



National Association
of Friendship Centres
Association nationale
des centres d'amitié



NAFC IRP Webinar Transcript

Wednesday April 22, 2020

Introduction

Good afternoon, I know it's a difficult time for all of us and I appreciate that you have taken the time to attend this webinar. I will try and get the most important information regarding the IRP out to you without taking too much of your valuable time.

I'll briefly introduce myself; my name is Shady Hafez, I am the NAFC's Special Projects Advisor and I am the coordinator of the IRP. I've been with the NAFC for just over a year now and previously held the role of the NAFC's Research Advisor, coordinating the UAKN.

I am available by email, and can be reached at shafez@nafc.ca, if you would like to arrange a phone call to discuss please feel free to email me at your convenience.

The purpose of this webinar is to provide information to Friendship Centres and PTAs on the recently launched Investment Readiness Program.

Agenda

Today we will go over some key aspects of the IRP as well as how to apply for the program.

We will begin with discussing some key terms that will come up during this webinar and familiarize ourselves a little more with the language currently being used in the social finance world. Then we will move on to discussing the background of the IRP, what it is, how it came to be and how it is currently structured, following which we will discuss IRP eligibility, the available funding streams, eligible expenses and how to apply to the NAFC's IRP. Lastly, we will have some time allocated to questions.

Key Terms

Within the IRP and the overall ecosystem of social finance, there are a number of key terms that we feel it is important to understand. We will go through these terms and provide some definitions for each:

Social Purpose Organization: A social purpose organization (SPO) is an organization that is not centred on monetary profit and is advancing a social, cultural or environmental mission. A SPO can be a charity, non-profit, social enterprise, co-operative, or for-profit social enterprise. For the purposes of the IRP, the NAFC considers all NAFC-member FCs and PTAs to be social purpose organizations.

Social Economy: Friendship Centres play an important role in the social economy. The NAFC is adopting wording from *Chantier de l'économie sociale* regarding the definition of social economy. For the NAFC-funded component of the IRP, the NAFC will consider all economic activities with a social purpose carried out by FCs who either operate or own for-profit enterprises, whose activities consist of the sale or exchange of goods or services with the purpose of meeting the needs of urban Indigenous community members or the community as a whole.

Social Enterprise: A social enterprise is a business, whether independent or owned by an organization, that is mission-driven, aiming to sell goods or services to earn a revenue, while also helping achieve positive social, cultural or environmental objectives. FCs often operate social enterprises as either a subsidiary business or operate the social enterprise directly in addition to its non-profit work. As social enterprises, the revenue generated from FC-owned businesses should support the delivery of services or the overall mission of the FC itself.

Social Finance: Social finance is an investment that has a positive social, cultural or environmental impact that also generates some return for investors. Through loans and investments, social finance can give FCs access to opportunities to create new streams of revenue and in turn sustain the missions of FCs.

Social innovation: Social innovation supports new solutions to pressing social, cultural and environmental concerns. However, many of the social innovations that are developed by Indigenous communities and organizations are not necessarily new but rather are drawn from Indigenous principles and ways of knowing. In some situations, a social innovation may include the resurgence of an Indigenous way of knowing, practice, or approach to a contemporary matter.

Investment Readiness: Under the IRP, the NAFC seeks to support FCs and PTAs with acquiring skills, knowledge, techniques that, once mastered and implemented within the Friendship Centre movement, will move down the readiness spectrum and increase preparedness for financial investment in FC social enterprises. In preparing for investment, FCs can adopt approaches related to new entrepreneurial projects and new tools to attract new investment to increase the impact of their social mission.

Social Finance Fund: To encourage innovative approaches to persistent and complex social challenges, the Government of Canada is creating a Social Finance Fund. This will give charitable, non-profit and social purpose organizations access to new financing to implement their innovative ideas and will connect them with non-government investors seeking to support projects that will drive positive social change.

To help accelerate that change, the Government proposes to make available up to \$755 million on a cash basis over the next 10 years for a new Social Finance Fund and an additional \$50 million over two years for social purpose organizations to improve their ability to successfully participate in the social finance market.

The proposed Social Finance Fund could generate up to \$2 billion in economic activity, and help create as many as 100,000 jobs over the next decade. In addition to these measures, the Government will continue to work on exploring other recommendations from the Steering Group's report.

IRP Background

Now that we are familiar with some key terms, we will cover what exactly the IRP is and how it is structured:

The NAFC is one of five Readiness Support Partners mandated by the Government of Canada to deliver funding for the IRP. The IRP, through the five funding partners, will distribute \$50 million to social purpose organizations (charities, non-profits, social enterprises, for-profits with a social purpose and co-operatives) to help build their capacity to participate in Canada's growing social finance market. The IRP is also designed to help social purpose organizations (SPOs) prepare for the Government of Canada's broader investment in social finance via the Social Finance Fund, a historic new \$755 million commitment which was announced in November 2018 and is expected to be launched in 2020.

As a Readiness Support Partner, the NAFC is administering \$1.12 million in funding from the Government of Canada that will be made available as non-repayable capital to FCs and PTAs.

The IRP is structured as an ecosystem with 4 different layers, there are SPOs, Readiness Support Partners, Expert Service Providers and Ecosystem Mobilization Initiatives:

The SPOs are all of you essentially, organizations who will apply and use IRP funds to help develop enterprises that can be investment ready.

There are 4 other organizations who are Readiness Support Partners, like the NAFC they have funds dedicated for distribution to SPOs to develop social enterprises.

Expert service providers will support SPOs with the specialized knowledge and services required to help SPOs build their investment readiness; and

Ecosystem mobilization initiatives are led by support organizations who can help address system-level gaps on key areas such as social research and development, knowledge mobilization, impact measurement, building the readiness of social finance intermediaries, and for-profit engagement.

All of these components make up the ecosystem or structure of the IRP and all work together to ensure that SPOs can be successful in the IRP.

Funding Partners

NAFC is working closely with the other four national organizations delivering the Government of Canada's IRP funding. FCs and PTAs may also be eligible to receive support from the other funding partners. To learn more about other Readiness Support Partners' funding programs, criteria, and application periods, please visit their websites:

- [Community Foundations of Canada](#)
- [Chantier de l'économie sociale](#)
- [Canadian Women's Foundation](#)
- [National Aboriginal Capital Corporations Association](#)

Eligibility

All FCs and PTAs are eligible to apply to the NAFCs IRP, currently the NAFC is not offering the IRP to organizations other than member FCs and PTAs.

With that being said, all NAFC-member local FCs and PTAs are eligible to apply for IRP non-repayable capital. To be eligible for the IRP, FCs and PTAs must demonstrate that:

- They have, or intend to operate, a mechanism that generates revenue from the sales of goods and/or services;
- They have, or plan to build, capacity and expertise to carry out the proposed project for which they are applying;
- That the proposed project will assist the FC or PTA in fulfilling their respective missions.

Ultimately, this all means that an FC or PTA must be looking to use the funds to develop or grow an enterprise that generates some form of revenue for the centre, that they have a plan and capacity to operate the enterprise and that the project will support the FC or PTA in fulfilling its mission.

Funding Streams

FCs and PTAs can be in the early or late stages of development and anywhere in between, however we have dedicated specific amounts to various stages of development, please refer to the following funding streams to see where you fit:

- **Explore (\$10,000-\$15,000K)**

Exploration and ideation of the initiative - aligning a proposed solution to an identified need. Examples include: Feasibility analysis and community support development; business model development; use of data for planning & impact measurement; and diversification of funding sources. If the enterprise is not an existing enterprise or if

research and development has not been carried out prior to this application, you must apply for the Explore stream in the first application round.

- **Start (\$15,000-\$50,000)**

Needs identified, business feasibility demonstrated, plan and model in place and developed. Ready to begin early phases of implementation.

- **Grow (\$15,000-\$75,000)**

Sustainable cash flow and assets, track record for sustainability and networking with prospective investors. Funds will be used to grow and expand the enterprise.

- **Assess / Impact (\$10,000-\$15,000)**

Explore and evaluate the impact of an existing project or funded project.

- **Large Scale Project (\$80,000+)**

Project or idea that requires over \$80,000 to realize. Demonstrate business feasibility, community support, diversification of funding sources and any current cash flow and track record for sustainability.

To help FCs and PTAs determine what stream they should apply to, we have developed a flow chart that you use to see where you would fit best. It is important to note that we will be having different funding cycles, so you can apply to the explore grant in the first cycle and the start grant in the second cycle for the same project, same for the start to grow, or grow to assess. We hope that the funding will help FCs and PTAs support their enterprise development at whichever stage it is at.

Eligible Expenses

The IRP provides funding in the form of a grant to cover the following expenses:

- Specialized support service by a qualified professional who acts as an external resource and who is selected by the organization on the basis of a detailed service offer: costs related to customized support, participation in an incubator or an accelerator;
- Financing of studies carried out by a qualified professional, who acts as an external resource and who is selected by the organization on the basis of a detailed service offer: organizational diagnosis, cost analysis and implementation systems, market research, technical studies, plans and specifications, business plan, marketing plan, development plan, financial forecasts or any other study relevant to the realization of a project;
- Hiring essential internal human resources (project manager, coordinator and others) to carry out the investment readiness project;
- Production of prototypes (including market and product/service tests);

- Travel, representation and other expenses deemed essential to the completion of the project;
- Research and development (R & D) related expenses;
- Expenses related to the development of the organization's project: expenses related to the rental of premises, computer equipment, telecommunications cost, supplies and other operating expenses;
- Market solicitation fees;
- Acquisition of technology, software or software packages, patents and any other expenses of a similar nature;
- Viability study;
- Impact measurement;
- Minor asset purchases (must be related to enterprise development);
- Minor renovations (must be related to enterprise development); and
- Software or web design product.

Other expenses may be considered. To receive guidance, please contact our IRP Coordinator, Shady Hafez.

IRP non-repayable capital **cannot** be used for Friendship Centre or PTA regular operating costs ("core" costs). This includes ongoing administration costs, funding for additional permanent staff, rent, or procuring real estate.

IRP funds cannot be used for Covid-19 small business relief, if you are seeking small business support, the NAFC has gathered a list of all available relief mechanisms by region.

Applying to the IRP

The NAFC will hold three (3) IRP application periods before March 31, 2021.

There will be three deadlines throughout 2020.

The application period for Round 1 opens on April 15, 2020 and **closes on May 15, 2020**. Subsequent application periods will be held in the Summer and Fall of 2020. Exact dates will be announced before July 2020.

Apply to the Investment Readiness Program by completing the application which can be found under the program > IRP tab on the NAFC Website, it is a fillable word document, you can fill it out and email it directly to me at shafez@nafc.ca

We will now go through the application:

The application is made up of 5 sections.

The first section is basic organization information.

The second is where you will indicate which funding stream you will apply to, it is a pull-down menu, simply select which stream from the drop-down menu.

Within this section, if you chose the growth funding stream, please indicate when the enterprise became operational and some of the impacts of the enterprise to date.

This is simply for us to get a sense of where the enterprise is at and what kind of impact it has had on the community to date.

Section 3 is where you will fill out the project description. In this section please give your project a name and describe the project in 500 words. For this section, we are looking for a general description of the project, keeping in mind the general eligibility guidelines.

Following that we are looking to see the project implementation steps. For example, if you are applying for the explore stream. That may look like, retaining business planning services, doing a needs assessment or environmental study, and writing and completing a plan, etc.

For a start stream, this may include, hiring a program coordinator, or purchasing certain assets, or marketing services, etc.

Section 4 is for project expenses and financing, here we would like to see a breakdown of what you will be spending the funds on and where the various sources of funding are from, if you have other funds secured or expecting, please also list those here.

Lastly, section 5 is just for us to know how you heard about the IRP and if you have applied to other IRP funding partners.

When you've completed the application, please email it to shafez@nafc.ca.

Closing / Questions

Thank you for taking the time to watch this webinar, I hope we were able to provide you with sufficient information on the NAFCs IRP and we look forward to seeing all your project proposals!

If you have any questions, please feel free to ask them now or send me an email at your convenience.