

# Financing Economic Development Initiatives

## **OVERVIEW**

Financing vs. Fundraising

What Is The Money For?

Who Has Money For You?

Public Sector Sources

Private Sector Sources

Getting On With Your Business



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## Financing vs. Fundraising

- **Financing = Repayable**
  - Terms
  - Interest Rate
- **Fundraising = Equity OR Grant**
  - Longer term, patient capital
  - Forgivable



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## Financing

Terms – loans/short-term

Interest Rate – liquidity/must create a value-add

Operating vs. Projects – unusual (and perhaps dangerous) to finance operating

## Fundraising

- patient capital – share in project or partner in operations  
(want to be seen associated with the work going on)

- the grant – forgivable... usually money with lots of strings

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## What Is The Money For?

- Operating
  - Staffing and Overhead
- Projects
  - Research
  - Marketing
  - Capital



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### Operating

- staffing (salary, contracts, professional development, room for growth)
- overhead (office, supplies, travel, committee expenses, core communications)

### Projects

- planning)
  - research (strategic plan, community profile, business)
  - marketing (promotional campaigns)
  - capital (feasibility studies, participation in a project, events)

# Financing Economic Development Initiatives

## Who Has Money For You?

- Public Sector
  - Operating
    - Level of Certainty?
    - Impact on Strategic Direction?
    - Federal-Provincial-Municipal/Band
  - Projects
    - Program Goals vs. Project Goals
    - The Cash-Flow Problem
    - The Art of Proposal Writing



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### OPERATING:

#### Level of Certainty

- Program based (eg. REDA with 50% dollars; CFDC with 5-yr agreements; municipalities vary across space and time)
- Changing tides of favour (eg. Enter the urban agenda; the race to work with entrepreneurs; emerging CED)

#### Impact on Strategic Direction

- enter politics

#### Federal-Provincial-Municipal/Band

- unusual to attract more than one for operating – may partner in project funding
- each have different time-horizons and outlooks and priorities
- relationship to the parent (supporting or auditing?)

### PROJECTS:

#### Program vs. Project Goals

- cookie-cutter approach based on evaluation process rather than community impact
- need for measurables/deliverables
- realistic time-horizons?

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## Who Has Money For You?

- Private Sector
  - Defining Your “Value-Add”
  - Achieving Credibility
    - The Public Sector Helps Here
  - Relationship Management



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### Value-Add

- there has to be something for them to buy into and it has to be meaningful
- sometimes the private sector buys in in different ways – in-kind/volunteer effort
- fee for service (eg. training, facilitating, business planning, project management, strategic planning, etc.)
- the role of events

### Credibility

- the public sector usually has to come first
- the millionth non-profit

### Relationship Management

- what have you done for me lately?
- fixing up a black eye (to err is human, to be honest and capable of fixing things is ESSENTIAL– don't gloss over, hide, or wait it out)
- involving and engaging at every turn

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## Getting On With Your Business

- The 80:20 Rule
- Efficient vs. Effective
- Independence and Security May Not Look The Way You Would Expect



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80:20

- chasing the money – latest programs, latest projects, master of the art of proposal writing
- this is bad and this is good
- places to keep abreast – a network (the CD)

Efficient/Effective

- dealing with demand from the outside vs. dealing with the strategic direction set internally

Independence and Security

- comes from strength of partnerships/relationships NOT necessarily from highest level of local or private control
- role of public sector – economic development is about the public good (the community)... private sector support based on philanthropy, which has limits