



RÉSEAU D'INVESTISSEMENT SOCIAL DU QUÉBEC

20 years after its inception and still developing



A study that confirms the RISQ's essential role and the effectiveness of its approach!

Since 1997, the RISQ has been a **proud partner** of **numerous business successes** reflecting the needs and values of Québec communities. Through unsecured loans it supports the emergence, growth, and consolidation of social economy enterprises. **Over the years, the RISQ's investments have unequivocally shown that social economy enterprises generate long-lasting social and economic impacts on communities.**

The social economy provides added value for everyone

Arising from collective initiatives, social economy enterprises'—whether **cooperatives or Non-profits Organizations**—main goal and activity is to **produce and sell goods or services that are both financially viable and socially profitable**. Going beyond the requirements of financial viability, a social economy enterprise:

- **Responds to social and economic needs**, both individual and collective
- **Bases its operations on the values** of solidarity, responsibility, democratic practice, equality, and personal development
- **Creates and maintains long-lasting jobs** for everyone, including those who would normally be excluded from the labour market.

Developed over 20 years, RISQ's expertise places it at the forefront of Québec's social economy ecosystem.

Often the first stakeholder to support new projects, the RISQ **provides leverage** with other solidarity finance partners. The RISQ's financial mobilization and support for entrepreneurs has a **structuring effect** on social economy enterprises.

Benefits of its partnership approach

- Information sharing
- Diversified expertise
- Product complementarity
- Relationships built on trust and collaboration
- Diversification and reduction of financial risk

Although its financial participation is usually smaller than that of other partners, the RISQ is an essential player. It is a principal investor in the financing arrangements of small projects, and a secondary investor—but equally important partner—in larger projects.

93%

of RISQ's financing agreements are concluded within a partnership arrangement. An average of 5 financial partners are involved in RISQ-supported projects.

For **every \$1** invested by the RISQ, an average of **\$13** is contributed by other partners.

The RISQ is not a substitute for the traditional financing. Every year, roughly **96% of the RISQ's investments are used to compensate for shortfalls in financing** by providing financial tools that few financial institutions would provide: long-term unsecured loans.

Thanks

To the research teams



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Complete study available on request



Translation

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SOCIAL AND ECONOMIC IMPACTS OF RISQ INVESTMENTS



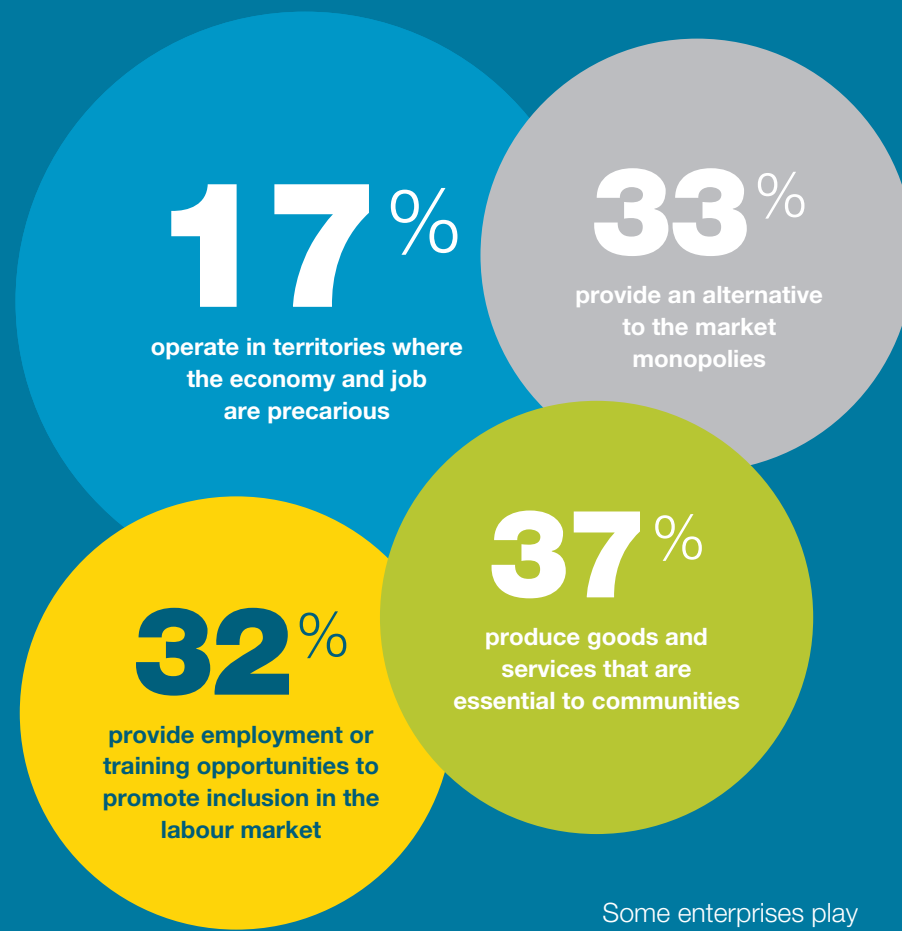
Based on a study conducted by UQAM's École des sciences de la gestion and E&B Data

The social impacts driving RISQ-financed enterprises

80% or more of the enterprises are respond to a **new commercial opportunity** or **compensate for a shortage of services or products**

58% of the supported enterprises are **located outside major urban centres**.

Role of the enterprises...



Some enterprises play several roles at once.

Economic impacts attributed to the RISQ's investments

Based on a sample of **300 projects** financed through a capitalization loan, the **RISQ's total investment of \$11 million** supported the:

- maintaining overall injection of **\$186 million in investment projects**
- maintain of **\$278 million in sales**
- preservation of **5,680 direct and indirect remunerated jobs**
- injection of **\$300 million into Québec's GDP**
- contribution of **\$42 million to provincial public administrations and \$13 million to federal public administrations***

For every \$2,000 invested by the RISQ, **1 job was preserved in the Québec economy.**

Average value financed by RISQ in a typical project

\$38,000

Average value of a typical project

\$630,000

Annual revenue* for public administrations (federal and provincial)

\$188,000

Jobs maintained annually

19

*Income tax, sales taxes, etc.

A tried-and-true, shared, and respected method that has made the RISQ a key actor in solidarity finance

The RISQ's analysis method is based on **an approach** featuring evaluation criteria to determine both the **social profitability** and **financial viability** of the proposal. Presented in the Guide for Analysis of Social Economy Projects, the method was developed in collaboration with the actors of solidarity finance in Québec.

RISQ's performance and that of its partners proves the quality of the method used to analyze financing proposals.

85%

of the capital invested by the RISQ's is **recovered**. Overall interest earnings have exceeded any capital losses incurred.

After analyzing project proposals, the RISQ gives entrepreneurs **detailed recommendations** to bolster their viability. With advice that is adapted to enterprises' specific situations, the **RISQ's goal in supporting enterprises is to strengthen their management practices and improve their projects.**

Types of recommendations RISQ gives to enterprises

Operational aspects | **35%** Organizational reinforcement | **28%**
 Financial management | **32%** Social dimension | **5%**

76% of the supported enterprises carry out their projects successfully and repay the capital and interest to the RISQ.

CONCLUSIVE RESULTS THANKS TO ITS METHOD

- **Effective** because it is useful for predicting an enterprise's repayment capacity.
- **Innovative** because it incorporates the social dimension as an element of success.
- **Shared** because it is a common reference in Québec and is internationally recognized.

THROUGH ITS APPROACH, THE RISQ:

- Serves as a catalyst to bring other financial partners to the table
- Plays a crucial role through its ability to address or field many small but viable projects
- Makes it possible to manage the high risk associated with unsecured loans.