

B.C.- Alberta Social Economy Research Alliance (BALTA)

Project Proposal – Project A3-2007 (June 20/07 version)

A. Project Title

THE NON-PROFIT SECTOR CAPITAL MARKET IN B.C. AND ALBERTA

B. Brief description of project and project objectives, outputs and proposed outcomes

This research project will explore the non-profit sector capital market in B.C. and Alberta with a focus on the role that this market can play in developing, supporting and strengthening social economy organizations.

Phases:

1. January 2008 – June 2008

Conduct initial literature review and current state analysis of the non profit sector capital market in B.C. and Alberta

2. July 2008- June 2009

Identify and complete profiles on best case examples of a “successful” non profit sector capital structure

Identify gaps in capital instruments in the social economy sector in B.C and Alberta and make recommendations for the development of specific capital instruments that could respond to these gaps

Explore the potential for developing a B.C./Alberta non profit capital market working group interested in moving the results forward.

Project Objectives

- To complete a literature review of the non-profit sector capital market in B.C and Alberta.
- To identify what a “successful” non-profit sector capital structure looks like (e.g. what is the balance of government support and expanded types of capital support from other sources?).
- To identify the gaps in capital instruments in the non-profit capital market in B.C. and Alberta and to make recommendations for the development of specific capital instruments that could respond to these gaps.
- To explore the potential for developing a B.C./Alberta non-profit capital market working group interested in moving the results forward.

Project Outputs

- A literature review of the non-profit sector capital market in B.C, Alberta and Canada.
- A research report produced and disseminated through BALTA, summarizing the current state of the non-profit capital market in B.C. and Alberta, making recommendations for the development of specific new instruments, tools and approaches that could be implemented by the players involved to improve the ability of the non-profit sector capital market to meet the needs of social economy organizations and to increase assets in the sector.
- A B.C./Alberta non-profit capital market working group formed.

Project Outcomes

- Increased understanding of the role that the non-profit capital market can play in strengthening the social economy in B.C., Alberta and Canada.
- Increased knowledge of the current state of the non-profit capital market in B.C., Alberta and Canada and the tools, instruments and approaches that could improve it.

C. Purpose and significance of the study, including congruence of the proposed research with the over-all strategic research objectives identified for the SERC and BALTA

The purpose of this study is to complete a current state analysis of non-profit sector capital market development and opportunities in B.C. and Alberta. Social economy organizations require different types of capital at various stages of development to move from start-up to sustainability. The resources of the non-profit sector form a distinct capital market and there is an opportunity to use these resources in innovative ways to support the growth and transformation of the social economy sector. The social economy has grown significantly over the last few years as a result of decreased government funding and an emphasis on diversification of revenue streams. We have witnessed an increase in the number of social economy organizations including social enterprises, non-profit corporations and innovative hybrid organizations. On the capital provision side, there is a significant transfer of wealth anticipated as aging parents transfer wealth and other assets to family members and charities. As well, there are an increasing number of donors and investors interested in 'venture philanthropy' and in seeking a social return on their investment. Combined, these forces represent significant potential for innovation and opportunity in the non-profit capital market. There is an opportunity for social economy organizations, foundations and socially oriented private investors to pool their assets and to experiment with new capital tools and instruments to support further strengthening and growth in the social economy sector. Financing that includes a range of financing tools to meet the needs of social economy organizations at various points of development is a core requirement of the social economy sector. This is critical to the successful and sustainable development of the social economy sector in B.C. and Alberta and across Canada. It also responds to the interests of foundations and investors to align their investment and social goals more effectively.

D. Will this project be lead and managed by a SERC member or members or will it require a request for proposals?

The project will be lead and managed by SERC 1 members.

E. Lead researcher, organization name and contact information (when known)

Jenny Kain, City of Edmonton
Tel: 780-944-5512
jenny.kain@edmonton.ca

F. Names of other researchers and organizations involved (when known)

Martin Garber Conrad, Edmonton Community Foundation
 Tel: 780-426-0015
martin@ecfoundaton.org

Derek Gent, VanCity Credit Union – Darek’s participation is not confirmed but we have reason to believe he will provide some assistance as the project develops.

G. Will the project involve hiring one or more student researchers? Will they need to be recruited or have they already been identified?

Yes, this project will be hiring one main student researcher. We will seek to recruit a Master’s level student. The data collected could potentially form the basis of a graduate thesis.

H. Brief description of project roles and responsibilities for project participants (lead researcher, other researchers, student researchers, partner organizations).

The lead researcher will oversee student researcher recruitment, develop project parameters, support and supervise the student researcher and ensure a connection between the student and other researchers and partnering organizations. In addition, the lead researcher will oversee the budget for the research and ensure budget compliance.

Other researchers will:

- Assist in developing the project parameters;
- Provide information on current research that they are familiar with;
- Assist with networking and providing contact information for other potential stakeholders;
- Assist with assessment of student researcher/s;
- Provide feedback on draft reports;
- Provide project input and feedback as requested.

Student researcher will:

- Complete literature review;
- Complete research as per the description above;
- Prepare draft reports for review by the research team and prepare final research reports.

I. Indicative Budget (Information can be both dollar figures and anecdotal.)

Category	Requested of BALTA	Other Contributions
Student salaries & benefits	\$5,000	
Researcher Release Time		In kind-City of Edmonton
Research Support Costs		\$1,000 in kind-as above
Knowledge Dissemination		In kind-City of Edmonton
Travel		n/a
TOTALS	\$5,000	