



## Community Finance and Investment Options

# **Local Capital Investment and Finance Options for Rural Alberta Communities**

Research Researcher: Dr. Mike Gismondi

Research Assistant: Seth Leon

## **Introduction**

The profound socio-economic shift occurring because of global economic restructuring has created a “financing gap” in many Canadian communities. In short, many owners of capital have invested where they can obtain higher returns, and in the wake have left many communities depleted or even deindustrialized. In rural and smaller urban Canadian communities, a range of factors have made it less profitable to invest in existing local capital, than in other markets. Access to capital for business development has become sparse. And, mainstream financial institutions are finding it hard to fill the void. Capital has left town. Despite these constraints, however, Johnstone (2011) has discovered that even in the most disadvantaged rural communities “entrepreneurial processes are not similarly constrained” and ground-breaking local finance initiatives are emerging.

This document reviews how a number of Canadian communities are raising local capital through debt and equity mechanisms that both address current financial challenges and create strong community businesses, which bolster the local economy and foster broad based development.

The first part of the paper discusses the ‘financing gap’ and dominant trends in the international world of finance and how local capital can be regarded as somewhat of an alternative to these trends. The second part analyzes how local capital not only mobilizes local investment dollars, but also other community resources to foster growth and development. We explore some of the core mechanisms for raising local capital using debt and equity to finance community owned businesses, and we present some successful examples. The last section of the paper introduces several financing mechanisms that could be used by rural communities in Alberta to raise local capital.

## **Addressing the Financing Gap by Mobilizing Local Capital**

The financing gap is attributed to two key factors. First, market trends have focused their attention away from rural areas and smaller markets. Second, sources of finance to secure important economic infrastructure in rural communities can be costly. The lack of capital in many ways has stalled growth, created higher unemployment, reduced the local tax base, put pressure on the existing social services and encouraged outward migration (Halseth and Ryse, 2010).

Without delving too far into globalization and the causes and impacts of economic restructuring, the financing gap can be attributed to the significant shift in investing away from traditional industries located in rural areas and towards the global financial sector and foreign markets. According to one specialist, the shift is compounded by the increase in the size<sup>1</sup> and complexity of the finance industry, which has enabled financiers and speculators to create:

(M)ajor externalities that contribute to financial and real economic instability; it promotes short-term investment strategies; it contributes to inequality; and it undermines economic efficiency and the achievement of social goals in the real economy (Epstein, 2010).

For Zizek (2009) and Cortese (2011) the function of financial markets has been altered<sup>2</sup> (Mishkin, 2008) severing the connection between Wall Street (Bay Street) and Main Street. The former has control over the majority of available capital, and are wary to invest in local business, especially in rural areas. The diminishing availability of capital from traditional sources is further complicated when a community is in decline. Entrepreneurs have less to invest, as do their support networks of family and friends. Local financial institutions, such as a district branch of a national or provincial bank or a regional credit union, often will not have the capacity or the willingness to support local business development (Perry, 2009).

The second part of the financing gap is the cost of raising capital. Raising equity (through a public offering, that is, by selling shares that could be traded on a stock exchange) requires a lengthy process, expensive legal and accountant fees, and has to be approved by a securities and exchange commission. With fees for an offering in the hundreds of thousands of dollars, the investment must be large enough for this to be considered a transaction cost. As an alternative to traditional financing from banks (or the individual who takes on large amounts of debt to start or maintain a business), communities are getting involved, sharing risk and rewards to create stronger local economies.

### **Local Capital and How It Can Be Mobilized**

Local Capital does not have a lengthy formal or technical definition. It could easily be referred to as domestic, rather than foreign owned. Most tend to think of it as capital that resides within a self-identified community. It serves the same function as non-local capital, but is often used differently, for instance, to achieve different goals than foreign owned capital.

Using local capital to finance local business, for example, fosters community ownership. This links economic outcomes (the success of the business and return on investment) to community goals such as sustainable employment and fair wages. As a part owner, community members often become advertisers, advocates, and prime customers of local business.

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<sup>1</sup> "Financial profits as a share of total corporate profits grew from 10 % in the early 1980s to 40% in the mid-2000s. In 1981, U.S. private debt was 123% of GDP; by 2008 it was 290% /.../ the gross debt of the financial sector rose from 22% of GDP in 1981 to 117% in 2008 "(Crotty, 2009)

<sup>2</sup> 1) intermediate between savers and borrowers 2) mobilize savings; 3) allocate credit to their most profitable uses; 4) engage in maturity transformation 5) provide liquidity 6) facilitate inter-temporal allocation of consumption and wealth 7) reduce risk

But where does this money capital come from? One way to think about the source of local capital is to consider the wealth that people in your community have invested in their bank accounts, term deposits and RRSPs, bonds, or perhaps monies they have invested in the stock market. Unfortunately, much of this local money leaves the community to circulate in global financial circles.

The circuit of local capital is different. It is based on raising or mobilizing pools of capital from a self-designated community to invest in a local business. Individuals can invest by purchasing local securities in the form of shares (equity; essentially owning a part of the firm) or bonds (debt; loaning the firm a fixed amount over an agreed upon duration of time and interest rate).<sup>3</sup>

Loans involve a fixed term and rate of return, are typically connected to capital assets and are guaranteed. For example, a firm may seek to purchase new equipment to expand or replace current outdated machinery. They borrow the required capital from people in their own community, and agree on the terms of the loan (interest rate, and when they will be repaid). If the business does not succeed, they could sell the machinery to repay their debt.

Shares/equity is a very different scenario. In these instances the shareholder owns part of the business and their investment is not guaranteed. The risk is higher. Their return on investment will depend on the success of the firm. As such, investors will most likely provide patronage to the business, and seek to connect with other local businesses and suppliers to strengthen the local economy. The motivation to see a return on investment also encourages the transfer of investor business acumen and connections. More important, selling equity ensures that local businesses stay in their home communities. Unlike a loan where the connection to local investors is dictated by the length of the term, owning shares can mean a community owns part of the business for as long as it chooses. Some co-operatives address their financing needs by selling both member loans, and shares.

Through these mechanisms the capitalization issue is addressed, however, the process usually also instigates a series of impacts on productivity<sup>4</sup>, economic development, and democracy. Combined, these factors empower rural communities and enable them to address larger challenges such as dependency caused by economic restructuring.

### **Strengthening the Local Economy**

By linking the broader community to local business through the sale of securities, other resources are also mobilized. It not only increases the effectiveness of existing capital, but also helps a business obtain a highly effective mix of inputs to optimize productivity. Alongside efficiencies, community ownership encourages an increase in local patronage, as

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<sup>3</sup> As per the previous discussion on the costs of selling shares, these mechanisms typically apply to certain exemptions discussed throughout this paper.

<sup>4</sup> Without delving too far into the literature economic growth is dependent on the ability of a society to invest savings into existing as well as new and more efficient capital, and by augmenting the productivity of capital by improving the skill and education of workers (labour, and the level of human capital). Moreover, the ratio of capital to labour and the mix of other forms of capital, will also determine levels of output (Romer, 1994). In terms of the former (capital to labour ratio), the ability to foster more capital-intensive modes of production usually translates into more skilled labour and higher wage rates; as well as a higher likelihood for unions, and worker benefits (pensions, training, profit sharing). Industries that offer higher income levels tend to be correlated with several positive development indicators and more sustainable and diverse economies.

well as partnerships between local suppliers and services. This networking creates a multiplier effect whereby more money is spent locally and stays in the local economy. A popular study to illustrate this point had researchers track \$100 spent locally. The Institute for Local Self-Reliance (2003) did this in Mid Coast Maine and found that for \$100 spent at home \$45 stayed in the local economy, whereas for every hundred dollars spent at a 'chain' store, only \$14 dollars stayed in the local economy. Many studies have shown the alternative to local business is often detrimental; diverting public capital away from other sources, lowering the wage rate and reducing the potential for growth (Virchez and Cachon, 2004). According to Shils and Taylor, "in exchange for one new part-time job in a mega-discount store, about 1 and a half full time jobs are eliminated in smaller stores."...most jobs are "minimum wage" with little opportunity for improvement or promotion and most are non-union with all the ramifications implicit in such situations (i.e. absence of provision of benefits to large numbers of employees). In some situations, they report, the mega-retailers have closed down operations after several years. Having forced the closure of much of the local retail trade, the closures leave a retail vacuum and an exacerbated unemployment problem. (Dalal, Al-Khatib, DaCosta and Decker, 1994)

In contrast, locally owned businesses strengthen the economy by promoting agglomeration and business clustering. Many communities do this by marketing their products and produce under a regional banner. Or, individual producers engage in partnerships to share costs in marketing and advertising. Either way it becomes easier to gain a larger segment of the market, and reduces the transaction costs to offer competitive prices.

Apart from bolstering local capital, other community resources are also mobilized; in particular human and social capital. In terms of human capital, a group of local investors can bring a wide variety of expertise to bear as they scrutinize business development opportunities and create well thought out business plans. Working with an extended network of entrepreneurs and investors also creates opportunity to reduce many business costs, as the group can do much of the work themselves. This arrangement also allows for experienced investors, many of whom are successful entrepreneurs, to pass their expertise on to the next generation of novice local investors.

Social Capital is a difficult measure, but is usually described as the frequency and value of transactions that occur as a result of relationships between groups and people (Putnam 2001). Community owned businesses bring people together, and do so more frequently: investors, workers, entrepreneurs and a variety of support networks (customers, government, family, and media). This can help in finding good employees, reduce advertising costs (word-of-mouth), and also help locate potential investors, suppliers and consumers. Social Capital also helps identify investment opportunities, connecting investors and entrepreneurs. Farrell's (2001) study of Angel Investors found that many investors were seeking innovative enterprises to invest in, but had difficulty meeting entrepreneurs. Although they had available financial capital, their lack of social capital prevented them from mobilizing it in profitable ways.

There are increasing examples of how these different resources contribute to broader economic development. One of the most interesting, and perhaps recognizable, is in the world of sports. The Green Bay Packers of the National Football League is owned by local shareholders, not an individual billionaire. To finance the team to enter the league in the 1930s, the team sold shares to the community. Whenever they have needed to raise capital, it has come through additional public offerings. These shares (which cost \$250 USD) are non-tradable and cannot be sold back to the team. They do not come with any free tickets or



other memorabilia. However, by owning the team it has prevented the raid on public coffers to build new stadiums; the benefits of which accrue to individual owners and create negative urban economic development impacts<sup>5</sup>. More important, it has provided a resource for local non-for-profits to fundraise. Last, it should also be noted that Green Bay has continuously fielded a competitive team and most recently won the 2011 Super Bowl (Zirin, 2011)<sup>6</sup>.

“Established communities, whether urban or rural, central or peripheral are known to be sources of social capital and the well spring of democratic action” (Johnstone, 2011). It is, arguably, these social factors, rather than, say, the stock of capital, that strengthens local economies.

As we plan for more sustainable communities, community ownership is integral in addressing certain forces of underdevelopment. It empowers communities to decide what they produce and consume; rather than adhere to the objectives of large foreign owned firms beholden to their shareholders. Profits are returned to community owners and are spent and/or reinvested locally.

Connected to economic development, community ownership also facilitates an increase in economic democracy (Schweickart, 2002, as cited in Morin, 2011): worker-self-management, the existence of a “largely free” market, and social control of investment<sup>7</sup>. The adoption of innovative ownership models is also part of the sustainability question. Co-op Power, an American (Massachusetts based) Clean Energy Co-op, finances green energy projects while also addressing issues of social inequality based on class and race<sup>8</sup>. To do so, they engage different communities around environmental issues, while providing opportunities for low-resource individuals to participate through a multi-stakeholder share structure. Co-op members can loan the co-op money through purchasing a bond, or own part of the co-operative as a shareholder. However, neither of these designations increases these members ability to vote. Basically, wealthier members cannot buy the vote. Moreover, there are opportunities for members to earn shares through sweat-equity as well as buy-in to the co-operative over two years. This gives workers and members, many of whom have fewer assets, to become owners and then benefit from any earnings.

Getting the different groups together to invest their savings, future earnings, as well in ventures that might create only small tangible returns and intangible returns that might only be accrued by future generations, is a unique endeavor. The group might be made up of people with different backgrounds, but they usually share common values, and a common vision towards their community. While this might seem blasphemous to the Gordon Gecko types, it is not uncommon investor behavior. Farrell (2001) finds that angel investors often

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<sup>5</sup> This issue is explored in both Dennis Coates and Brad R. Humphreys (2000). *The Stadium Gambit and Local Economic Development*, *Regulation*, vol. 23, no. 2, pp. 15-20. As well as Dave Zirin’s manuscript *Bad Sports: How owners are ruining the games we love* (2010)

<sup>6</sup> The Football Club United of Manchester City is also in the process of selling community shares to raise £1.6m through a similar ownership scheme. <http://fc-utd.co.uk/communityshares>

<sup>7</sup> Morin (2011) identifies the main distinction from “industrial democracy” (the managing power of the workers *qua* workers), in that it extends power to other stakeholders such as unemployed people, future generations and the general community.

<sup>8</sup> About Section of Co-op Power Website: <http://www.cooppower.coop/>

invest as a group (syndication)<sup>9</sup>, and when they do they are less risk averse, and are willing to wait a longer period of time to see a return on their investment.

Understanding why there is often a premium on foreign direct investment over supporting local capital to foster economic growth extends beyond the scope of this section. However, it does identify some of the challenges, as well as the changes in attitudes that underlie the mobilization of capital. Linking these notions to strengthening the economy Michael Schuman (2011), paraphrasing Jane Jacobs, explains:

If you can produce the goods and services you consume in your own backyard, it doesn't make sense to import them. Every time you import something unnecessarily you give away a piece of your economy. A key to economic vitality is diversifying your economy with as much self-reliance as possible.

Given that Canadians invest a great deal more outside of the country (Holden 2008); it is apparent that there is a great deal of potential to increase the scope and scale of community investment funds, and local capital.<sup>10</sup>

## **Local Financing and Investment Mechanisms**

This section examines the various ways Albertan communities can raise local capital. It summarizes different strategies and provides some additional examples from outside of the province. These mechanisms are intended to link investors and local entrepreneurs through the sale of shares or bonds. Underlying these financing mechanisms is a commitment to strengthening local businesses, keeping local jobs, and fostering ethical and increasingly green or sustainable business practices.

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<sup>9</sup> “Syndication is the term used to describe the co-investment of more than one investor in a project. Syndication is a means of providing greater amounts of capital for entrepreneurs by pooling the investments of a variety of individuals. Syndication is a risk reduction mechanism for angels providing benefits in two ways. Firstly, one angel does not have to provide all the funds, so angels can invest in ventures that require more funds than they are able, or care, to devote. Secondly, it spreads the knowledge base about market and agency risks amongst the group.” (Farrell, 2001)

<sup>10</sup> Holden's report shows:

- The Canadian economy is strongly oriented towards foreign direct investment.
- 35.4% of GDP is CDIA and 30.4% of GDP is FDI
- The USA accounted for nearly 58% of the total stock of FDI in Canada while about 44% of Canada's CDIA was in the US markets.
- On balance, the value of Canadian assets held by US interests in 2007 exceeded the value of US assets held by Canadians by \$62.5 Billion.
- The largest stock of FDI in Canada by Industry is in the finance and insurance sector, where it reached \$93 Billion in 2006. Investment in energy and mining is second highest at \$87.1 Billion
- The manufacturing sector has the highest degree of foreign ownership in Canada (almost half of the industry in foreign owned) Overall, FDI owns 21% of all industries.
- Canada is a net investor in the world; the stock of CDIA has exceeded the stock of FDI in Canada in every year since 1997.

### ➤ **Credit Unions**

Credit Unions are local member owned banks. Many credit unions provide business loans, as well as business banking and often other advisory services. Credit Unions are intended to be active in their community and tend to have a better understanding of local needs. This makes a difference when assessing a loan application from a local entrepreneur compared to a larger bank. The resurgence of community owned businesses in Nova Scotia, as well as in the UK, is attributed to promoting the role of Credit Unions in financing local business development (Perry, 2009; Nakagawa and Larratta, 2010). A business loan from a Credit Union is the most basic and straightforward form of local capitalization, however it does not facilitate a great deal of community ownership.

### ➤ **Crowd Sourcing**

This is a new technique based on leveraging support from an online community, through websites such as Kick-~~Starter~~. Basically, an entrepreneur raises funds by posting their business idea online as well as a request for start-up funding; people donate accordingly. While this doesn't have an ownership component, many entrepreneurs use this mechanism as a way to guarantee initial sales by offering an exchange of good or services based on the amount donated. This crowd-sourcing method is gaining popularity and could easily be adapted on a community level.

### ➤ **Exemptions for Accredited and Eligible Investors**

The federal government, under National Instrument 45-106P Prospectus and Registration Exemptions allows individuals of a certain income level and net worth to purchase exempt market shares in a local business without that business having to provide an offering document. The rationale is that these individuals are wealthy enough that they can incur the losses if their investment is lost. These shares are eligible to be included into a self-directed RRSP, or can be purchased by transferring existing RRSPs. As these shares are RRSP eligible it also allows the investor to defer part of their tax payments. This type of informal investing, if structured in a way that provided voting rights for all parties involved, could facilitate broader community ownership.

### ➤ **Community Investment Funds**

Community Investment Funds (CIFs) are pools of capital drawn from a self-designated area to be invested locally, by a group of community members. While they do resemble, and serve a similar function as venture capitalist firms, traditional lenders, and (development) banks, they are structured in a way to not only provide a return on investment but also broader community benefits. CIFs mobilize more than just financial capital, but mobilize human and social capital as well. They provide an opportunity for various stakeholders (investors, workers, entrepreneurs and community members) to harmonize their goals to create stronger local economies.

In this structure investors purchase shares in an investment fund which is then invested into a local business. This delineation prevents the CIF from micro-managing the firm they invest in. CIFs can invest in local business by employing two different strategies: providing loans (debt) or purchasing shares (equity). CIFs have been incredibly successful in Nova



Scotia with their Community Economic Development Investment Funds (CEDIFs). This program assists eligible communities by providing templates for public offerings, as well as significant tax rebates for individuals who invest locally. Over the past eight years this program has mobilized over 40 million dollars to be invested locally. This has helped to create hundreds of jobs as well as expand their renewable energy sector.

### ➤ **Community Bonds**

Community Bonds are a debt instrument that enables communities, as well as not-for-profits and charities, to raise capital. This strategy is typically used to finance the purchase of a large capital asset such as a building. Instead of going to a bank for a loan, the group sells bonds to their extended network of members for the same amount (Perry, 1993). These bonds are guaranteed, and typically have a fixed rate of return and are paid back over the long term. A recent example, and now a champion for this type of strategy, is Toronto's Centre for Social Innovation. Currently there is no provincial program for community bonds in Alberta. However, the government is looking into the feasibility of using it to help finance the not-for profit sector. Given certain exemptions under the co-operative act (see below) there are ways in which communities could create their own form of ad hoc community bonds.

## **Co-operatives**

The legislation around co-operatives provides a number of opportunities to mobilize local capital. Most co-operatives require membership fees, and often have programs where members can provide loans (Brown, 2004). In Alberta members of a co-operative with less than 100 members are allowed to invest up to an initial amount of \$10,000, plus \$5,000 in every following year. As such, co-operatives can mobilize close to one million dollars to build or expand their business. However, given the constraints of the size and ability of the membership to raise capital amongst themselves, there is often a need to look at other local financing options. The following shows two programs that enable co-operatives to raise local capital.

### ➤ **Canadian Worker Co-operative RRSP Program**

Co-operatives (whether producer, consumer, solidarity, multi-stakeholder, or worker) are able to raise capital by selling shares to its members under a federal program administered through the Canadian Worker Co-operative Federation (CWCF) and Concentra Financial. In terms of the former these shares are eligible to be included as part of one's own Self-Directed RRSP, thus providing some tax relief to the shareholder when they are purchased. This process is relatively straightforward and has been successful in financing the growth of several successful co-operatives. The key steps include:

- The co-operative registers with the CWCF RRSP Program and pays a yearly registration fee of \$100.
- The co-operative assembles an information package for its members and potential investor that will include:
- The co-operative's history, its key financial information, etc.

- An overview of the offering: size of the offering and what it will be used for, share size, minimum and maximum amount of shares an individual can purchase and other related information

To purchase shares a potential investor must read and sign a Risk Acknowledgement Form; which explains that these shares are not guaranteed and that the investor could lose their entire investment. Once they have decided on how many shares they would like to purchase they fill out a Declaration of Purchaser form, which is then submitted to the co-op who issues them with the physical copy of the shares. To include these shares in a Self-Directed RRSP, shareholders must have an account and pay an annual fee of \$100. Potential investors are also able to transfer existing RRSPs to purchase shares in a co-op. Any fees associated with this transfer are incurred by the investor. Dividends will be paid directly into this account, or potentially reinvested within the co-op. Most offerings for co-operative shares are intended to be held for at least five years.

### ➤ **New Generation Co-operatives**

A New Generation Co-operative (NGC) allows members and non-members to purchase market exempt shares in an agricultural co-operative. However, unless they are a member, investors (shareholders) cannot vote on matters related to the co-operative. Further, the amount of shares a member-investor owns does not affect their voting power like in a conventional firm. Voting rights are based on one-member one vote, not one share one vote. These shares are usually a mid to long-term investment (5 years).

This type of structure allows co-operatives to raise capital within a larger network beyond their membership. It invites and permits community members, patrons, suppliers and other groups to become involved in owning local economic resources. Westlock Terminals NGC (founded in 2002) was able to initially raise over a million dollars to purchase and expand their local grain terminal, and more importantly to prevent its' closure. A second share offering in 2006 raised another 1.2 million dollars. There are some 270 members. Since purchasing the grain terminal there has been a significant investment in new capital, including new elevators and systems, an increase in profits (Cabaj, et al. 2009), and payback on investment shares of seven percent. In 2011 Westlock Terminals scaled up its operations, and purchased a stake in the ownership of GNP Grain Source, a major inland storage owned by 7 independent grain terminals with grain handling facilities for over 2.2 million metric tons of annual throughput.

The NGC model is popular in many other parts of the world, including the UK, Australia, New Zealand and the United States. Some of the recent literature (Cook and Chaddad, 2004) has also shown some interesting examples of how NGCs have transformed into what could be described as investment co-operatives. This has occurred most recently in the ownership structure of irrigation and dairy co-operatives in Australia (Plunkett, Chaddad, and Cook, 2010), and New Zealand (Trechter, McGregor, and Murray-Prior, 2003) respectively.

### ➤ **Investment Co-operatives**

This is a relatively new type of co-operative and has shown some proven successes in Alberta. The Sangudo Opportunity Development Co-operative (SODC) has raised over a

quarter of a million dollars locally in member loans to finance local business development (Evans, 2011). An investment co-operative is similar to a local institutional investor, or a community investment fund, but is structured like a co-operative. Like a CIF it facilitates the process of finding an opportunity that requires a capital investment and then sells shares in that opportunity to its members. This structure often has a development component to it as well, with a small portion of the profits being re-invested into a local development fund. Like an NGC it follows the OMOV principal. This creates a set of checks and balances that prevent one group from controlling (and profiting from the sale of) a local business.

### **Other Co-operative Strategies**

Many co-operatives in Europe and North America also help in financing the development of new co-operative businesses, by pooling and reinvesting a small percentage of their profits. One example is the Arizmendi Association Model. In this case one co-operatively owned business (a bakery and cheese shop) helped another co-op get started. They assisted in the business planning and technical aspects of the business, but also helped them finance the initial start up costs. Over the past 14 years they have done this 6 times (Marrafinio, 2011). This has grown the size of their development fund, and by increasing the amount of members, they added to the amount of skills available. The Evergreen Economic Development Co-operative in Cleveland Ohio has followed a similar strategy on a slightly larger scale. They have started a worker-co-operative industrial laundry service for a large teaching hospital. Portions of the profits are kept to help start a renewable energy company that installs solar panels, as well as large-scale urban green house agriculture project (Alperovits and Williams, 2010).

#### **➤ Labour-Sponsored Venture Capital Corporations**

There are a variety of local investment programs incentivized through tax credits at both the federal and provincial level. Labour Sponsored Investment Funds (LSIF) typically partner with local economic development agencies to invest in businesses, and often social-enterprises. Many of these funds are similar to the aforementioned CIFs in that job creation, as well as supporting workers' rights and collective enterprises, is in close proximity to the priority of providing a return on investment. These funds have also been highly effective in addressing the financing gap in disadvantaged regions. For instance the Solidarity Fund QFL, founded in Quebec in 1998, created seventeen decentralized regional funds to invest between \$50,000 and \$2 million in new businesses startup capital. Further:

On the local level, 87 local funds(SOLIDE) were established in collaboration with the Union des municipalités régionales de comtés (Alliance of Regional Municipal Counties). Half the capital was provided through a \$10 million central common fund (SOLIDEQ) created by the Solidarity Fund QFL and the remaining capital came from the municipalities and other sources. The approach of these funds is the same as the regional funds, but they target smaller projects (\$5,000 to \$50,000) (Hebb, Wortman,et al. 2006 citing Ninacs, 2003).

Similarly in British Columbia LSIF Working Opportunities partnered with Community Futures and contributed \$750,000 to their community loan fund (Hebb, Wortman et al. 2006).

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