



Pan-Canadian Community Development Learning Network Profile of Effective Practice:

Saint John Community Loan Fund

Context

The roots of the Saint John Community Loan Fund lie in the work of the Urban Core Support Network, an organization that advocates for people living on low-incomes. In the 1990s, Saint John had one of the highest poverty rates in the country at 27%, and the highest concentration of lone parent families in New Brunswick, of which 60% lived in poverty. In this setting, the idea of a community loan fund developed when people living on low incomes and committed advocates began wondering about how to help people create their own opportunity. A small amount of cash left over from a national conference spurred the idea of creating a community loan fund. “Lets use the money to seed a loan pool to help people start a business,” said one of the volunteers. Cathy Wright, Executive Director of the city’s social planning agency, having just returned from touring a Filipino woman’s micro-lending organization, seconded the idea. The rest is history.

This Profile of Effective Practice is one of fifteen stories examining how innovative, community-based initiatives are using comprehensive approaches to improve social and economic conditions on a local level.

The profiles were prepared as part of a 2.5-year project of the Canadian CED Network looking at the links between social inclusion and community economic development.

For other profiles, more information on the project and additional resources on social inclusion and CED, see the notes at the end of this document.

History

The Urban Core Support Network developed a key partnership with the Saint John Human Development Council (the city’s social planning agency) and Cathy Wright took on the establishment of the fund as a major project. At the end of 1997, the Human Development Council hired Seth Asimakos to test the feasibility of a fund, and – if it proved feasible – to establish and run it. As part of the feasibility study, fifteen focus groups and many key interviews were conducted with potential borrowers, investors and community leaders. Eventually the business plan was written and monies recruited. To recruit the initial capital pool of \$35,000, presentations were made in galleries, living rooms and over boardroom tables. With a grant from the Community

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Economic Development Technical Assistance Program (CEDTAP), the Human Development Council partnered with the experienced Montreal Community Loan Association for advice and guidance.

The first loan was delivered in September 1999 to Marco Theriault who received \$2,900 to ship salvaged sunken river logs to Wisconsin, USA. The Saint John Community Loan Fund has made over 100 loans since. Between 2000 and 2003, it was incorporated, completed a major evaluation of its outcomes, and obtained charitable tax status. In 2005 it delivered its first audited financial statements at its fifth annual general meeting. It has added employment loans, shelter loans, and training in financial literacy and business plan development to its mix of services.

Activities

The mission of the Saint John Community Loan Fund is to improve social conditions for people living in Saint John by promoting economic independence and fostering entrepreneurship in the community. The Loan Fund helps individuals create income, build financial assets, and attain greater self-reliance by providing the following products and services:

- Loans at Work – business and employment loans to a maximum of \$5,000
- Opening the Door – loans to secure affordable and decent housing, maximum \$1,000
 - My Action Plan (MAP) – goal setting attached to loans, meet quarterly to review MAP
 - Money Matter\$ – a five-module financial literacy course
 - Start Your Own Business – a 10-evening program to develop a business plan, in partnership with the local YM-YWCA

Saint John Community Loan Fund

Incorporated - 2000
Charitable Status - 2003

Activities

- Loans: business, employment, shelter
- Training: financial literacy, business planning
- Future Project: multi-use housing facility

Annual Impact

- Loans: 30 loans (60% to single mothers)
- Income by Borrowers: \$600,000
- Savings to Government: \$160,000
- Training: 70-100 in financial literacy and business planning

Upcoming

- Developing a multi-use housing complex
- Creating a short film on Loan Fund
- Recruiting another \$60,000 for loan pool

Saint John, New Brunswick

Location – Mouth of Saint John River on the Bay of Fundy

History – Originally a Maliseet settlement but known for its loyalist immigrants, it was the first incorporated city in Canada and the hub of shipbuilding in the 1800s but its growth as a major city was squashed by centralist trade policies

Economy – Largest oil refinery in Canada, two pulp mills, shipping, growing call centres, and evolving telephony centre

Social Need – 22% poverty rate, 1,000 people on affordable housing waiting list, highest single parent rate in New Brunswick

Claim to fame – Sunniest winters and foggiest summers in Canada

training area and computer access point. Other planned training opportunities include Youth\$ave and Home\$ave programs and a social enterprise for youth at risk. This evolution in activities and services maps out a transition to a community-based development corporation that is hoped will develop between 2005-2008.

Participatory and Comprehensive Analysis

The Loan Fund situates its efforts within a community economic development framework that is based on a comprehensive analysis of the issues facing St. John. This framework recognizes that many individuals and families in Saint John are forced into exclusion because of poverty. The Fund's objectives remain CED-based, not charity-based, focused on broadening opportunities and building individual and community self-reliance, innovation and resiliency. The Fund is also striving to become a community-based organization that uses financial tools, business principles and an entrepreneurial philosophy to undertake this work. Community mobilization, community investment, community control, partnerships, and diversity are all key elements in the Fund's ability to create long-term outcomes and to sustain itself.

Another key element of the CED framework is a thorough planning and mobilizing process. The initial feasibility study was guided by stakeholders that represented the diversity of the community. Any new products or services that are developed go through a similar analysis and business planning process.

The Loan Fund uses a diversity matrix to recruit board and committee members reflective of the community it serves; by gender, income, experience, and skills. It has a small staff, but it has tried to hire individuals from among its target population in an effort to create additional opportunities. And despite tight budgets, summer students' wages are always topped up to exceed the provincial minimum.

Partnerships and relationship building have proven key to sustaining both the Loan Fund and its outcomes. The first of these partnerships was a strong and strategic relationship with the Human Development Council, but partnerships now extend to a diverse range of partners for service delivery. For example, Money Matter\$ and the business-planning course are delivered through other non-profits including those that serve women in second stage housing, youth at risk, and people living on low incomes. Referrals go both ways with a number of agencies supporting the same populations or working in the same sector (business, training, and employment development). As the relationships develop, trust enables more to be done, such as enabling a 'stop' on a shut off notice from Saint John Energy, while a client finishes a loan application, finds other resources, or establishes a budget plan with the Fund.

A significant influence on the development of the Loan Fund's programs and approach has come from partnerships with the Montreal Community Loan Association, the Edmonton Community Loan Fund and Calgary's MCC Employment Development. The Community Economic Development Technical Assistance Program has facilitated these cross-Canada partnerships, which have contributed to local innovation. "We cannot develop in isolation, in fact, we must learn from the good experience of others," says Seth Asimakos, Loan Fund manager.

Comprehensive Analysis

- Use a CED framework – recognition of problem and integration of social and economic dimensions, community mobilization is key, feasibility, planning, evaluation.
- Innovation, partner development
- Use diversity matrix with board and committees
- Make use of best practice – sustainable livelihoods framework in training

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Recognizing the value of this peer learning, the Loan Fund has taken lead roles in supporting national networking in both the CED and community investment sectors: it is a member, and more recently the Atlantic Coordinator, of the Canadian CED Network, and is a founding board member of the recently formed Canadian Community Investment Network.

Maintaining a broad-based funding and investment mix is key to making the Saint John Community Loan Fund a community fund. Core operating funds are split between government (30%) and the community (70%) while lending capital and loan reserve funds come entirely from private individuals and groups. “Besides loans, we want to promote community investment. I think that remains as important a motivator for our board,” says Bob Boyce, President and an investor himself. “I mean we see countless millions leave Atlantic Canada to be invested in global companies that produce no benefit to us. We need to invest in our communities if we want everyone here to have opportunities.”

Though the Loan Fund does not explicitly use the sustainable livelihoods model in its work, it recognizes that any long-term development requires helping individuals build all five asset categories – financial, social, human, physical, and personal. While the Loan Fund’s emphasis is on financial assets, the Money Matter\$ module on assets does present all five assets to help participants broaden their understanding of assets and support broader goal setting.

Outcomes and Evaluation

In March 2002, with funding from CEDTAP and the provincial government, the Tamarack Institute for Community Engagement was contracted by the Loan Fund to conduct an independent evaluation. The evaluation concluded that the Loan Fund met or exceeded the original business plan's goals and that it is performing well, measured by low costs and demonstrated community impact. The value, or return on investment, for both government and community investors was high at 1:9.



Marco Thériault: above with logs he salvaged from the St. John River and below in his antique shop.



In November 2002, a group of Loan Fund stakeholders, including board, committee members, investors, partners and borrowers, got together to create a longer-term vision for the Loan Fund. This new vision included increasing the Fund's presence and offering more financial products and services for people living on low incomes. Overall, the Loan Fund wants to help people create income, build assets, and attain greater self-reliance.

The Loan Fund measures its success by the number of loans disbursed and repaid; by the reduction in individual need for government support; and by the income generated by borrowers. Softer outcomes for participants, partially measured through ongoing one-on-one support, include improved budgeting and goal setting, and reduced indebtedness. On the investment and funding side, the Loan Fund looks at increasing the number of community investors and the value of their investments with the Loan Fund, and by the diversity in core funding. To complete the look at

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outcomes would be the number and quality of partnerships, and the overall awareness and pursuit of CED in the community.

By promoting community investment, the Loan Fund had built a loan pool of over \$120,000 by 2005 and started a recruitment drive that is aiming to increase the pool to \$250,000 by March 2007. Since the Fund was created, only two investors have withdrawn investments and no investor has ever lost money.

Since the first loan in 1999, the Fund has made over 100 loans from this loan pool and had 50 repaid. In 2004 alone, borrowers generated over \$600,000 in business income and payroll. More importantly, borrowers have been reducing their reliance on government income assistance and gradually increasing self-reliance, saving provincial government, for example, \$160,000 in avoided costs in 2004. Fifty individuals have taken training, with expected outcomes of better spending choices, increased focus on goals, and reduction of indebtedness. Spending patterns did change during the course, but after-training tracking would need to be done to gauge long-term impact.

Return on government investment is high. In 2004, for every dollar invested by government, over \$40 was returned in avoided costs, income generated, and non-government money leveraged for community investment.

Partnerships have increased in number and quality each year, which helps to increase the understanding of grassroots CED in the community. In fact, through presentations at the provincial government level, there appears to be some movement at recognizing this work and being more receptive to new CED initiatives.

The Fund is building awareness in entrepreneurship and financial management with partners and in the population in general. The promotion of the Fund's integrated housing model, which focuses on social enterprise and entrepreneurship, has brought others to the table discussing more CED-based models for housing.



"I wish I had taken this course 10 years ago" - Tara from Second Stage Housing

Unique Success Factors, Policies and Lessons

The Human Development Council received project-based money to start the Fund in the form of small and equal amounts from three provincial departments, recognizing the fact that the organization works in three areas: business, welfare, and training. However, this core funding has to be fought for every year, and has slowly been reduced to one department, Family and Community Services (Welfare), and 1/3 of the original funding. The provincial government is now pushing the Fund into a fee for service arrangement, and currently supporting only part of what the Fund offers. Coincidentally, it is the 'new' part, the training. This seems the way government operates, funding the 'new', the 'project', but not the 'proven' and the 'core', reducing the Fund to the role of a consultant, and leaving other important services without any government funding. It's an approach that disregards the management costs of keeping a volunteer organization with diverse programs running.

The classification of everything into project funding, and clear withdrawal of government from core funding, has meant that the Fund must, like other non-profits, spend more time piecing together funding than delivering service or making an impact in the community. Each year has been a struggle to gain credibility in a fairly conservative economic development environment. In fact, another CED initiative started by the Human Development Council to help build social enterprises in the city did not receive funding past the pilot phase. The hope is that efforts by the Canadian CED Network (CCEDNet) and the Canadian Community Investment Network (CCINet) to put CED on the political and policy agenda, combined with the opportunities offered by the new federal Social Economy Initiative, will make the years ahead better.

Fortunately, there is a positive side to the funding context. Each financial crunch has pushed the fund to expand its circle of community support and partnerships, generally making the Fund a stronger community organization. "When it comes down to it, people will only support you if they see something working. The fact that the list of partners is growing suggests we're going in the right direction," notes Seth in an upbeat footnote.

The support from the Human Development Council has been key in all aspects of the Fund's development, through recruitment of funding, to incorporation, and still today, by providing office space. With over twenty five years mobilizing community around issues of poverty and its alleviation, the Human Development Council ensured a community-wide representation was reflected in the membership of the Loan Fund's original steering committee and today's board of directors. The Loan Fund and the Human Development Council work closely in efforts to build a more inclusive community.

Success Factors

- Close affiliation with a recognized organizational leader
- Committed staff and board
- Diverse funding
- Active and innovative in responding to needs
- Always use planning process
- Participate in national networks

Another key ingredient, as with most non-profit organizations, are committed individuals that run the organization. In spite of decreasing resources, government inflexibility, comparatively low salaries and absent benefits, there is a continued desire to innovate and meet needs that arise in the community.

Being entrepreneurial and innovative is almost a requirement for meeting needs and surmounting challenges. Most recently, that has meant making a film in an effort to promote the Loan Fund and community investment, highlighting borrowers and investors of today. The greeting card campaign is another business

venture that brings local artists to the Loan Fund to produce cards in support of Fund activities. "If there is one thing that we must continue to do in the sector is take risks and continue to innovate," says Louise Béland, an investor and board member. "Like a private sector entrepreneur, we are entrepreneurs, social entrepreneurs, taking risks for social and community profit."

Diversity has been a key success factor. The fact that the Loan Fund has diverse funding and a broad base of investment support has allowed it to continue. Foundations, fee for service, and fundraising have all been able to fill holes left when government has pulled out. Diversity in partners has also helped the Fund reach more people, whether through training, advocacy or loans.

Emerging as a key element in its sustainability is insuring local politicians are provided updates through lively presentations on a regular (bi-annual) basis. A cycle of more regular meetings must be kept with local and regional program officers.

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Finally, its involvement at the regional and national level with CEDTAP, CCEDNet and CCINet, have been critical to boost morale, inspire innovation, leverage resources, and legitimize its work.

Seth Asimakos

Seth Asimakos is the Atlantic Regional Coordinator for the Canadian CED Network. He can be reached at tel: (506) 636-8549, email: sasimakos@ccednet-rcdec.ca

More information on the St. John Community Loan Fund can be found on their website, at: <http://www.loanfund.ca>.

More Profiles of Effective Practice and other resources on social inclusion are available at: <http://www.ccednet-rcdec.ca/en/pages/learningnetwork.asp>

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610-620 View St., Victoria, BC V8W 1J6
Telephone: (250) 386-9980
Toll free: (877) 202-2268
Fax: (250) 386-9984
Website: <http://www.ccednet-rcdec.ca>

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