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INNOVATIVE FINANCING FOR FOOD AND FARM:

TOOLS FROM OTHER PLACES AS A GUIDE FOR STRENGTHENING THE LOCAL FOOD FINANCING SYSTEM IN ONTARIO

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DISCLAIMER: The material provided in what follows is an overview of barriers and opportunities for financing Ontario food and agricultural business. It includes a summary of financial instruments and approaches applied in other jurisdictions. It is not a complete analysis of what is and is not available in Ontario or elsewhere. It is intended as a discussion paper to incite conversation on possibilities for Ontario. The information contained herein is not a legal analysis of the applicability or implementation in Ontario of the financing tools discussed and is not intended to serve as legal advice.

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Introduction

Despite the numerous public benefits of the food and farming sector, its needs are often not met by the current system of debt finance.[i] At present, farming at a scale that meets the goals of a localized food system poses economic difficulties for farmers and inhibits the growth of the local food system. Without economic viability, farms will cease to produce food destined for local consumption. The inability to access financial capital is the primary obstacle for small farm start-up and restructuring. It is also a key contributing factor in the demographics within the agricultural sector such that there are very few generational farm transfers, while at the same time many Ontario farmers are approaching retirement age. With a low level of farm succession, lacking transfer of agricultural knowledge, and no access to capital, our local food systems are threatened. In order to foster the development of an economically viable local food system, strategies need to be developed to provide capital to the sector.[ii] This paper will present an overview of the barriers and opportunities for financing Ontario food and agricultural business, followed by selection of innovative farm financing programs in place in other jurisdictions which offer models for Ontario.

The Status Quo of Farming Today and Prospects for the Emerging Sector in Ontario

Though once the primary method of farming, today small scale, diversified, local-market oriented farms with sustainable practices have become non-conventional. The predominant wisdom has been that, based on some perspectives of price efficiency within the global marketplace, the larger the farm's scale, the more profitable the operation. However, consumer preference and demographics are shifting, and with them so too is the scale of agriculture. This change stems from an increase in consumer awareness and preference for local food, as well as concern with respect to the environmental and human health impacts of conventional industrial agriculture. The corresponding, and growing, profitability of smaller-scale farms using primarily local markets has given rise to the notion that profitable sustainable agriculture, supported by more-localized markets, is an option worth pursuing. Yet, while many small-scale diversified farms are generating on-farm income, many are unable to secure capital to enable start up, re-strategize, or grow their farm operations.

This sector of farming, while at once both traditional and non-conventional, will be referred to throughout the remainder of the present paper as the 'emerging sector' of farming and will comprise small- or mid-scale farms and emerging agricultural models, which tend to: (1) use organic, sustainable, or ecologically oriented production practices; (2) produce diversified products to differentiated markets; and/or (3) produce food for localized markets, emphasizing the connection between farm and community, health, and taste.[iii]

Barriers to Accessing Capital for the Emerging Sector

The demographics among the agriculture sector are worrisome from a local food system perspective. While many practicing farmers are approaching retirement age, there is a notable lack of generational farm transfers. New or possible entrants into the farming sector can be inhibited by several factors. Some of the challenges faced by the emerging sector include the rising costs of farmland, a shortage of knowledge, and a lack of financing.[iv]

Start-up operations vary significantly from farm operations looking to restructure. The diversity of these emerging farmers is considerable, and includes: beginning farmers entering the agriculture community; existing producers seeking better or more cost-effective infrastructure so as to improve production/distribution; and farmers transitioning from conventional to alternative, organic, diversified and/or direct farm models; and urban farmers. Without a generational farm transfer, new farmers lack experience on a family farm and the necessary farm business management skills, and have difficulty financing land acquisition, equipment, or operations.[v]

The concurrent consolidations of banking and agriculture have resulted in a loss of familiarity with the business of farming by creditors within mainstream financial institutions. As a result, the current lending system, which is structured around large scale agri-business, often fails to meet the financing needs of farmers in the emerging sector.[vi] Furthermore, commercial lending is withdrawing focus from agricultural lending, with the limited financing available being based on standardized loan packages.[vii] Farmers in the emerging sector, which tend to have business models unfamiliar to conventional financing, report difficulty in accessing start-up capital for small and diversified farm business, as well as for financing things over and above buildings and equipment, such as marketing, employee training, and other operational investments. These start-up challenges are pronounced for farmers in the emerging sector because they do not fit within the existing resource infrastructure, which is designed to support a global commodity market agricultural system. Characteristics of applicant borrowers in the emerging farming sector which impede accessing capital include: insufficient personal capital; difficulty conveying farm production knowledge or management experience; insufficient personal credit histories; or a lack of a business plan.[viii]

The "five C's of credit" is a method used by financial institutions to determine the creditworthiness of applicant borrowers. The 5 C's include: character (reputation of borrower), capacity (to repay loan, i.e., capital in equity or collateral), collateral, capital, conditions (market conditions, borrower's understanding of the market and ability to get to market).[ix] Conventionally, character includes a strong credit score, demonstrated experience and financial success in the subject business, including peer references, and financial capacity in the form of collateral or equity. Within the emerging sector of farmers, most applicant borrowers lack these 'character' traits. Farmers in the emerging sector may not have previous experience, be operating a small farm as a side business, be looking to establish a niche farm, or simply have an insufficient credit score, which is not representative of repayment patterns.[x] The collateral possessed by many farmers in the emerging sector may be limited to the crop or product being produced.[xi] The result is that many bankable farm enterprises assume they would not qualify for financing, and as such are hesitant to approach mainstream financial institutions.[xii] Others are unable to access needed financing because mainstream financing institutions are unwilling to work with them.[xiii]

From the perspective of a financial institution, farm financing is difficult because of the transaction costs of multiple small loans; the emerging nature of the local and regional food markets that many of the farms are forging; and the infinite variety of farm types and approaches with practically no reliable benchmarks or other metrics to reference. It is much easier, in short, to finance a corner store, for example, because their business models are more similar to one another and easier to analyze.[xiv] Mainstream financial institutions are in the business of making loans; not in the business of facilitating discussion or closing knowledge gaps.[xv] As such, they need an updated understanding of the emerging sector of farming.[xvi] Because a farm's aggregate cash flow is a complex model, the lender must be able to engage the applicant both verbally, to "hear" the story, as well as to provide support resources and technical assistance, as necessary, to help the applicant create a realistic cash flow model.[xvii] Rather than proven skill or established experience, this reality requires a lender to assess the applicant's commitment to the lifestyle, and his/her ability to access knowledge-based resources as needed.[xviii]

Describing the emerging sector in a coherent way is a first step in helping lenders to understand the sector into which they are potentially lending.[xix] U.S. case studies found that the emerging sector tends to:

- be small to mid-scale;
- need access to land beyond the number of acres in cultivation for ongoing soil management;
- grow/produce a diverse range of items for differentiated markets;
- have low-cost inputs, including: less equipment usage in start-up operations, personal and networked labor, cooperative information and resource sharing, and leased rather than purchased land;
- seek out agreements with purchasers of products prior to planting;[xx]
- obtain information about markets, farm management, and innovative production practices through internet-based networks due to the lack of single-source information centers within their jurisdictions; and
- choose this form of farming in pursuit of the double objectives of ecological practice and food production.[xxi]

By impeding the economic viability of the business of farming for local consumption, this gap between lenders and farmers serves to seriously limit the potential of any local food movement. For the emerging sector to meet its economic and production potential, business and financial support is required.[xxii] It is essential that the emerging sector is able to fairly obtain sufficient credit to get off the ground, as well as access support and capacity building to ensure the development of strong business models and management capacity.

Financing Options in Ontario

Funding Food and Agriculture

The federal and Ontario governments provide financing to food and agricultural sectors in Ontario. In addition to the below noted sources of funding and resource support, commodity-specific programs may be available through commodity organizations.[xxiii] Details on these are not provided here. Likewise, there may be financing and resources specific to Northern Ontario, and a focus on this region is not provided in what follows.[xxiv]

Note that despite the below listed supports, provincial programs in support of small-scale start-ups in farming have been phased out, along with income-support programs (such as the Net Income Stabilization Account program). Provincial agricultural extension programs have also been cut back and remaining programs are focused on sector support rather than individual support.[xxv] Information on farm start-up is accessible through OMAFRA.[xxvi]

Government support provides:

- Business Risk Management Programs;
- Best Practices Suite of Programs (including cost share funding for farm-related skills and training opportunities, development[xxvii] and implementation[xxviii] of business plans, as well as guidance on improving management of agricultural properties through the adoption of Best Management Practices that contribute to water and air quality, improve soil productivity, enhance wildlife habitat and result in energy conservation[xxix])[xxx];
- Loan, Business Risk and Financial Assistance Programs,[xxxi] which includes:
    - Advance Payments Program;[xxxii]
    - *The Canadian Agricultural Loans Act*[xxxiii]
    - Commodity Loan Program;[xxxiv]
    - Community Futures Development Corporations;[xxxv]
- Tax-related programs;[xxxvi]
- Business Advisory Assistance Programs;[xxxvii]
- Environmental and Conservation Programs;[xxxviii]
- Human Resources, Employment and Education Programs;[xxxix]
- Health Monitoring, Inspection and Diagnostic Programs;[xl]
- Financial Protection and Compensation Programs;[xli] and
- Funding Programs to Build Business Opportunities;[xlii] including:
    - Business Development Bank of Canada;[xliii]
    - Premier's Award for Agri-Food Innovation Excellence[xliv]

Social Finance

Access to capital for social purpose businesses in Ontario is highly fragmented, with little co-ordination and no centralized method of accessing said funds. Compared to the US[xlv] and Quebec, where alternative financing and social capital have taken root, Ontario has a financial system primarily consisting of major financial institutions. There is a lack of public-private initiatives in

Canada that adequately aim to provide affordable credit to those unable to obtain financing from mainstream institutions. There is also no policy arena in the provincial government for social enterprises, which is relevant to some emerging sector farmers.[xlvi]

The involvement in *social* finance by Canadian financial institutions is for the most part been through the lens of socially responsible investing (i.e., screening out public equity funds to avoid the support of damaging activities (such as tobacco, pollution, and natural habitat depletion) or impact investing (i.e., investment that includes non-financial, ethical objectives).[xlvii] Key community investment organizations in Canada include: Community Futures Organizations; Aboriginal Financial Institutions; Credit Unions; the Canadian Alternative Investment Co-operative; the Montreal community Loan Association; and Community Economic Development Investment Funds (CEDIFs).[xlviii]

Government, mainly at the federal and provincial levels, is a primary source of social capital in Canada – particularly through grants and contributions, plus operating and program subsidies.

Federal government departments that provide access to capital for community investment and the social economy include:

- Industry Canada
- Department of Finance
- Ontario-directed Federal Government Initiative for Northern Ontario
- Rural Communities

At the provincial level, Quebec has demonstrated leadership in social finance, instituting targeted programs, dedicated financing vehicles and capital pools, as well as an enabling regulatory environment.[xlix] In addition to the direct funding of programs, government has also supported social initiatives indirectly through intermediaries. For example, Community Futures Development Corporations are local organizations provided with government funding to stimulate regional economic development.[l]

Tool # 1: Use community investment to fill the financing gap for Ontario food and farm

Community Investment refers to direct financing of community economic development and social economy enterprises.[li] This approach to finance is usually targeted to borrowers who cannot meet the credit standards of traditional financial institutions because of perceived credit risk.[lii] The community development finance sector initiated from grass-roots, community movements in response to the need to provide underserved communities with access to capital. Organizations[liii] in the community investment sector strive to improve a community, be it a neighbourhood, region, or particular underfinanced and disadvantaged group, through their financing. They are private entities, often not-for-profit and mission-based, which operate as investment vehicles that raise capital and invest in borrowers who cannot otherwise access credit. Applicant borrowers are often from economically distressed communities.[liv] Participating organizations include chartered banks, credit unions or non-profit-seeking organisations.[lv]

As with lenders within the mainstream financing sector, lenders familiar with community development financing acknowledge that while they have the skills to analyze and make loans to this emerging sector, they lack the ability to assess the information presented to them (including information on relevant economic values, translation tools and guidelines on what is needed to serve this sector).[lvi] This knowledge gap identified by lenders suggests a need for information to understand the metrics, and to grasp the economic value of the production methods used. In order to maximize community development financing, this knowledge gap needs to be addressed. [lvii]In the community investment sector assessments of equity capital or other evidence of collateral are secondary in importance to borrower participation in a network of successful farm business development organizations through which farmers can access trade skills and resources.[lviii]

Community Economic Development Investment Funds

Institutions specializing in community investment area are Community Economic Development Investment Funds (CEDIFs). CEDIFs use a variety of financial instruments (secured or unsecured) and serve a very specific clientele. An investment fund is an entity that offers its shares (or units) to various investors in order to provide a cost-effective means of obtaining diversified investments. Income is earned through interest, dividends and capital gains. A CEDIF, which is an investment fund, can be defined as: "a pool of capital, formed through the sale of shares (or units), to persons within a defined community, created to operate or invest in local business".[lix]

Although not all community investment organizations provide financing for the food and agricultural sector, many have missions which make extension into the food and agricultural sector a natural fit with their organization's mission.[lx]As such a variety of mission-related examples are explored below.

Examples: *Nova Scotia, Quebec, New Jersey, Washington*

Nova Scotia has a total of 77 offerings and over $30 million in assets; all invested by Nova Scotian citizens. The success of CEDIFs, and their recent growth, in Nova Scotia is in large part a result of the tax credits and a guarantee program developed by the provincial government as an attempt to maintain investment in Nova Scotia.[lxi]

Réseau québécois du credit communautaire, of Quebec, was the first community-based fund in Canada. Its mission is to develop and promote the community credit approach (including micro-credit, micro-finance, and community investment) with the purpose of ensuring greater well-being. It supports its members by providing access to equity (in the form of small 45,000 - $20,000 community loans) along with localized mentoring. [lxii]

UCEDC is a non-profit certified CDFI and an Economic Development Corporation (EDC) which provides loans in New Jersey. Loans provided by UCEDC, intended for those unable to access capital through conventional lending, are complemented by training, and government contracting assistance.[lxiii] Loans include microloans, community advantage loans, real estate and major equipment loans, and lines of credit.[lxiv] Despite lending since 2005, UCEDC made its first agricultural loan in 2011. The applicant borrower was an immigrant farmer in need of propane, a plow, and payroll costs. As a character loan, UCEDC invested time in learning about the farm, farmer, and his business management skills. UCEDC plans to further work by considering lines of credit or participation in land purchase loans, as well as to help small agricultural borrowers qualify for future commercial loans and lines of credit by reporting loan repayment performance to the Credit Builders Alliance.[lxv]

Craft3[lxvi] is a Community Development Financial Institution serving urban and rural communities of Oregon and Washington. Craft3 addresses the problems of land tenure, asset challenges and real estate debt for beginning farmers with its innovative farmland mortgage deal. Craft3 strives to assist tenant farmers acquire their own land or assist them in accessing leases which enable them to build assets. It recognizes the need for a lender to understand the crop cycle of an agricultural product, and the importance of structuring financing according to crop development and seasonality.[lxvii]Craft3 partners with a land trust and takes an innovative land tenure approach, whereby Craft3 and the land trust take out a mortgage on a prospective borrower's parcel of farmland. The borrower's lease payments are then applied directly to the mortgage in order to build equity for the farmer. Benefit of this style of finance is that it offers the possibility for full purchase by the borrower, provides the farmers with access to other financing and resources, and it incentivizes environmental stewardship by rewarding tenant farmers for engaging in sustainable farming practices and for improvements made to the land and farm operations.[lxviii]

Tool #2: Support Social Purpose Businesses

The "social economy" is a concept that bridges organizations that have social objectives central to their mission and practice, but which also have explicit economic objectives or general economic value.[lxix] The social finance marketplace consists of the demand for capital, the supply of capital, as well as intermediaries which coordinate supply and demand.[lxx]

Examples: ***Quebec, Massachusetts, California***

The social economy has been institutionalized in Quebec.[lxxi] Quebec's responsible investment sector blends financial objectives with socio-economic goals, and includes: development capital, solidarity finance,[lxxii] and state financing. Development capital uses venture capital instruments (unsecured equity or quasi-equity) to achieve financial yields as well as social, economic and environmental objectives. Development capital can take the form of capital shares, collective loans, or traditional loans. Its agencies do not necessarily invest directly in the social economy but often partner with those that do. [lxxiii]Quebec's Fonds de Solidarité is essentially a pension fund made up of voluntary contributions by citizens and members of the Fédération des travailleuses et travailleurs du Québec, a labour federation. It invests primarily in small and medium sized businesses, and subjects its clients to a social audit before investing. It requires businesses in which it invests to adhere to certain practices, and it provides education and training. A by-product of Fonds de Solidarité and the Fédération québecoise des municipalités, SOLIDE, was created to provide equity loans ranging from 5,000 - $50,000 for start-up, equipment purchase, and consolidation of small businesses. [lxxiv]

The Carrot Project, based out of Massachusetts, fosters a sustainable, diverse food system by supporting small and midsized farms and related businesses to build successful, ecologically and financially sustainable businesses Partnering with partners such as lenders, investors, donors and farm service providers, the Carrot Project serves to close the financing gap in northeastern U.S. by providing financing to farmers unable to access more traditional lending by providing small loans and to improve access to financial resources. The loans are complemented by technical assistance and facilitated knowledge sharing.[lxxv]The Carrot Project raises funds in partnership with farm-support organizations to serve both as an underwriter for lenders who want to set up partnerships, and as an intermediary for capital aggregation. The Carrot Project has agreements with a public economic development entity, a bank, a CDFI, and individual investors and foundations, and has secured five years' worth of patient capital to build both commitments with local lenders across New England and New York, and the capacity of farmers to borrow.

California FarmLink is a land-link program that provides financing to assist farmers access to agricultural land. The organization addresses the problem of diminishing farmland by establishing connections between newer farmers and the farm succession plans of existing farmers. California FarmLink is also unique in that it connects the assets of mainstream banks with the goals of a partner CDFI to enable risk-averse lending.[lxxvii]

Policy Tool #3: Enable Institutional Impact Investing

"Impact investing" refers to the active investment of capital in businesses and funds which generate positive outcomes (usually social or environmental) as well as financial returns to the investor.[lxxviii] It is a step above 'responsible investing', or investing which primarily attempts to avoid businesses or funds which produce socially or environmentally harmful outcomes. Foundations can leverage their mission-fulfillment by moving their capital from traditional investing practices to mission-related investments.[lxxix]

In order to maximize use of this kind of social finance, the government could develop a national framework with complementary tax and regulatory environments. At present regulatory confusion discourages foundations from using their assets for impact investing. Many boards and investment committees are unsure of how impact investing (which pursues blended returns) fits with Canada Revenue Agency's regulations, and their fiduciary mandate. The Canada Revenue Agency could provide clarified guidance to foundations to correct misperceptions around the legitimacy of impact investing to achieve charitable goals.[lxxx]

The government could also provide support for social finance by developing impact investment instruments or funds. The lack of financial intermediaries means that impact investing opportunities are not easily ascertainable for foundations looking to invest. Investment managers are needed to assess and aggregate the many diverse products and funds; an activity beyond the resources of many foundations.[lxxxi] Development of a national impact investment fund would create the necessary scale to attract major institutional investors into the impact investing marketplace. Provincial/territorial efforts could establish complementary regional funds.[lxxxii]

Examples: *US, Quebec*

The US created a national CDFI Fund which has facilitated community investment by leveraging $15B in private investment through individual community development organizations. So doing made it more attractive for large investors. [lxxxiii]

Quebec's Fiducie Chantier de l'écomomie sociale, is an investment fund established through a $23M federal government non-repayable grant.[lxxxiv]It was created to provide long term capital for social economy enterprises. With this initial capital pool, as well as another $30M in expected investment revenues, the trust expects investments of $80M in Quebec social enterprises of a 15 – 20 year timeframe.[lxxxv]

Policy Tool #4: Establish or tailor tax credits to support food and farming

Tax credits are one way by which the government can, and does, provide support to the agricultural sector. This is area of opportunity if the tax programs are tailored to increase blended value investing, and foster the emerging sector of farmers. Many possibilities exist, two of which are to incentivize (a) business succession and enable new entrants into farming, and (b) community economic development investment.

(a) Tax instruments to encourage private community investment

Targeted tax incentives by governments would provide an opportunity to mobilize institutional investors into blended value investing. [lxxxvi]

Example: *United Kingdom*

The United Kingdom's Community Interest Tax Relief is a tax relief scheme was introduced as a result of the recommendations of the Social Investment Task Force. It aims to encourage investment in development by providing tax relief at a rate of 5% per year on investments or loans made to accredited Community Development Financial Institutions (community investment organizations). [lxxxvii]

(b) Tax incentives to incentivize farm succession and asset transfers

An opportunity exists to enable farm succession, such as legislated tax credits to incentivize asset transfers to new farmers.

Example: *Iowa*

Iowa's Beginning Farmer Tax Credit is a tax program that incentivizes current and retired farmers who rent their agricultural assets to new farmers. The credit, administered by the Iowa Agricultural Development Authority, makes available tax credits of 5% - 15% to any eligible Iowa taxpayer who transfers assets to a 'beginning farmer. [lxxxviii]

Conclusion and Recommendations

The emerging sector of farming has a significant role to play in community revitalization, as well as the potential to positively impact issues such as land use, healthy food access, employment, and environmental sustainability. [lxxxix] Yet, despite the public recognition of the multiple benefits produced by the emerging sector, this sector is lacking access to capital. Small farm operations, due to their nature and scale, face difficulty securing financing. This is in part due to the fact that the mainstream financing environment developed around, and is most conducive to, large firms. At present, it is not uncommon for farmers in the emerging sector to resort to the use of credit cards, with high interest rates, to purchase materials. Personal financial capacity often depends on the cash balance after harvest, sale, and the payment of related farm and personal bills. Funds amassed in one season are usually fully reinvested in the farm, meaning that as the farm grows, the farmer is required to live on a very limited personal budget. This results in the farmer not being able to build liquidity, and also being placed at high risk in the case of crop or product failure. [xc] Capable agriculture borrowers need and should, in order to support the local food system and continued access to local healthy food, be provided with access to financing and specialized business support. In order to provide financing and technical support, financial institutions need significant knowledge about emerging agriculture operations.

What is needed is a bridge between farmers and financial institutions in order to develop access to capital in the form of grants, loans, and operating capital, as well as financial instruments such as shared savings plans, and pension plans. This may be possible through mainstream financial institutions. However alternative financing options may also need to be considered. Local food is an emerging sector that needs support and investment, with which it can produce “needed jobs, farmland protection, and healthy food.”[xci]

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[xxi] Susan Cocciarelli, Dorothy Suput, & Ray Boshara, "Financing Farming in the U.S.: Opportunities to Improve the Financial and Business Environment for Small and Midsized Farms through Strategic Financing, A Report on Six Working Sessions", W.K.. Kellogg Foundation Food and Community Program (July 2010), at p. 11 online: http://www.mottgroup.msu.edu/uploads/files/59/Financing%20Farming%20in%20the%20US.pdf
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[xxiii]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Dec 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf
[xxiv] Specific information for Northern Ontario is available by calling OMAFRA's Northern Ontario Regional Office at 1-800-461-6132
[xxv] Food connects us all, at 25
[xxvi]OMAFRA, "Publication 61: Starting a Farm in Ontario": http://www.omafra.gov.on.ca/english/busdev/facts/prompub61.htm
[xxvii] Advanced Business Planning: www.ontariosoilcrop.org
[xxviii]Business Plan Implementation: : www.ontariosoilcrop.org
[xxix] Canada Ontario Farm Stewardship Program: : www.ontariosoilcrop.org
[xxx] Growing Forward — Best Practices Suite is a federal-provincial-territorial initiative that supports the development and implementation of best practices in four key areas: Business Development, Environment and Climate Change, Food Safety and Traceability, and Biosecurity. Participants are encouraged to develop strategies across all areas to meet their business goals through information sessions, workshops, training and technical assistance. For more information see: OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf
[xxxi]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf
[xxxii]Subject to conditions, provides financing for crops, floral, nursery products and livestock. Producers can receive a cash advance on up to 50% of the expected average markets price of the agricultural product or commodity. Producers can access up to $400,000 of financing with the first $100,000 interest-free and next $300,000 at bank prime. For more information, see: www.accfarmersfinancial.ca
[xxxiii] The Canadian Agricultural Loans Act is a loan guarantee program that provides loans to farmers and agricultural

co-operatives. Eligibility extends to: existing farmers, beginning farmers, farmers taking over a family farm, agricultural coops with a farmer member majority. Loans under the *Act* can be offered institutions such as: chartered banks; trust companies; loan companies; credit unions; and insurance companies. Loans can be used for: equipment building/construction, land, livestock, shares in a farming operation. The maximum loan is: $500,000 for land and the construction or improvement of buildings; $350,000 for all other loan purposes. The maximum aggregate loan limit for any one borrower is $500,000 and $3 million for agricultural coops, with Minister approval. For more information see: : www.agr.gc.ca/cala

[xxxiv]The Community Loan Program provides operating funds for crop inputs up to $750,000. The interest rate is bank prime. Approved loan advances are based on both the level of Production Insurance guarantee and acres planted, resulting in financing of 70%–75% of the approximate value of the crop. For more information see: : www.accfarmersfinancial.ca

[xxxv] Community Futures Development Corporations support community economic development by helping Ontario's rural and northern communities strengthen and diversify their economies. CFDCs administer local investment funds to help finance new or existing small businesses for start-up, expansion or stabilization plans that help maintain or create jobs. Repayable financing of up to $150,000 on commercial terms through loans, loan guarantees or equity investments is available when financing from other sources is insufficient. There are 61 CFDCs across Ontario that offer: strategic community planning and socio-economic development; support for community economic development; business services; and access to capital. For more information see the website of the Ontario Association of Community Futures Development Corporations: www.oacfdc.com

[xxxvi]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf

[xxxvii]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf

[xxxviii]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf

[xxxix]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf

[xl]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf

[xli]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf

[xlii]OMAFRA, "Fact Sheet: Programs and Services for Ontario Farmers", (Sept 2012), online: http://www.omafra.gov.on.ca/english/busdev/facts/progserv.pdf

[xliii] As a federal Crown Corporation, BDC offers financing opportunities for starting a business, acquiring a business and growing a business, as well as for exporting, innovative companies, and manufacturers. Programs exist for: start-up financing; term financing; subordinate financing; venture capital; consulting services; and market expansion. For more information see: www.bdc.ca

[xliv] The Premier's Award for Agri-Food Innovation Excellence is an annual program to recognize and encourage innovation in the agri-food sector, foster innovation that has an effect at the farm level and raise the importance of agri-food innovation and its impact on the Ontario economy. Up to 50 awards are presented annually ranging from $5,000 to $75,000. Areas of innovation may include: improved farm practices (e.g., technology, business practices, processes, etc.); response to consumer demands (e.g., value added, marketing, strategic alliances, etc.); environmental stewardship; health and safety on the farm; energy innovations; education and marketing of agriculture to society; local food; traceability. For more information see: www.ontario.ca/omafra

[xlv]The US has a federal CDFI Fund, is a mission-driven financial fund which, through monetary awards and tax credits, strives to provide access to capital to underserved and distressed communities. See: http://www.cdfifund.gov/

[xlvi] Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009) at 15.

[xlvii] Mars Centre for Impact Investing, "Guide to Social Finance", online: http://socialfinance.ca/guide/who-is-involved/the-supply-of-money

[xlviii] Seth Asimakos,"Building Local Assets: Community Investment in Canada, 2008", Canadian Community Investment Network Co-operative, (2009) at 11-14.

[xlix] Mars Centre for Impact Investing, "Guide to Social Finance", online: http://socialfinance.ca/guide/who-is-involved/the-supply-of-money

[l] Mars Centre for Impact Investing, "Guide to Social Finance", online: http://socialfinance.ca/guide/who-is-involved/the-supply-of-money

[li] Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009).

[lii] Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009).

[liii] Referred to as Community Development Financial Institutions in the US and UK.

[liv] Ronda Kotelchuck et al., "Community Health Centers and Community Development Financial Institutions: Joining Forces to Address Determinants of Health", Affairs of Health (Millwood), November 2011 30:112042 – 2051, online: http://content.healthaffairs.org/content/30/11/2090.full?ijkey=WDlWCqPNFzFng&keytype=ref&siteid=healthaff

[lv] Seth Asimakos,"Building Local Assets: Community Investment in Canada, 2008", Canadian Community Investment Network Co-operative, (2009) at 11-14.

[lvi] Susan Cocciarelli, Dorothy Suput, & Ray Boshara, "Financing Farming in the U.S.: Opportunities to Improve the Financial and Business Environment for Small and Midsized Farms through Strategic Financing, A Report on Six Working Sessions", W.K.. Kellogg Foundation Food and Community Program (July 2010), at p. 14 online: http://www.mottgroup.msu.edu/uploads/files/59/Financing%20Farming%20in%20the%20US.pdf For a detailed discussion on possible metrics to be used by financial lenders to assess viability and risk in agricultural borrowers see Section III, pp. 15 – 18. Table 2 on p. 15 from this report, based on case studies and participant feedback, identifies the kinds of risks farmers' and lenders face, and the strategies farmer's use to mitigate them.

[lvii] Susan Cocciarelli, Dorothy Suput, & Ray Boshara, "Financing Farming in the U.S.: Opportunities to Improve the Financial and Business Environment for Small and Midsized Farms through Strategic Financing, A Report on Six Working Sessions", W.K.. Kellogg Foundation Food and Community Program (July 2010), online: http://www.mottgroup.msu.edu/uploads/files/59/Financing%20Farming%20in%20the%20US.pdf

[lviii] Susan Cocciarelli, Patty Cantrell, Denise Dukette, Gray Harris, Dorothy Suput, "Financing Farming in the U.S.: Strengthening Metrics and Expanding Capital Access," MSU Centre for Regional Food Systems, (May 2012) at 15, online: http://foodsystems.msu.edu/uploads/file/FFUS_Strengthening_Metrics_report.pdf

[lix] Definition from Nova Scotia website: http://www.gov.ns.ca/econ/cedif/

[lx] See for example, UCEDC. UCEDC website: http://www.ucedc.com/

[lxi] Nova Scotia website: http://www.gov.ns.ca/econ/cedif/ See also: Seth Asimakos,"Building Local Assets: Community Investment in Canada, 2008", Canadian Community Investment Network Co-operative, (2009) at 13.

[lxii] Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009) at 28. For more information see: www.rqcc.qc.ca.

[lxiii] UCEDC website: http://www.ucedc.com/

[lxiv] UCEDC website: http://www.ucedc.com/content/loan-products

[lxv] Susan Cocciarelli and Patty Cantrell for the Center for Regional Food Systems at Michigan State University, "Food Producers Case Studies - Financing Healthy Food Options: Implementation Handbook" (June 2012) at pp. 8 – 9, online at: http://www.cdfifund.gov/what_we_do/resources/Food%20Prod%20Case%20Studies%20Final.pdf

[lxvi] Craft3 website: Note that Craft3 was formerly Enterprise Cascadia

[lxvii] Susan Cocciarelli and Patty Cantrell for the Center for Regional Food Systems at Michigan State University, "Food Producers Case Studies - Financing Healthy Food Options: Implementation Handbook" (June 2012) at pp. 14 – 15, online at: http://www.cdfifund.gov/what_we_do/resources/Food%20Prod%20Case%20Studies%20Final.pdf

[lxviii] Susan Cocciarelli and Patty Cantrell for the Center for Regional Food Systems at Michigan State University, "Food Producers Case Studies - Financing Healthy Food Options: Implementation Handbook" (June 2012) at pp. 14 – 15, online at: http://www.cdfifund.gov/what_we_do/resources/Food%20Prod%20Case%20Studies%20Final.pdf

[lxix] Jack Quarter and Laurie Mook, "An Interactive View of the Social Economy," Canadian Journal of Nonprofit and Social Economy Research, Vol. 1, No.1, (Fall 2010).
[lxx] Mars Centre for Impact Investing, "Guide to Social Finance", online: http://socialfinance.ca/guide/who-is-involved/the-supply-of-money
[lxxi] Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009).
[lxxii] Solidarity Finance, or Community Investment as it is known to in the US, refers to direct financing of community economic development and social economy enterprises. Institutions specializing in this area are CDFIs, discussed above. For more information see: Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009) at 16.
[lxxiii] Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009) at 16.
[lxxiv] Peter R. Elson, Andres Gouldsborough, & Robert Jones, "Building Capital, Building Community: A Comparative Analysis of Access to Capital for Social Enterprises and Nonprofits in Ontario and Quebec," University of Toronto Social Economy Centre (2009) at 25.
[lxxv] The Carrot Project website: http://thecarrotproject.org/home See also: Susan Cocciarelli, "Financing Michigan's Sustainable Agriculture: The Availability and Accessibility of Capital for Beginning Farmers", CS Mott Group for Sustainable Food Systems at Michigan State University (December 2009) at 12, online: http://mottgroup.msu.edu/uploads/files/59/Financing%20Farming%20in%20Michigan.pdf
[lxxvi] Susan Cocciarelli, Dorothy Suput, & Ray Boshara, "Financing Farming in the U.S.: Opportunities to Improve the Financial and Business Environment for Small and Midsized Farms through Strategic Financing, A Report on Six Working Sessions", W.K.. Kellogg Foundation Food and Community Program (July 2010), at p. 19 - 20 online:
http://www.mottgroup.msu.edu/uploads/files/59/Financing%20Farming%20in%20the%20US.pdf
[lxxvii] For more information see California FarmLink's facebook page:
http://www.facebook.com/pages/California-FarmLink/127920297237919 See also: Susan Cocciarelli, Dorothy Suput, & Ray Boshara, "Financing Farming in the U.S.: Opportunities to Improve the Financial and Business Environment for Small and Midsized Farms through Strategic Financing, A Report on Six Working Sessions", W.K.. Kellogg Foundation Food and Community Program (July 2010), at p. 19 - 20 online:
http://www.mottgroup.msu.edu/uploads/files/59/Financing%20Farming%20in%20the%20US.pdf
[lxxviii] "Mobilizing Private Capital for Public Good", Canadian Task Force on Social Finance, (2010)
[lxxix] "Mobilizing Private Capital for Public Good", Canadian Task Force on Social Finance, (2010) at 9.
[lxxx] "Mobilizing Private Capital for Public Good", Canadian Task Force on Social Finance, (2010) at 10.
[lxxxi] "Mobilizing Private Capital for Public Good", Canadian Task Force on Social Finance, (2010) at 5, 9.
[lxxxii] Mobilizing private capital at 13.
[lxxxiii] Mobilizing private capital at 13.
[lxxxiv] Mobilizing private capital at 13, 19.
[lxxxv] Building capital, building community at30.
[lxxxvi] "Mobilizing Private Capital for Public Good", Canadian Task Force on Social Finance, (2010) at 10.
[lxxxvii] Mars Centre for Impact Investing (http://socialfinance.ca/knowledge-centre/glossary/term/community_development_finance_institution_cdfi), citing: *The Social Investment Bank, The Commission on Unclaimed Assests, UK: March 2007. For more information see: http://www.cdfa.org.uk/*
[lxxxviii] Susan Cocciarelli, "Financing Michigan's Sustainable Agriculture: The Availability and Accessibility of Capital for Beginning Farmers", CS Mott Group for Sustainable Food Systems at Michigan State University (December 2009) at 12, online:
http://mottgroup.msu.edu/uploads/files/59/Financing%20Farming%20in%20Michigan.pdf
[lxxxix] Susan Cocciarelli, Patty Cantrell, Denise Dukette, Gray Harris, Dorothy Suput, "Financing Farming in the U.S.: Strengthening Metrics and Expanding Capital Access," MSU Centre for Regional Food Systems, (May 2012) at 5, online: http://foodsystems.msu.edu/uploads/file/FFUS_Strengthening_Metrics_report.pdf
[xc] Susan Cocciarelli, Patty Cantrell, Denise Dukette, Gray Harris, Dorothy Suput, "Financing Farming in the U.S.: Strengthening Metrics and Expanding Capital Access," MSU Centre for Regional Food Systems, (May 2012) at 15, online: http://foodsystems.msu.edu/uploads/file/FFUS_Strengthening_Metrics_report.pdf

[xci] Patty Cantrell, “Food Innovation District: New Economic Gardening Tool”, Regional Food Solutions, (2012), online: http://regionalfoodsolutions.com/2012/04/06/food-innovation-district-new-economic-gardening-tool/