

# SOLIDARITY FINANCE CLUSTER IN QUEBEC

## Alternative Investment for Social Transformation

Solidarity finance includes a range of financial institutions and investment tools prioritizing social missions, cooperation, and democracy. It complements traditional banking by supporting collective initiatives from the social economy with tailored financing solutions.

In Quebec, solidarity finance emerged to address economic needs unmet by conventional markets, such as territorial revitalization, poverty reduction, and inclusion of marginalized groups. It recognizes that traditional financial tools often don't suit social economy enterprises, which balance economic, social, and collective goals. By providing innovative and accessible solutions, solidarity finance enhances community vitality, financial inclusion, and sustainable job creation.

### KEY MOMENTS IN THE EVOLUTION OF SOLIDARITY FINANCE

Solidarity finance in Quebec evolved over decades, through union, community, cooperative, and government initiatives.

#### 1983 — A First Breakthrough with the Fonds de solidarité FTQ

During a recession, this first labour-sponsored fund was launched with government-granted retirement savings tax credits marking the start of initiatives to mobilize savings for regional and local development (Mendell, Lévesque & Rouzier, 2003; Lévesque, Comeau, Mendell, Martel & Desrochers, 2003).

#### 1990s — Network Building

ACEM (now Microcrédit Montréal) was founded, followed by Fondation in 1995, a second labour-sponsored fund by the Confédération des syndicats nationaux (CSN). The CSN also launched a consulting group for worker cooperatives, later becoming MCE Conseils (Lévesque with Rioux, 2018; Lévesque, Bourque, Guimonde & Dorion, 2014).

#### 1997 — Creation of RISQ

Following the Summit on the Economy and Employment, the Réseau d'investissement social du Québec (RISQ) was established with contributions from Desjardins, major banks, and private companies. Desjardins Investment also took over six regional funds (Bouchard, Leduc, Léonard, Matuszewski, Rousselière & Tello Rozas, 2017).

#### 2000–2006 — Ecosystem Maturation

The Réseau québécois du crédit communautaire (now MicroEntreprendre) was created in 2000. Two years later, the Fondation launched Filaction to finance local and community initiatives, and Desjardins introduced a new labour-sponsored fund, Capital régional et coopératif Desjardins funding cooperatives and regions. In 2006, the Chantier de l'économie sociale established the Chantier Trust to complement RISQ. These entities form a solid ecosystem, work in coordination and draw from a wide range of financing sources (Lévesque, 2014).

#### 2009 — Launch of the Réseau de la finance solidaire et responsable (Cap Finance)

The Cap Finance is a coalition of financial institutions focused on social economy and solidarity and uniting solidarity finance actors and manager of socially oriented investment funds, stemming from a research initiative within the framework of the Community-University Research Alliance (CURA) in Social Economy (Bourque, 2014; Lévesque, 2014).

### A DIVERSE ECOSYSTEM BUILT AROUND SHARED VALUES

The current landscape of solidary finance features a network of organizations operating across various financing level:

- Specialized social economy funds: RISQ, Filaction, MicroEntreprendre, Chantier de l'économie sociale Trust
- Cooperative institutions: Caisse d'économie solidaire, Desjardins
- Labour-sponsored funds: Fonds de solidarité FTQ, Fondation CSN, Capital régional et coopératif Desjardins
- Support partners: Investissement Québec, advisory groups, legal and accounting experts

These entities collectively form an ecosystem linking financial institutions, support organizations, public bodies, and professionals.

### STRUCTURING IMPACTS ON THE SOCIAL ECONOMY

The ecosystem's impacts are extensive :

- A robust risk assessment model that considers both financial and non-financial aspects (such as governance and community integration), redefining traditional financial analysis;
- Influence on the harmonization of enterprise support practices, affecting the operational definition of the social economy;
- Structuring effects on the social economy, identifying market and policy gaps, promoting employment for those typically excluded from the labor market, providing essential services, and creating jobs in underserved or economically challenged regions, among others (Bouchard, Leduc, Léonard, Matuszewski, Rousselière & Tello Rozas, 2017).

This ecosystem was also acknowledged as a proof of concept during the establishment of Canada's Social Finance Fund.

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