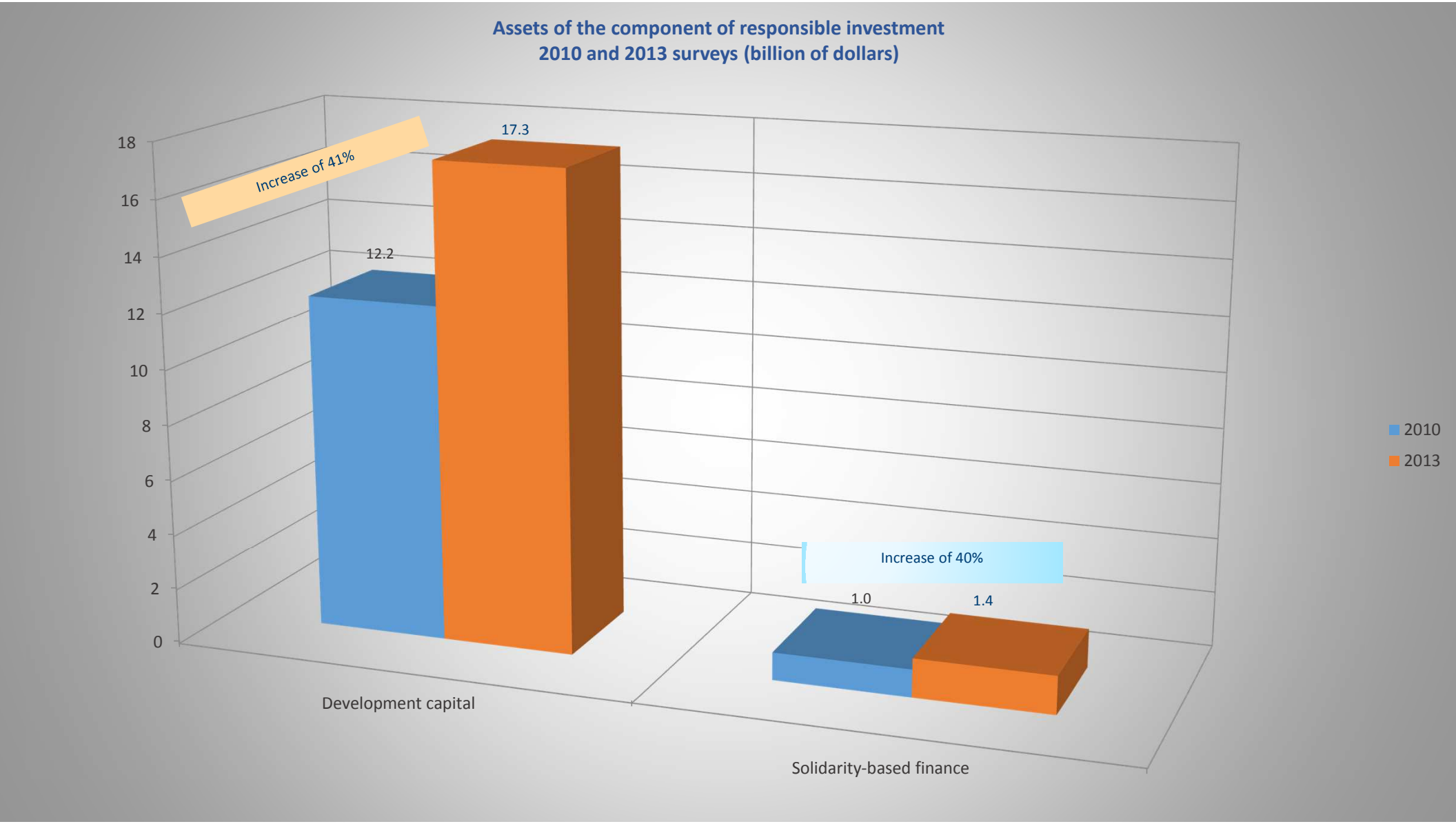
SUMMARY OF SOCIALLY RESPONSIBLE FINANCE IN QUEBEC

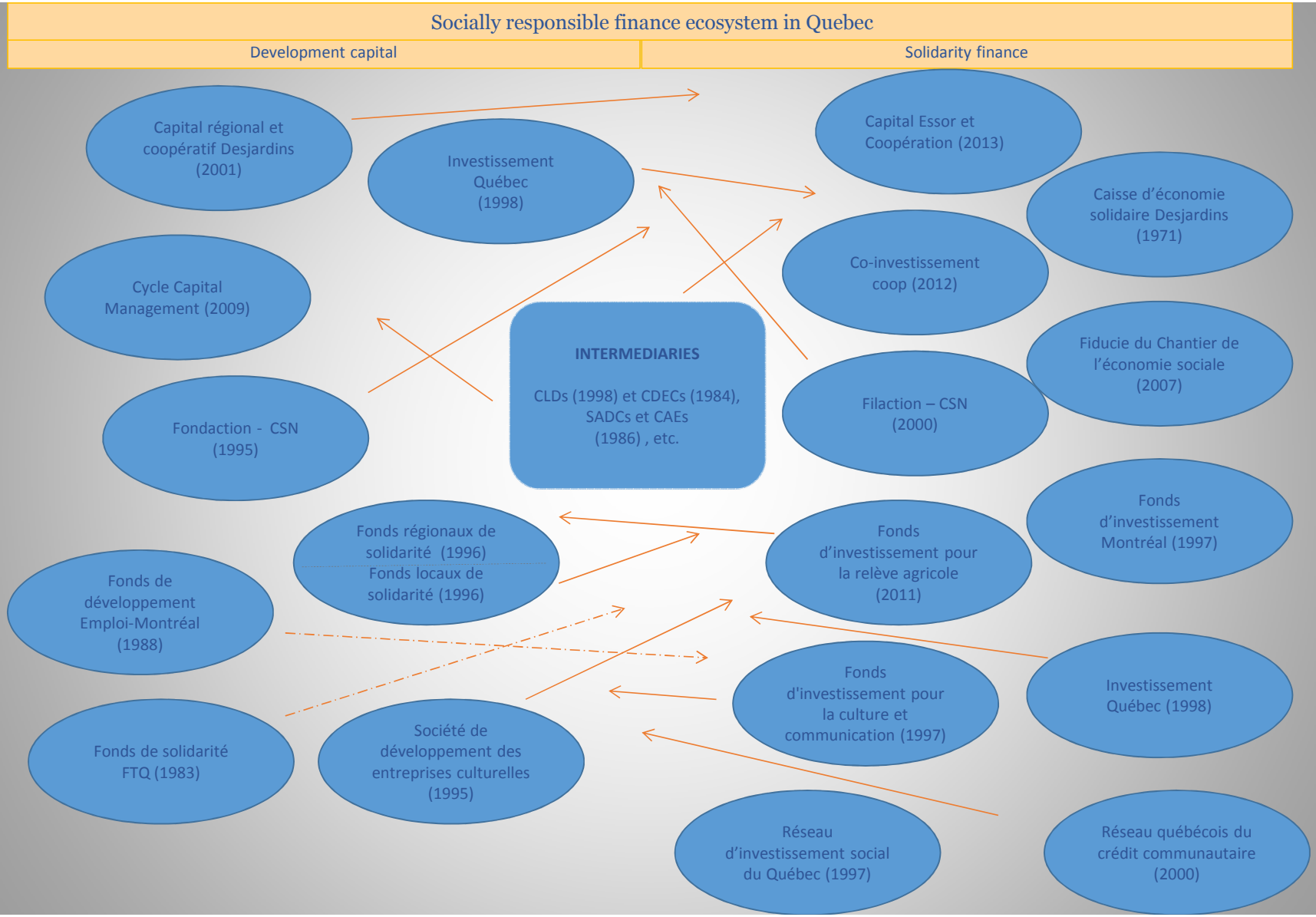
- Historical perspective included in a study published in 2014
- Following slides show that the present study was informed by ongoing evaluation of this in Quebec
- Work will begin on a new report in the coming months to bring this work up to date

KEY HISTORICAL MOMENTS IN THE EVOLUTION OF SOLIDARITY AND DEVELOPMENT CAPITAL IN QUEBEC; SELECTED EXAMPLES (MUTUAL, COOPERATIVE, LABOUR COMMUNITY, STATE, HYBRID, PRIVATE)

1800	1900	1970's	1980's	1990's	2000 +
• Sociétés de secours mutuels (1840)	• Mouvement des caisses d'épargne et d'économie Desjardins (1900)	• Caisse d'économie solidaire (Caisse d'économie des travailleuses et travailleurs – Québec) (1971)	• Fonds de solidarité (FTQ) (1983) • Community Economic Development Corporations (CDEC) (1984) • Réseau des sociétés d'aide au développement des collectivités (SADC) et des centres d'aide aux entreprises (CAE) /Community Futures (1986) • Fonds de développement Emploi -Montréal (FDEM) (1988)	•SOLIDE (1991) • Fondaction de la CSN (1995) • Société de développement des entreprises culturelles (1995) • Fonds régionaux de solidarité (1996) • Fonds locaux de solidarité (1996) • Réseau d'investissement social du Québec (RISQ) (1997) • Fonds d'investissement de Montréal (FIM) (1997) •Fonds d'investissement pour la culture et communication (1997) • Investissement Québec (1998) cooperative, social economy , Fonds d'intervention économique (FIER-Régions, Fonds-Soutien et FIER Partenaires), IQ-IMPLIQ •Local Development Centers (1998) – Local investment fund, Social economy enterprise development fund	• Filaction (2000) – fonds mosaïque, Fonds Afro-entrepreneurs, Fonds tourisme PME et Femmessor • Réseau québécois du crédit communautaire (2000) • Capital régional et coopératif Desjardins (2001) • Fiducie du Chantier de l'économie sociale (2007) • CAP Finance – network of solidarity finance in Québec (2009) • Cycle Capital Management (previously FIDD) (2009) • SOLIDE and local solidarity fund – social economy (2010) •Fonds d'investissement pour la relève agricole (2011) • Co-Investissement coop (2012) • Capital Essor et Coopération (2013)


Assets of the components of socially responsible finance in Quebec
2010 and 2013 surveys (billion of dollars)
300
250
200
150
100
50
0
274.5
161.6
13.2
18.7
Socially responsible investing ("placement")
Responsible investing
2010
2013


Assets of the component of responsible investment
2010 and 2013 surveys (billion of dollars)
18
16
14
12
10
8
6
4
2
0
Increase of 41%
12.2
17.3
Increase of 40%
1.0
1.4
Development capital
Solidarity-based finance
2010
2013


Socially responsible finance ecosystem in Quebec
Development capital
Solidarity finance
Capital régional et coopératif Desjardins (2001)
Investissement Québec (1998)
Capital Essor et Coopération (2013)
Caisse d'économie solidaire Desjardins (1971)
Co-investissement coop (2012)
Cycle Capital Management (2009)
INTERMEDIARIES
CLDs (1998) et CDECs (1984), SADCs et CAEs (1986) , etc.
Fiducie du Chantier de l'économie sociale (2007)
Filaction – CSN (2000)
Fondaction - CSN (1995)
Fonds d'investissement Montréal (1997)
Fonds régionaux de solidarité (1996)
Fonds locaux de solidarité (1996)
Fonds d'investissement pour la relève agricole (2011)
Fonds de développement Emploi-Montréal (1988)
Investissement Québec (1998)
Fonds d'investissement pour la culture et communication (1997)
Fonds de solidarité FTQ (1983)
Société de développement des entreprises culturelles (1995)
Réseau d'investissement social du Québec (1997)
Réseau québécois du crédit communautaire (2000)