



Social Enterprise *and the* Solutions Economy

A Toolkit for Manitoba First Nations



ASSEMBLY OF
MANITOBA
CHIEFS



The Canadian CED Network

Le Réseau canadien de DÉC

MESSAGE FROM THE MANITOBA GRAND CHIEF

DEREK NEPINAK



Strong local economies have been the hallmark of First Nations communities for millennia. Economies of scale were socially oriented to benefit all community members, grounded by the principle of sustainability with supply meeting demand. These social oriented values have been hindered with the introduction of new settler values, market economies and mass consumption.

Manitoba First Nation communities are reviving original values by reintroducing social oriented businesses that will enhance economies and positively impact communities. The future for Manitoba First Nations depends upon an ability to create local jobs towards economic prosperity. This toolkit provides us the modern tools to reclaim strong local economies, based on traditional principles of sustainability.

Congratulations to Manitoba's first nations, Aki Energy and its partners for leading the way towards a more sustainable and prosperous future by using traditional philosophies and values.

A handwritten signature in black ink, appearing to read 'Derek Nepinak'.

Manitoba Grand Chief Derek Nepinak

March 2015

MESSAGE FROM THE AKI ENERGY BOARD CHAIR



First Nations in Manitoba and throughout Canada historically have had strong, socially oriented local economies that have provided for the health and well being of their communities.

The past and present impacts of colonization has resulted in the collapse of First Nations economies, and we see the results all around us today: poverty, unemployment, high rates of diabetes and overrepresentation in the criminal justice system.

This toolkit provides First Nations with the resources to start the process of rebuilding our economies, providing examples from Aboriginal communities across Canada who are leading the way.

First Nations have a tremendous amount of economic development potential right in our own backyards. This approach uses our existing resources to provide employment, generate revenue in the local economy and improve the health and environment of our economies.

Aki Energy is proud to be a part of the social enterprise movement in Manitoba, and we are proud to do our part in building the solutions economy of tomorrow.

Sam Murdock

Aki Energy Board Chair
March 2015



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Shaun Loney – Aki Energy Director of Development

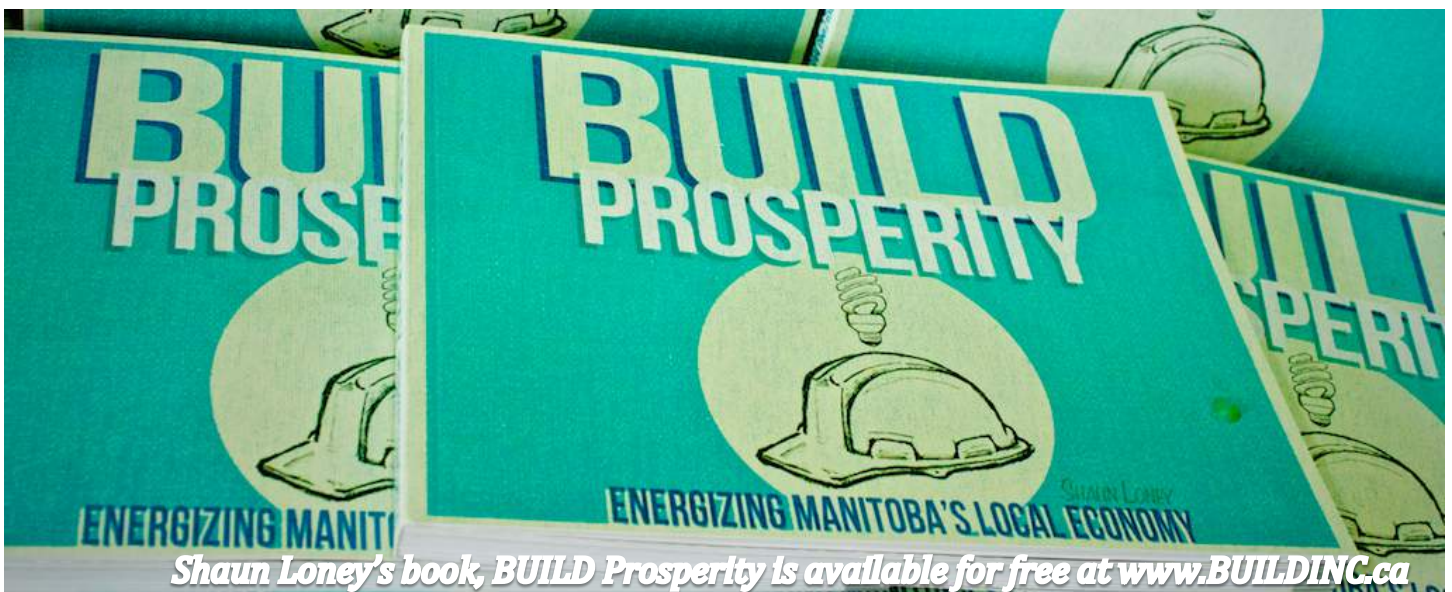
Shaun Loney is the Director of Development for Aki Energy. Previous to this role, Shaun was the Executive Director of BUILD Inc., an award-winning Aboriginal social enterprise creating employment in the trades in Winnipeg’s inner city.

Shaun Loney was recently awarded the 2014 Ernst & Young Prairie Entrepreneur of the Year, and is an Ashoka Fellow. BUILD Inc. has been recognized as the Scotiabank Green Business of the Year in 2012. Shaun Loney is the author of *BUILD Prosperity, Energizing Manitoba’s Local Economy*.



Kate Taylor – Aki Energy Project Manager

Kate Taylor is a Project Manager at Aki Energy. Kate has worked with First Nations across Manitoba to create local jobs through renewable energy and food sovereignty. Since 2011, Kate has authored a number of major research papers on community-wide retrofit programs and Pay As You Save financing programs, including an international study of PAYS approached and a national report looking at the potential for PAYS programs to empower First Nations community –owned energy development.



Shaun Loney’s book, BUILD Prosperity is available for free at www.BUILDINC.ca

ACKNOWLEDGEMENTS

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Aki Energy would also like to thank and acknowledge the vibrant social enterprise community both in Manitoba and across Canada. A special thanks to The Social Enterprise Centre, BUILD Inc., Manitoba Green Retrofit, Canadian Community Economic Development Network, LITE, and Neechi Commons among many others who are a source of leadership and inspiration.

Aki Energy would like to thank our partners at Manitoba Hydro, who continue to be Canadian leaders in the field of energy efficiency.

Our thanks as well to Manitoba Aboriginal and Northern Affairs for financial support of this project.



Growing the Future

Social Enterprise in First Nation Communities

Some days, it seems like every time you see First Nations communities profiled in the media, it is a bad-news story. We hear again and again about soaring diabetes rates, high levels of poverty and unemployment – but rarely are we hearing about solutions.

At Aki Energy, we are lucky to be working with a group of pioneering First Nations in Manitoba who are on the forefront of those solutions. The First Nations whose stories are profiled in this report are building healthier communities while creating long-term local employment and business opportunities through social enterprise and the solutions economy.

Social Enterprise and the Solutions Economy is a chance to share those stories, and to profile some of the

successes of First Nations in building healthy, sustainable local economies. We will talk about *social enterprise*, a new way of doing business that is good for the earth and for the community. We will talk about the *solutions economy*, where economic tools are used to in socially responsible ways to address challenges faced by communities. We will talk about how these approaches can help bring prosperity to First Nations by creating local jobs and providing solutions to entrenched community challenges.

At Aki Energy, we know that this is just the beginning. There is so much work still to be done. By learning from each other, thinking big and building on past successes, we are confident that these good news stories are going to keep growing!

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Section 1: Social Enterprise and the Solutions Economy

The Upside of Down

When a problem is also an opportunity

There has been a lot written about the challenges that face Aboriginal communities today; persistent poverty, high food costs, high unemployment, an epidemic of diabetes and related illnesses. There has been a lot of necessary analysis of the causes and impacts of these problems on Aboriginal communities, and it is very important that Canadians understand the role of past and continuing colonialism in creating these problems. These problems do not originate in Aboriginal communities – they belong to the rest of Canada, who are deeply implicit in their creation. But increasingly, it is Aboriginal communities who are taking a lead role in finding creative, positive solutions and building the stronger, healthier communities of tomorrow.

The Aboriginal social entrepreneurs profiled in this report are proving that big problems also present big opportunities. That's what this toolkit is all about. How can we look at some of the big problems that face us, ranging from poverty in First Nations communities to the global impacts of climate change, and find opportunities to build stronger, healthier communities?

This toolkit is intended to provide an introduction to Manitoba's vibrant community of Aboriginal social entrepreneurs, and some of the ways that social enterprise is being used as a tool to address some of the biggest problems facing Aboriginal communities today.

“The money never touches brown hands”

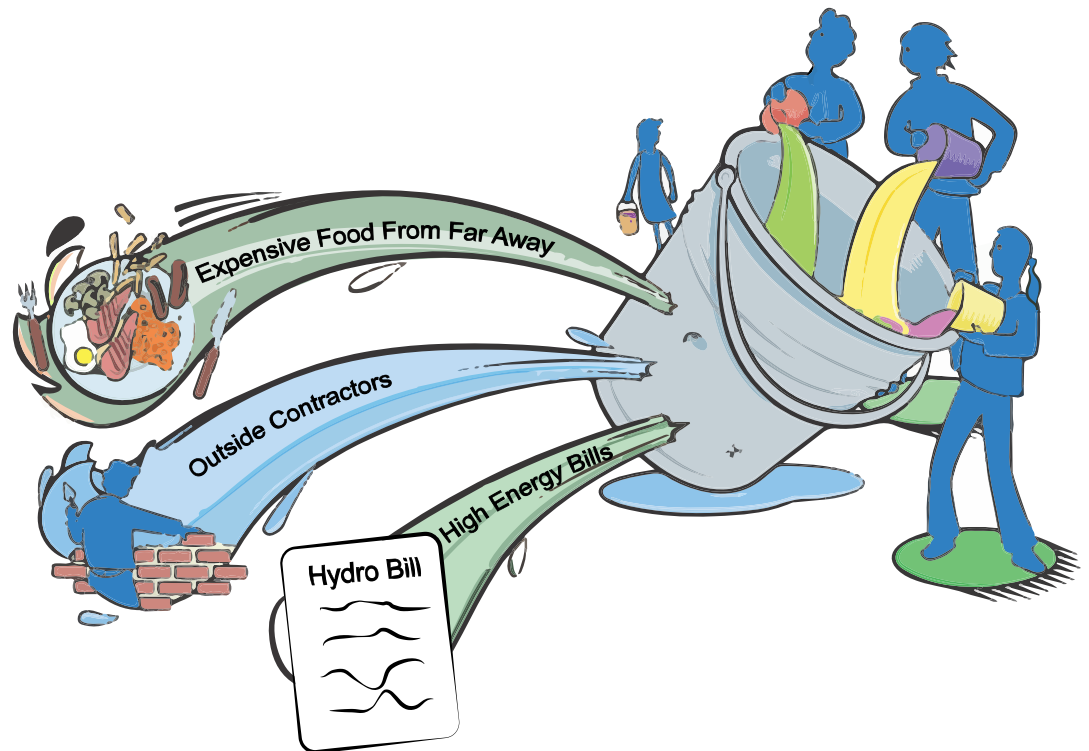
In a conversation recently about poverty in Manitoba's First Nation's communities, Lyle Morriseau, a band councilor at Sagkeeng First Nation told us that “the problem isn't a lack of money. There is lots of money in our communities – the problem is, it never touches brown hands.”

Councillor Morriseau's comment seems to strike at a major issue in many First Nations – the money that comes into the community doesn't stay in the community. Money doesn't circulate in the local economy, supporting local business, creating local jobs and prosperity. Instead, it flows right back out of the community again – through the high cost of energy bills, the high cost of food at the Northern store, or the high cost of diabetes and its impacts in the community.



The Leaky Bucket Economy

The 'leaky bucket' economy is a place where money that comes into the community flows right back out again – creating no local jobs or economic benefit.



The **'leaky bucket economy'** refers to all of the ways that money and resources flow out of a community, providing no lasting jobs or economic benefit. In a **leaky bucket economy**, it doesn't matter how much money or resources flow into a community, since it flows right back out again.

It doesn't need to be this way, and First Nations in Manitoba and across Canada are starting to take a new approach. They are starting to re-build strong local economies that keep money in the local community. Why pay high bills to utilities when you could pay young people in the community to insulate the houses and fix broken windows – creating local jobs and lowering energy bills so households have more money to spend on other necessities? Why pay sky-high prices at the Northern store when you could support local harvesters using traditional knowledge to grow, hunt and harvest foods from the land? Or support local farmers, who are growing potatoes, squash and beans right in the community?

The Upside Of Down

Downside

High Unemployment

High Food Costs

High Utility Bills

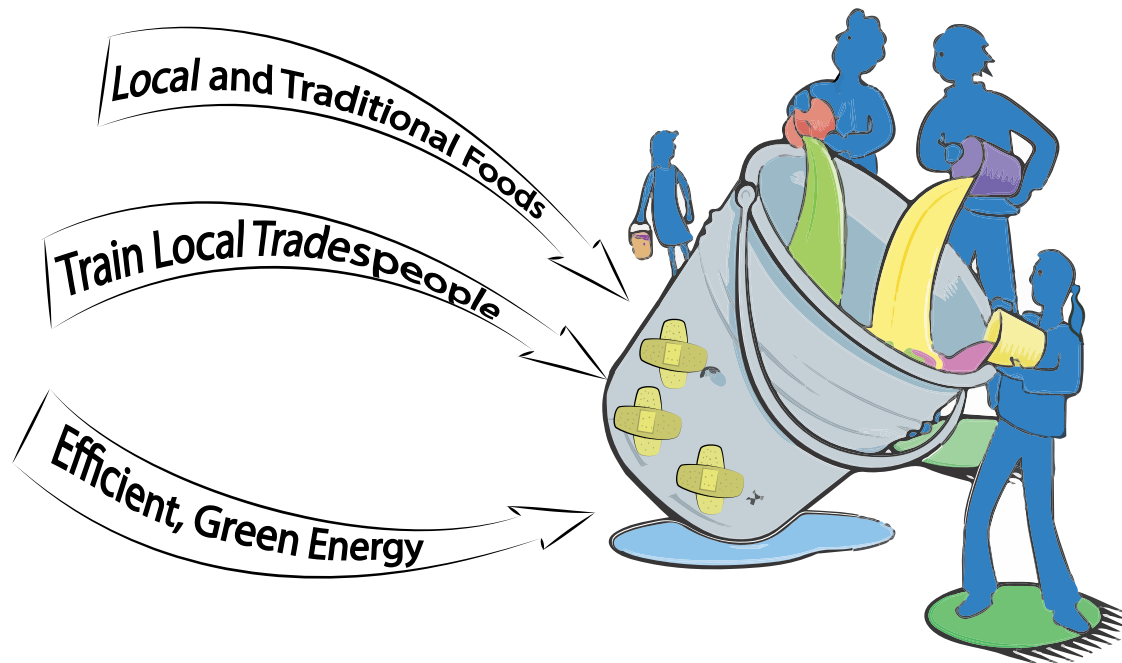
Upside

Available Workforce

High Margin to Harvest and Sell Local Food

Increases Cost Effective Green Energy Options

Building A Strong Local Economy



By training local tradespeople and supporting local business development, harvesting and enjoying local and traditional foods and investing in energy efficient buildings and renewable energy, First Nations can repair a **leaky bucket economy**, building strong, sustainable local economies that create local jobs and build prosperity. When money and resources flow into a healthy economy, they stay in the community supporting local people and local projects.

This report is going to talk about some of the ways that Aboriginal people, both urban and in First Nations communities, are rebuilding 'leaky bucket' economies and creating the strong, healthy communities of tomorrow.

One of the many ways this is happening is through social enterprise – a new kind of business model that uses economic good sense to find solutions problems such as poverty, high food prices, or building a healthier environment for future generations.

In many First Nations today, the private sector (private companies) are largely absent. Chief and Councils, which are set up as political and administrative bodies, also find themselves running local business and economic development initiatives. While Chief and Council are entrusted to act in the best interest of the community, they often lack the flexibility and independence to run a business effectively. Social enterprise tries to take the best of both worlds, strengths of a traditional business with social responsibility and accountability to the community.

A social enterprise is a business with a triple bottom line: people, planet, profit.

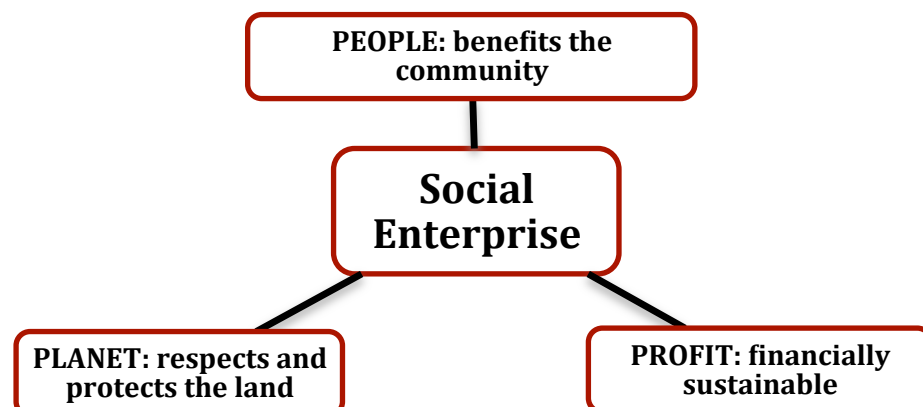


Social Enterprise

Traditional Solutions to Modern Problems

A Social Enterprise is a business model that is about more than just making money – it is about creating positive outcomes for the communities they operate in, and taking care of the planet. Unlike a traditional business where profit is the only bottom line, a social enterprise has a ‘triple bottom line’ – people, planet *and* profit.

There are several different definitions of social enterprise in use today. In some cases, social enterprise is used to refer only to non-profit businesses. For the purposes of this report we are referring to any business with social and/or environmental goals, whether they are a non-profit, a co-op or a for-profit company.



Social Enterprises are built on a business model that creates solutions to hard problems faced by the community. In that way, a social enterprise benefits both the owners of the business and the community in which it operates. Here are some quick examples of how Aboriginal social enterprises have stepped up to solve problems in their communities, both urban and on First Nations.

Neechi Foods: A Social Enterprise Food Centre In Winnipeg's North End

PROBLEM:

Winnipeg's North End is an economically depressed area with few employment opportunities and high unemployment rates. Winnipeg's North End community lacked access to healthy, affordable groceries.



Social Enterprises use a business approach to solve problems in their communities.

SOCIAL ENTERPRISE SOLUTION:

Neechi Foods first opened its doors in 1990 as a workers cooperative, providing low cost, healthy foods and creating supportive jobs and local community economic development.

BUILD INC: A Social Enterprise Trades Training Program in Winnipeg's North End

PROBLEM:

High unemployment in Winnipeg's North End contributes to high rates of gang violence and prison recidivism. Low income housing in Winnipeg's North End is often un-insulated which leads to very high energy bills.



SOCIAL ENTERPRISE SOLUTION:

BUILD Inc. provides insulation and apartment maintenance training and employment to people with multiple barriers to employment – criminal records, history of gang involvement, no drivers licenses. BUILD works with Manitoba Hydro to provide free insulation to houses in Winnipeg's low-income neighborhoods.

Muskoday Organic Growers Cooperative:

PROBLEM:

High unemployment rates in Muskoday First Nation (Saskatchewan). Lack of access to affordable and healthy foods in the community.

SOCIAL ENTERPRISE SOLUTION:

The Muskoday Organic Growers Cooperative started a commercial-scale permaculture farm that provided training and employment to local community members. The farm grows organic seed potatoes which are sold to California organic potato farmers, as well as growing potatoes and other vegetables which are distributed to elders, people in need and school lunch programs in the community.



Social Enterprises can operate in any sector – trades, food services, agriculture, anything!

Social Enterprises are problem solvers that combine the skills of business with the social goals of the non-profit sector. Social Enterprises are businesses that create a benefit to the communities they operate within. Social Enterprises are a new path to solve old problems.



Section 2: Opportunity Knocks

Social Enterprise Solutions for Manitoba

Opportunity Knocks

Plugging The Leaks In First Nations Economies

There are First Nations and Aboriginal communities in Manitoba and throughout Canada that are strengthening their local economies and building healthier communities through social enterprise.

This section will present some of the opportunities that are available to Manitoba First Nations today to grow strong local economies, with a focus on energy efficiency, renewable energy and local and traditional foods.

Where possible, we will provide examples of First Nations who are already taking advantage of these opportunities. This list is not definitive – it is simply a starting point, an example of the ways that some First Nations are starting to see problems as opportunities, and how they are moving to take advantage of these opportunities to build healthy, strong local economies.

There are many proven, successful tools for First Nations to build stronger local economies.



BUILD Inc. is a social enterprise that creates jobs and lowers utility bills by providing energy efficiency retrofits in Winnipeg's North End. See BUILD Inc. Case Study, page 15.

Energy Efficiency: Reducing Energy Bills And Creating Jobs

Energy efficiency is a simple, effective tool to save money and create local jobs in First Nations.

Energy efficiency can be achieved many ways. Most commonly it means decreasing the amount of energy that escapes a house through broken windows, leaky crawlspaces/basements and poorly insulated attics. Energy efficiency also includes cutting energy usage by installing efficient lighting and replacing inefficient appliances with more modern, energy saving models. In addition to energy efficiency, there is also opportunity to save on water bills by installing efficient toilets and aerated showerheads. The chances are good that households in your community are using a lot more energy and water than they have to, leading to high energy bills and less money available to spend on other priorities.

Manitoba Hydro has a range of excellent PowerSmart programs available to help cover the cost of energy efficiency upgrades in First Nations housing. Ensuring that local tradespeople receive the training necessary to complete the upgrades means that investing in energy efficiency will create local employment opportunities.

PowerSmart Programs: Manitoba Hydro currently offers 27 incentive programs to help residential, commercial and industrial customers in Manitoba save electricity and natural gas.

Manitoba Hydro's PowerSmart First Nations Program is one of these programs. This initiative matches a First Nation with an energy efficiency specialist who conducts a review of the community's households and buildings, recommending a series of energy efficiency measures. These can include insulation, compact fluorescent light bulbs, insulated pipe wrap, draft proofing, faucet aerators and low flow showerheads.

It is important that First Nations interested in reducing energy bills and creating employment through energy efficiency take into account the existing condition of the household. Households with moisture or mold contamination issues are not good candidates for energy efficiency upgrades, as these upgrades could reduce the total airflow through the house and increase the impact of mold or moisture issues.

Social Enterprise Case Study: BUILD Inc.



BUILD Inc. is the winner of the 2012 ScotiaBank EcoLiving Business of the Year Award.

BUILD Inc. is an excellent example of the ways that energy efficiency can create jobs and lower energy bills in low-income communities. Since 2006, BUILD Inc. has worked in Winnipeg's North End and in Manitoba Housing buildings installing insulation in houses in low-income neighborhoods. Thanks to Manitoba Hydro's

Affordable Energy Program, the retrofit is provided at no cost to the household. This work is lowering the energy bills in low-income households, freeing up much needed money for other necessities.

But BUILD Inc. does more than just insulate low-income households in Winnipeg's North End. BUILD Inc. also provides job training to North End residents with multiple barriers to employment – people who may have a history of criminal activity, may lack high school education, government identification, or driver's licenses. Trainees take part in a 6 month program, which includes getting valuable work experience while receiving assistance in areas like life skills, money management, tutoring and driver's training. The goal is to help trainees form a holistic plan for personal growth, healing and skills development during their employment at BUILD. BUILD Inc. also hires Aboriginal apprentices in its award winning carpentry apprenticeship program.

BUILD uses an innovative social enterprise model to cover the costs of its program. BUILD operates as a contractor for Manitoba Hydro, with a contract to perform retrofits in low-income Winnipeg communities. BUILD receives funding from the Province of Manitoba to cover costs that traditional contractors don't incur, such as training and life skills report.

BUILD won Scotia Bank's EcoLiving Award for Green Business Leadership in 2012 and Manitoba Apprenticeship's Employer of the Year in 2013. The work completed to date by BUILD will save low-income families well over \$50 million dollars over the next 25 years.

Building on this success, Manitoba Green Retrofit was founded as a social enterprise to hire graduates of BUILD, installing energy efficient furnaces and performing energy efficient upgrades as a for-profit business. Manitoba Green Retrofit currently employs 20 BUILD graduates, and has the capacity to upgrade over 250 furnaces a year.

BUILD INC. is a Winnipeg-based social enterprise providing trades training to inner city residents with barriers to employment.

Green Energy

Green Energy: Harnessing the Power of Earth and Sun



Solar Thermal Hot Water Heating Systems installed by Chief Peguis Construction in 2014.

Green energy is a term that encompasses many different technologies that generate energy through natural and renewable sources such as the sun, wind, tides and natural heat from the earth. These sources are renewable because they replenish themselves, and green because they produce energy without creating dangerous greenhouse gas emissions that pollute the land and contribute to global warming.

Green energy is a rapidly growing industry in Canada and around the world, and is increasingly competing directly with traditional sources of energy such as coal, large-scale hydro and natural gas. Investments in green energy mean that First Nations are increasingly supplying their own energy needs – protecting them against energy prices scheduled to rise significantly in the upcoming years. However, not all green energy is a good idea in every community. It is important to look carefully at the different technologies that currently exist, and find a good fit for your community.

Making it Work in Manitoba: Supply Side Energy vs. Demand Side Energy



Supply Side: Wind Power

Supply side energy and demand side energy - these are not terms many of us are familiar with, but their meaning is simple. You can think about green energy in two ways:

'Supply side' projects generate electricity that is sold to a utility provider, generating revenue. The second kind of renewable energy is called **'demand side.'** Demand-side projects *lower the demand* for energy in a building or community, saving money by

'Supply Side' energy generates electricity to sell to a utility – unlikely to be economically viable in Manitoba today.

reducing or eliminating energy bills.

Why is this important? Because it has a huge impact on which renewable energy technologies make sense in your context. Let's talk about this a little bit more, because it is really important to understanding the various green energy options.

Supply Side Technologies – Generating Electricity to Sell

When you think of renewable energy, what do you think of? Wind farms? Solar panels on top of households or in farmer's fields? How about small-scale, community owned hydro power? A lot of the 'sexy' renewable energy technologies that we see a lot in the news are **supply side** technologies – meaning they generate electricity that can be sold back to the utility company.

These technologies can be excellent choices for First Nations, and all over Canada First Nations are taking energy into their own hands, creating local jobs and generating wealth through wind, solar and small scale, community owned hydro power.



Supply Side: Solar Photovoltaic (PV)

The problem for Manitobans is that a purchaser is needed to buy the power that a community is generating from the wind, sun or water. In Manitoba, there is only one possible buyer – Manitoba Hydro. Currently, Manitoba Hydro does not purchase power from green energy sources at a price that makes investment economically viable for producers. Simply put, in today’s market investments in wind and solar energy in Manitoba won’t earn money.

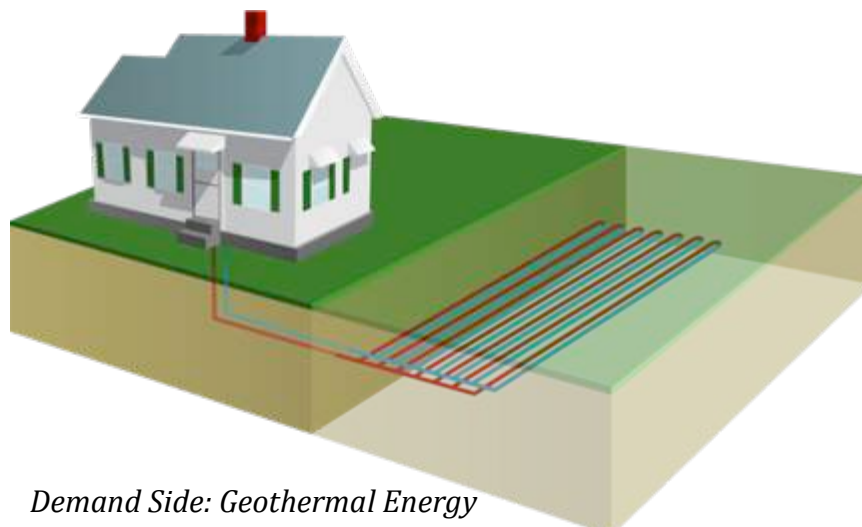
'Demand Side' energy uses green energy to reduce the amount of energy a community purchases.

It doesn’t have to be this way. Other provinces, including Ontario and British Columbia, have agreed to purchase power from small scale renewable energy suppliers at prices that encourage investment. Ontario, through the development of the “Feed In Tariff” (FIT) Program has gone a step further and offered powerful incentives to encourage First Nations, farmers and other individuals to develop small scale renewable energy to sell back to the grid. If First Nations want to be able to create wealth in their community through **supply side** renewable energy generation, then it’s time to convince the Government of Manitoba to change their current policies on power purchases from community owned renewable energy sources. And that part is up to us.

Demand Side Energy – Green Energy That Lowers Energy Bills

While Manitoba lags behind many jurisdictions on supply-side green energy projects, we are national leaders when it comes to demand-side energy projects.

Demand-side renewable energy projects don’t generate electricity to sell to the utility – instead, these projects reduce or eliminate energy purchased either through energy efficiency, or through green energy systems like geothermal energy or solar thermal hot water heating. While they may not be as ‘sexy’ or as visible as wind, solar and small scale hydro, these technologies are **proven, they create local jobs and they keep more money in hands of First Nations.**



Demand Side: Geothermal Energy

Geothermal energy is one example of demand side green energy. Geothermal energy provides heating and air conditioning by using the stable temperature of the ground just a few feet beneath the earth's surface. Another example is solar thermal energy, which heats hot water for your shower or laundry using the heat of the sun. We're also talking about biomass energy, where waste products like brush, cattails or agricultural waste is burned to heat buildings or generate electricity.

First Nations across Manitoba are beginning to take advantage of these green energy resources to lower energy bills and create jobs and business opportunities today. There is no need to wait for a change in policy, or for the prices of technologies to come down. These technologies are ready to go. Furthermore, Manitoba Hydro has a new program called the "Pay As You Save" Financing Program that is making it easier for First Nations to take advantage of these renewable technologies.

Manitoba Hydro's Pay As You Save Program

Since 2013, Aki Energy has worked with First Nations across Manitoba to install geothermal energy, solar thermal energy, and in 2015 we will be expanding into biomass energy and commercial lighting efficiency. In every case, these First Nations were able to invest in these technologies without paying the high upfront cost. How?

In 2012, The Manitoba Government introduced the Energy Savings Act. This Act was a game changer. The Act specified that Manitoba Hydro was to provide financing to individuals and communities interested in investing in renewable energy, where the technology could 'pay for itself' over 20 years.

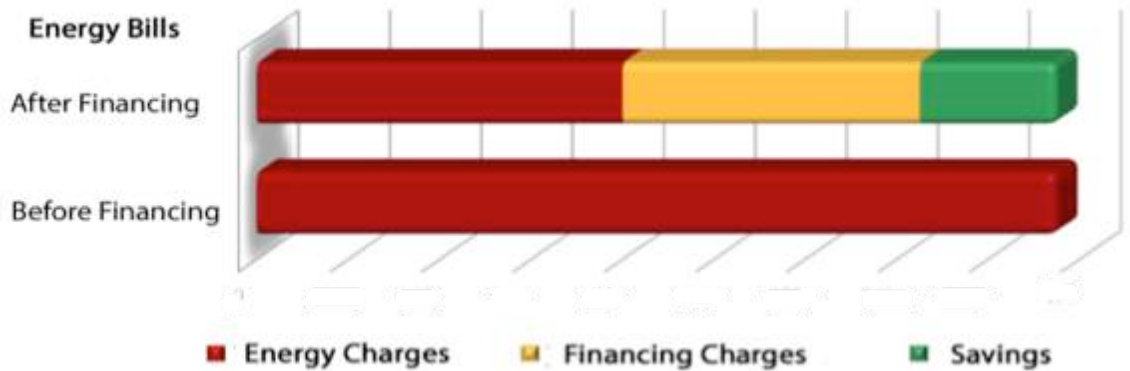
As a result of this legislation, Manitoba Hydro created the Pay As You Save (PAYS) Program. The PAYS program allows First Nations to access financing from Manitoba Hydro to cover the high upfront cost of installing green energy. To use geothermal energy as an example, Manitoba Hydro will pay the full cost of purchasing and installing the system up front, collecting its money back over 20 years through small monthly charges on the utility bill. That monthly charge – and this is key – is guaranteed by the Manitoba Energy Savings Act to be lower than the monthly bill savings associated with the green energy. In other words, even though you are paying back the upfront cost, your overall bill is still guaranteed by Manitoba Hydro to be lower than when you started.

Here is an example. Let's say that a home has an annual electricity bill of \$2800, or about \$233/month. The home is retrofitted with a geothermal energy system, and that cuts the annual bill by half to \$1400. There are \$1400 a year in savings – or \$115 per month. The geothermal system requires an upfront cost of \$16,000 which is provided by Manitoba Hydro.

Manitoba Hydro's Pay As You Save Financing allows First Nations to finance the cost of economically viable green energy over 20 years.

Manitoba Hydro places a monthly charge on the utility bill of \$100 that they collect for a period of about 20 years or until they have recouped all of the original upfront cost including interest. The household enjoys a small but welcome net reduction in their electrical bill. The household still has 10% energy savings. It's even better to realize that the savings grow as electricity rates increase – which they are scheduled to do.

Manitoba Hydro's PAYS Financing allows First Nations to invest in qualifying green energy without paying the upfront cost.



Now, you might be thinking that 10% energy bill reductions doesn't sound like that much. In one house, it might not be. But if a First Nation takes a **community-wide** approach to green energy, installing geothermal energy on a wide scale in the community, then the savings really start to add up. If installing geothermal energy in one house saves \$150 a year, then installing geothermal energy in 100 houses will save \$15,000 a year – or \$150,000 over 10 years. And this is not including additional money saved as electricity costs rise.

Achieving this kind of scale is possible. Peguis First Nation and Fisher River Cree Nation together installed 110 geothermal units in households in 2013. In 2014, both First Nations together installed an additional 150 geothermal units. Total annual savings in these two First Nations alone, after only two years of work, add up to over \$50,000 a year or over a half million dollars over a decade. Those savings really add up!

Bill Reductions and Jobs!

There is another major benefit to First Nations working with PAYS financing. By training local tradespeople to install renewable energy technologies such as geothermal and solar thermal energy, employment and business development opportunities are created in the community. Both Peguis First Nation and Fisher River Cree Nation worked with Aki Energy to train a total of 30 local tradespeople to install geothermal energy in 2013. Today, Chief Peguis Construction and Fisher River Builders are two of the largest residential geothermal installers in western Canada.

Determine The Best Fit For Your Community

Geothermal energy does not make sense for every community. You need large lots void of obstacles to bury loops below the frostline. Solar thermal energy does not make sense in every home – it depends how



Geothermal installer at Peguis First Nation.

much sunlight the houses receive and what the water heating costs are in each home.

Even within a First Nation well suited for a particular technology, how much energy an individual household uses will have a huge impact on whether green energy is cost effective. The same goes for biomass, wind, solar, and small-scale hydro. Green energy is not a one-size-fits-all solution, and it is important to work with a knowledgeable expert to complete a detailed feasibility study, to determine what makes the most sense in the unique context of each community.

Green Energy is not a one-size-fits-all solution. It is important to look carefully at what will work best in each community.

Demand Side Energy

Geothermal Energy (Ground Source Heat Pumps)

Ductless Heat Pumps (air to air heat pumps)

Solar Thermal Energy

Biomass Energy

Drain Water Heat Recovery

Supply Side Energy

Wind Energy

Solar Electric (PV) Energy

Small Scale Hydro Power

Green Energy in Manitoba Today

This section profiles three kinds of renewable energy that are currently being used on Manitoba First Nations to lower utility bills and create local jobs. If you are interested in renewable energy development in your community, these technologies are a great place to start.

Geothermal Heat Pumps

Geothermal Energy uses the steady temperature of the earth to heat and cool buildings.



Geothermal energy is a reliable, well-established source of renewable heat and cooling for households or community buildings. Geothermal heat is already all around us – even though you might not know it! Have you ever visited Winnipeg’s Ikea, The Forks, or the arena at Peguis First Nation? Then you’ve been in a building heated and cooled with geothermal energy.

Geothermal energy has been in use since the late 1940s, and uses the constant year-round temperature of the earth below the frost line to provide reliable heating and cooling for households and buildings.

‘Geo’ means earth, and ‘thermal’ means energy – and earth energy is just what geothermal energy is. Geothermal energy is considered a green energy source because it moves the natural heat of the earth into the home in the winter and dumps excess heat from the home into the earth in the summer. Geothermal energy does not damage or deplete the earth – it is a gentle, renewable source of energy.

Geothermal energy is effective even in more extreme climates like Manitoba, and is currently in use on First Nations throughout the Province. In fact, Western Manitoba currently has the highest per capita use of geothermal energy in North America.

While there are many kinds of geothermal heat pumps, the type used most often by First Nations in Manitoba is called a ‘horizontal, closed loop heat pump.’ These systems work by burying ‘loops’ of pipe below the frost line, at least seven feet deep in the ground outside a building. Even in the middle of a Manitoba winter, underneath the frost line the earth remains at a stable temperature of 4°C. These pipes circulate an earth-friendly antifreeze solution through the loop. In the winter, the

solution comes into the home warmer than it left, moving heat into the home. It is run through compressor and heat exchanger to bring the home up to a comfortable temperature. In the summer, the solution comes into the home cooler than it left, and the process is reversed to cool the home.

For the household, the geothermal heat pump looks and operates just like a conventional furnace – except that it provides both heating and air conditioning, not to mention saving money on the bill!

Solar Thermal Hot Water Heating

Solar thermal energy is also called ‘solar hot water,’ and that is exactly what it is. Solar thermal energy uses the power of the sun to heat hot water for your home or commercial building.



Solar thermal energy uses the heat from the sun to supply hot water to buildings.

Most solar thermal systems have two main parts: a solar collector outside facing the sun, and a storage tank or the household's existing hot water tank to hold the heated water. The solar collector can be either a flat plate collector or an evacuated tube panel, but in either case the solar collector uses the sun's rays to heat a fluid – often an antifreeze solution – which then is

used to heat the hot water you might use to shower, bathe or cook with.

Similar to geothermal energy, solar thermal energy is the most cost effective where savings are the highest – that means households with high occupancy rates, or public buildings that use a lot of hot water.

Solar thermal energy is currently being piloted for inclusion in Manitoba Hydro's Pay As You Save Program, with 20 units being installed and monitored in 2015 in Peguis First Nation.

Biomass Energy



Biomass energy is arguably the oldest form of renewable energy, since at the most basic level biomass energy is just burning wood for heat – something humans have been doing for a long time.

Modern biomass energy systems have come a long way, and biomass systems can turn waste wood, agricultural by-products or even cattails

into a sustainable, low cost form of heat.

Biomass systems can be used to generate heat, electricity or both heat and electricity together. Larger biomass systems are often centralized, with a single boiler plant feeding heat to several buildings, often larger public buildings that are located close to each other, such as a band office and grocery store.

One of the major advantages of biomass energy is the ability to create long-term employment in the community harvesting forest or agricultural waste products such as shrub brush, cattails or agricultural waste.

Biomass energy uses the latest technology to efficiently burn wood, brush and agricultural waste into heat or energy.

Drain Water Heat Recovery

Did you know that almost 17% of your energy bill comes from heating hot water for showers?



BUILD Inc. trainee with a drain water heat recovery system.

Drain water heat recovery re-captures the heat in shower water as it goes down the drain, using it to pre-heat fresh water on its way to your hot water tank. The systems are simple and long lasting, with no moving parts, and they can prevent a house from running out of hot water when multiple people are showering. Drain water heat recovery systems pay for themselves in 2-5 years, with greater savings in houses with high occupancy levels. Overall, they can save approximately 60% on your water heating bill.

Social Enterprise Case Study: Peguis First Nation and Fisher River Cree Nation



One of the first households installed with geothermal energy in Fisher River Cree Nation, 2013.

Peguis First Nation and Fisher River Cree Nation provide excellent examples of the ways that investment in green energy technologies can provide sustainable employment and promote prosperity in a First Nation.

In 2013, Peguis First Nation and Fisher River

Cree Nation became the first First Nations in the world to begin to retrofit entire communities with geothermal energy. Their installations were completed under Manitoba Hydro's Pay As You Save system. In the first year alone, both communities together worked with Aki Energy and Manitoba Hydro to arrange approximately \$1.7 million in financing to cover the full upfront cost of installing 110 geothermal systems. The number of systems installed in the second year increased by another 150 units adding to the savings already adding up from the first year installations.

In order to ensure that the project created local employment opportunities, both communities worked with Aki Energy to train 15 local tradespeople from each First Nation to be geothermal energy installers. Through the training, tradespeople from each community received certification through the International Geothermal Source Heat Pump Association (IGSHPA), and both communities were able to manage 100% of the construction at the local level, using local labour.

By installing geothermal energy, Peguis First Nation and Fisher River Cree Nation were able to lower net energy costs in their community by an average of \$150 per house, per year. Considering there are about 1,200 eligible homes in these communities together, that's eventual bill savings of \$150,000 per year!

Today, Chief Peguis Construction and Fisher River Builders are the two largest residential geothermal installation companies in western Canada, and their services are in demand both within and outside their communities.

Peguis First Nation and Fisher River Cree Nation are leaders in the field of geothermal energy.

Local and Traditional Foods: Growing Strong Communities

Local and traditional foods provide another huge opportunity for First Nations to create local employment and create healthier communities. This is true for many First Nations in Manitoba, but especially true for northern fly-in First Nations where food prices are high and options are limited.



Clara and Alec Keno with eggs from their backyard chickens at Garden Hill First Nation

The lack of availability of healthy, affordable food in many First Nations is an excellent example of the way that a problem can sometimes be an opportunity. Let's look at Garden Hill First Nation as an example.

Garden Hill First Nation is a fly-in community of approximately 3,700 residents. The Northern Store provides the main source of groceries to the community – it is located off the First Nation, and travel there and back requires Garden Hill residents to take an expensive return water taxi trip. Millions of dollars per year are spent at the Northern Store. All this money leaves the community. The Northern Store is owned by the NorthWest Company, which operates 122 Northern stores across Canada, and earned \$455 million in revenues in 2013. A lot of those

revenues originated in communities like Garden Hill First Nation.

Like many First Nations, diabetes is common in Garden Hill First Nation. In Garden Hill and the surrounding area, over 630 people are currently on the diabetes registry, and poor access to affordable, healthy food is a huge part of the problem. The costs of diabetes in communities like Garden Hill are high and rising. Northern First Nations experience a significantly higher rate of complications associated with diabetes, with 89% of individuals with diabetes reporting at least one complication related to the disease. A Manitoba-based study estimated that diabetes treatment for Aboriginal populations costs 69% more than treatment in non-Aboriginal populations. Dialysis treatment alone costs over \$65,000 per patient, per year. The cost of doing nothing to address food issues is high, especially in the north.

That's a pretty grim picture, and reflects the food reality of many First Nations across Manitoba. But what if we looked at it a different way?

Looking through a different lens, the apparently desperate situation at the Garden Hill First Nation can actually be seen as an opportunity. There is immediate economic opportunity available by importing and selling good, healthy food and also by growing and selling fruits and veggies, and lastly by distributing healthy food from fishers, hunters and gatherers.

Local and traditional foods provide another opportunity for First Nations to build prosperous green economies.

Harvesting for Local Markets

In the previous section we talked about 'the upside of down,' the idea that sometimes a problem can also represent an opportunity. Harvesting local foods to sell in the First Nation is an excellent example of this.

In the South, the availability of cheap imported foods makes it difficult for local food producers to compete – they just can't beat the price. In the North it is a different story. Imported foods available at the Northern Store are expensive – so expensive that many families can't afford to eat a healthy diet. This problem provides an important opportunity – in the North, healthy local foods can be *cheaper* than eating imported foods, not to mention they help create jobs, support traditional livelihoods like hunting and fishing and promote healthy eating!

Case Study: Iqaluit Country Food Market



Photo Credit: Project Nunavut

Operated by a social enterprise called Project Nunavut, the Iqaluit Country Food Market offers hunters and trappers a place to come and sell their harvest to members of the community who may not otherwise have access to healthy country foods. While country food is traditionally shared between community members, the community of Iqaluit supports the Country Food Market. The high cost of gas and ammunition is a barrier to hunters and trappers, and the Country Food Market allows them to support their traditional livelihood. On the other

hand, the Country Foods market allows Iqaluit residents who do not have access to Country Foods to enjoy traditional foods and support hunters in the community.

“Although our harvesters are the most respected and hardest working members of our society, it can be very difficult for them to find the resources necessary to maintain their equipment and to continue living a traditional lifestyle. Seals, caribou, and fish cannot be turned into snow machine parts, a new engine, or a repaired boat. In order to continue their traditional livelihood, the country food market allows hunters an opportunity to make ends meet.”

The market has been in regular operation since November 2010. At the first market in Iqaluit, 250 people lined up before the hunters arrived, and the country foods sold out immediately. Since that first market, the market has remained popular and demand has been high. Hunters set their own prices for the food, and the income supports them to make a livelihood through hunting, trapping and fishing. There has been a lot of community support for the Country Food Markets, and the idea has spread to other communities in Nunavut.

Country Food Markets in Manitoba?



Photo Credit: Project Nunavut

In Manitoba and in most provinces in Canada, selling Country Food is illegal, and those found selling wild game meat face steep fines or even prison time. The right to sell country food is written into the Nunavut Territorial Land Claims Agreement, which creates the ability for Iqaluit to operate a Country Food Market legally.

This is a real missed opportunity for First Nations in Manitoba to build healthy, food secure communities based that support healthy and traditional harvesting activities. According to the Report of the Aboriginal Justice Inquiry of Manitoba (1999), there is a legal argument to allowing First Nations to sell wild harvested foods.

The report writes that,

“Hunting, fishing and trapping for commercial purposes are economic activities vital to the prosperity of many Aboriginal communities. There is extensive evidence available that a lively trade in fish and game existed prior to contact with Europeans, so as to constitute an Aboriginal right. Many treaties were negotiated between Indian nations and the Crown on the basis that commercial harvesting would be permitted to continue. Thus, we conclude, as a general proposition, that hunting, fishing and trapping for commercial purposes are "recognized and affirmed" as "existing aboriginal and treaty rights" within the meaning of subsection 35(1).”

The report argues that hunting, fishing and trapping have been economic activities central to First Nations economies prior to the signing of the treaties, and that the ability to sell wild harvested meat should be considered as an existing aboriginal treaty right under section 35(1) of the Canadian constitution.

Whether or not this argument is accepted in Manitoba, it is clear that allowing the development of local country food markets in interested Manitoba First Nations would create local jobs by supporting traditional wild harvesting activities and broaden access to healthy traditional foods in Manitoba First Nations.

Case Study: Meechim Inc.

While we are currently prevented from offering wild game for sale in local markets in Manitoba First Nations, there is one community working to build a healthy local food economy. Garden Hill First Nation has a long history of gardening and local food cultivation, along with harvesting of abundant local fish, game and other wild foods.

Meechim Inc. will work to grow, raise and import healthy, affordable food in Garden Hill First Nation.



Aki Energy Executive Director Darcy Wood, with Garden Hill potatoes.

The first time the Aki Energy team was in Garden Hill First Nation, we bought a big bag of beautiful home grown potatoes for \$20. It was a great deal, and the potatoes were fresh and grown without pesticides or herbicides. This shows that Garden Hill community members are still doing what they have always done

– using their skill and knowledge of the land to feed themselves and

their community. The potatoes were grown under an innovative Northern Healthy Foods Initiative program.

This potato transaction soon morphed into a new economic venture as Aki Energy worked with its partners in the community to incorporate a new social enterprise called Meechim (Oji-Cree word for “food”) which will be the catalyst for large scale change in the Garden Hill First Nation food market. The majority of Meechim’s Board of Directors are directly elected by members of the First Nation with the Chief and Council appointing one position.

The community knows that potatoes can grow successfully in the northern climate of Garden Hill First Nation – what if instead of planting a small patch of potatoes in the front yard, Garden Hill community members were planting 5 or 10 acres of potatoes, squash and beans? What if they planted winter - hardy apple trees, Saskatoon bushes, raspberries and strawberries?

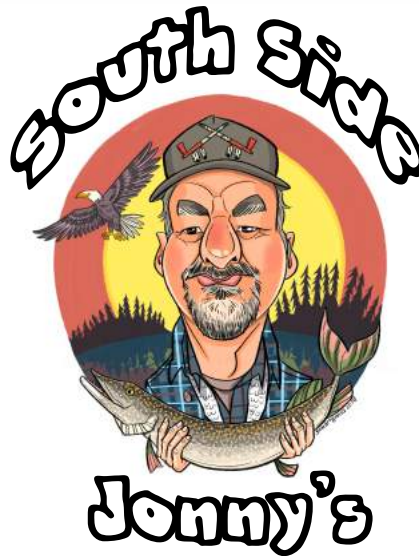
If community members were growing food on a larger scale for sale or trade within the community, the money spent on that food would be creating local prosperity and building local food sovereignty. Community

members could access healthy food more easily, without leaving the community, and would be supporting their neighbors with their food purchases. Increased access to fresh and healthy foods would support healthy lifestyles and begin to take a bite out of the diabetes epidemic that plagues so many First Nations, especially in the North.

This is exactly the approach Aki Energy is using through the creation of a social enterprise called 'Meechim Inc,' founded in partnership with Garden Hill First Nation, the Four Arrows Regional Health Authority, Aki Energy and the Department of Natural Resources Institute at the University of Manitoba, and with support from Manitoba Northern Healthy Food Initiative.

In the fall of 2014, Garden Hill First Nation cleared 13 acres of land on the outskirts of the community, and in the spring of 2015, Meechim will plant hardy food crops including potatoes, turnips, carrots, squash and beans, as well as building strong, safe enclosures for over 150 meat chickens to be raised at a time.

These healthy, locally grown foods create local jobs for people who care for the market garden site, and provide healthy accessible foods through the development of a regular 'Meechim Market.' At the Meechim Market, community members will also be able to both acquire country foods and buy berries, fish, and healthy baking/cooking from local producers – all of which will increase income for new producers and lower the incidence of diseases such as diabetes.



Meechim Inc. offers locally produced food under the 'South Side Jonny's' label.

Meechim Inc. will be launching in spring 2015, offering locally grown and produced foods in Garden Hill First Nation.

Harvesting for outside markets

Another way that First Nations can create healthy, green local economies through food is to take advantage of some of the abundant local resources and knowledge of the land to harvest a product for sale outside the community.

Case Study: Kagiwiosa Manomin

There are many examples of First Nations who are successfully harvesting local and traditional foods for outside markets. An example that will be familiar to many is the Kagiwiosa Manomin wild rice cooperative, based out of Wabigoon First Nation, near Dryden Ontario. Kagiwiosa Manomin began in 1986, when Joe Pitchenese and his brother Bill Pitchenese gathered together with the community at Wabigoon First Nation to look at how they were making use of their traditional wild rice.

Kagiwiosa Manomin realized that by processing wild rice in the community and direct marketing to consumers, they could get much better prices per pound than by working with a large company.

At that time, local wild rice harvesters were using traditional methods to gather wild rice, and selling their unprocessed harvest to Uncle Ben's for .50 cents a pound. After doing some research, Joe and Bill Pitchenese found that after processing, wild rice was sold wholesale at \$5 a pound, and then sold to customers in the south for \$10 - \$15 a pound.

The Kagiwiosa Manomin Cooperative was started to buy wild rice directly from the pickers, offering a better price than Uncle Ben's would pay. The wild rice was then processed in the community and marketed directly to southern markets, where they were able to get a much better price for their products.

There was some initial discussion within the community about bringing modern processes into a traditional practice that was very important to the Ojibway culture of the community. Kagiwiosa Manomin was proposing to use airboats to harvest the rice instead of the traditional method using canoes and two sticks. Like the canoes, the airboats harvested the wild rice without damaging the plants, but it was a change to the traditional harvesting methods. Similarly, Kagiwiosa Manomin proposed using commercial roasters to process the wild rice for sale.

What helped the community make the decision to move forward was the prospect of creating sustainable jobs and prosperity in the community. Joe Pitchese asked which was more traditional - "picking our rice the way we have always done it with sticks and canoes - and selling it to an American multinational company? Or using modern technology, but processing the rice in our own community and providing jobs to our young people so they don't have to leave?". Today, over 25 years later, the Kagiwiosa Manomin cooperative continues to harvest and process wild rice in their community, bringing local jobs and prosperity.



Section 3: The Road to Success

Social Enterprise Development Toolkit

The Road to Success

There are many steps to get from a good idea to a fully operational social enterprise. The information provided in this section is intended to provide an overview of the main steps to starting a social enterprise, and to show you where to find more information and support to start your social enterprise.

This section will walk you through some of the steps to starting a social enterprise.

This section will provide an introduction to how to start a social enterprise, including:

1. Deciding on a legal structure
2. Creating a business plan
3. Creating by-laws and governance structures
4. Start-up capital
5. Getting started

Deciding on a Legal Structure

A social enterprise should be defined by its triple bottom line goals – people, planet, profit – not by its legal structure. A social enterprise can be incorporated as a non-profit with or without charitable status, as a for-profit business or as a cooperative. The nature and purpose of the social enterprise should decide what the legal structure is, not the other way around.

What is incorporation? Whether you decide on a non-profit, a corporation or a cooperative, it is important to incorporate your social enterprise. Incorporation means registering your business with the government, and will involve creating a Board of Directors and a set of by-laws to govern your enterprise. Being incorporated means that debt and risk incurred by your enterprise is legally separate from you, personally. In a scenario where an incorporated social enterprise goes bankrupt, it is the business that goes bankrupt, not the owners of the business.

It is important to think carefully about the legal structure of your social enterprise, as it could impact the way you do business and the kinds of activities your social enterprise can engage in. In this section below, we are going to talk about some of the main legal structures commonly used by social enterprise:

Non-Profit Corporation: This is the most common business model used by social enterprise businesses. A non-profit corporation, according to

the Canadian Revenue Agency, is an organization that is “organized and operated exclusively for social welfare, civic improvement, pleasure, recreation or any other purpose except profit.”

For a social enterprise non-profit, this means that the company is operating in a way that is good for the community, whether it is creating employment for people with barriers to the labour market, establishing a sustainable local food system or lowering energy bills for low income families through energy efficiency.

Unfortunately, some people think that non-profits can't earn revenues in excess of their expenses. They can and they do! However, private enterprises distribute profits to shareholders. Non-profits call them surpluses, and they must be re-invested in the organization to further the mandate of the non-profit. No individuals profit from the surplus of a non-profit business.

The surplus stays to support the community that is being served by the non-profit, rather than taken out in surplus by the shareholders. The purpose of a non-profit social enterprise is to contribute positively to the community, not to create profits for personal gain.

There are two major strengths of a non-profit business model for a social enterprise. The first strength is that it allows the social enterprise to apply for and receive a wide range of grants and funding that may be unavailable to a for-profit corporation. These grants and funding are often a big part of a social enterprise business model, especially in the first few years of operation, or to cover training costs or other costs that are over and above what a contractor might pay. The second major strength is the legitimacy offered by declaring that the business is not being run to make a profit, but rather to advance social goals such as creating employment within a marginalized community or improving the environment. This often opens up market niche's and secures a competitive edge over the private sector.

Cooperatives: A social enterprise can also be a cooperative with explicit social purpose written into its mandate. A cooperative or co-op is a business model that applies to a wide range of industries – the key feature of a co-op is that it is owned by its members, with key business decisions made by the members. Here are a few kinds of co-op models that could apply to a social enterprise business:

1. **Producer Co-op:** A producer co-op is a business owned by a group of producers working to jointly market their product. An example of a producer's co-op is the Garden Hill Fisher's Co-op.
2. **Consumers' Co-op:** Consumers' Co-ops are generally owned by a group of people getting together to purchase collectively. For example, a group of people in a First Nation could get together to

A Social Enterprise can take several legal forms – a non-profit, a cooperative, or even a for-profit corporation.

A business plan is a road map when developing a new social enterprise.

start a co-op that would import and sell fresh fruits and vegetables or meat directly from the wholesaler, there-by getting a better price than they would at a local grocery store. Pollock's Hardware Co-op in Winnipeg's North End is an example of a consumers' co-op.

3. **Worker Co-ops:** Worker co-ops provide employment to their members. A worker co-op is a business owned by its employees, where each employee has a vote in decisions impacting the business. Neechi Foods in Winnipeg's North End is an example of a worker's co-op.

There are many other kinds of co-ops in Manitoba that can be used when operating a social enterprise. The Manitoba Cooperative Association is a great resource for those interested in starting a social enterprise co-op.

For – Profit Corporation: Some non-profit businesses own a for-profit company for tax purposes, but this is less common than non-profit and cooperative social enterprise business models.

Grants are often a big part of a social enterprise business model, especially in the first few years, and many grants and government funding are not available to for-profit business. This is one reason why most social enterprises are incorporated as non-profit businesses.

Remember, the nature and purpose of the social enterprise should decide what the legal structure is, not the other way around. Think carefully about the mission, goals and operations of your social enterprise

Creating a Business Plan

No matter what legal structure a social enterprise uses, creating a business plan is a key first step to getting started. Creating a business plan is important for many reasons:

1. A business plan helps you carefully think through your business, answering many of the questions that will come up in the first year. What is the mission, or goal of your social enterprise? How will your business be structured? What market will you be serving, i.e, who will buy the products or services you offer? What challenges will you need to overcome? Think of a business plan as a roadmap to your social enterprise.
2. If you are working with a partner, or multiple partners, creating a business plan will ensure you all agree about the mission of the social enterprise, and how the business will work. It is much better to sort out any misunderstandings early on in the process.
3. A business plan helps you identify what you need to get started. Do you need start up money? How much? Where will you get it?

4. A good business plan will help attract investors or funders to your social enterprise, and will be essential to obtaining bank financing, lines of credit or loans.

A business plan does not need to be long or complicated. In fact, a simple business plan is often the best choice, since it allows you to spend less time planning and more time doing! A business plan could be one page, five pages, or fifty pages – what matters is that your business plan should answer the following questions:

1. **What is your social enterprise’s mission statement?** Why are you starting this social enterprise? What are your goals? Are you trying to lower utility bills in your community through green energy or energy efficiency? Or to provide your community with healthy, affordable food? Are you trying to create training and job opportunities for youth in your community? Your mission statement is where you state these goals, and this mission statement will help guide the work of your social enterprise.
2. **What is your product or service?** What product or service will you provide? How will selling this product or service help you achieve your mission or goals?
3. **Who is your customer?** Who will be buying your product or service? How will your company earn income? How will you reach your customers to tell them about your business? Do you think there are enough customers out there to support your business?
4. **Who are your competitors?** Who will be competing with you to offer the same product or service to the same customers? How do you plan to make sure your customers choose you over your competitor?
5. **Where will the money come from?** Write down a list of all the things you might have to pay for while launching your business, and all the expenses that you will need to pay more every month such as rent for an office space, or wages for employees. How much will you need to sell your product or service for in order to break even or make money? It’s important to think about the start-up phase, but make sure you also look ahead. How do you expect your money flows will change over the next 3-5 years?

Some of those costs will likely take place before you are making any money - remember the old adage, ‘you have to spend money to make money!’ How will you pay for these upfront costs? How much of your product or service will you need to sell? In the business world this is called ‘managing cash flow,’ and can be a significant problem for non-profits. Will you need a bank loan, or a grant? How much will you need, and how do you plan to get it?

You can use the questions above as a simple guide to get you started writing a business plan. You’ll see many complicated business plans if you

Creating strong By-laws and governance structures ensures to long-term health of a social enterprise.

look online – remember, a simple business plan is just as useful. For more information on creating a business plan, try Social Enterprise Canada’s online business plan guide, available at www.socialenterprisecanada.com.

Creating By-Laws and Governance Structures:

This section is intended as a brief introduction to some of the main governance structures of a social enterprise, and to provide resources for further information.

A new social enterprise often needs start up capital to get off the ground.

Board of Directors: The Board of Directors governs the social enterprise on behalf of the community being served. The Board of Directors is responsible for ensuring the ongoing health and good management of the organization, and making major financial decisions. If incorporated as a non-profit, a Board of Directors is necessary – but in any case, it is a good idea. A Board of Directors is usually made up of trusted leaders in the field of your social enterprise who can guide the development of the organization.

By-laws: A social enterprise’s by-laws are the set of internal rules through which it operates, and are useful to guide the conduct of the Board and staff and to ensure proper operation and financial stability of the organization. Creating by-laws is one of the first and most fundamental tasks for a new social enterprise.

While creating by-laws can seem to be a daunting task, it provides an excellent opportunity to think carefully about how the social enterprise will be managed. For support in developing by-laws, visit the web page of Social Enterprise Canada, which has an excellent resource section. Another option is to contact existing social enterprises, who may be willing to send you a copy of their current by-laws, which can be an excellent guide and resource when writing your own.

Start-Up Capital

Most social enterprises require start-up money of some kind. After completing your business plan, you should know how much start up money you will need, and when you think your social enterprise will break even or make money.

The primary way your social enterprise will make money is by selling the product or service you produce to your customers. But you may also require additional funds, either to start your business or to cover part of the costs of operating your business.

There are two main sources of money, other than sales, you can use to start or support the work of your social enterprise. The first source of

money is private or government grants – money given to you to achieve a specific purpose that does not need to be paid back. The second is loans or financing, often from a bank, credit union or other financial institution. You may have more freedom in terms of spending the money, but you will need to pay it back with interest.

Government or Private Grants: Let's say you wanted to start a Fishing Co-op in your community, you might apply to private foundations or government grants to help cover the cost of building a fish processing plant, or buy necessary supplies to start your co-op. This funding does not need to be paid back, but you will need to carefully track how you spend the money, and provide a written report to your funder showing how the money was used, and what you have accomplished. The funder will want to see receipts and careful financial reporting so they know exactly how the money was spent.

Bank loan: If you wanted to start a business installing geothermal energy systems in your community, you might apply to the bank for a loan to purchase the necessary equipment you need to install the systems. This loan will help you with the upfront purchases necessary to get started, but you will need to pay all the money back with interest.

This next section will talk about each of these sources of capital, and provide resources for you to find out more.

Government or Private Grants:

Government or private grants are available to social enterprises to provide both start up funding, or to fund specific programs your social enterprise might run. In order to receive funding you will need to find a government program or private foundation or charity that is looking to fund projects like yours, and you will need to follow their application process. Which grants or funding pots your social enterprise is eligible to apply for will depend on the legal structure of your company – for example, some funding pots may only fund non-profit companies, or cooperatives.

When you identify sources of funding that are a good fit for your project, you will likely be asked to provide specific information outlining your project, what you plan to accomplish and a budget to show exactly how you plan to spend the money you receive. The funders may ask for a business plan, incorporation documents, and the contact information for your Board, so it is good to have these available.

The benefit of receiving funding is that you have the funds you need, and you don't have to pay them back! Great news. However, there are several drawbacks to government or private funding.

1. Timeline: The process of applying for funding and waiting for

Start up capital can come from a variety of sources, including government grants or funding, loans or financing from a community member, bank or other financial institution.

*The Government of
Canada's
Aboriginal
Funding Tool is a
good resource for
Aboriginal
Entrepreneurs.*

approval can be very long, 6-8 months is not uncommon. So be prepared to wait. Also, many funders require that you spend all the grant money and submit your final report by a specified date, often the end of the government fiscal year on March 31. Sometimes, this timeline makes no sense for your project. This is something you must plan ahead for.

2. Reporting: You will be asked to provide very detailed accounting of how you spend the money, including detailed receipts. This makes sense from a funder's perspective – they want to know you are spending the money the way you said you would! You will also be asked to provide regular reports showing how you are meeting the specific goals you set out in your application. Reporting can be time consuming, and you can be very restricted in terms of how you spend the funds you receive.

You can apply for start-up funding to get your social enterprise up and running, often as a 'pilot project.' You can also apply for government or private funding to support a specific aspect of your social enterprise.

For example, BUILD Inc. (*profiled on page 14*) makes money by insulating low income households as a contractor for Manitoba Hydro. BUILD receives payments for each house insulated. But because BUILD does much more than a regular contractor by providing extensive training and support to employees, BUILD Inc. also receives government training grants that help pay for the extra costs incurred.

If you are looking for funding, talking to your local economic development officer if you are working in a First Nation is a good idea. Another great tool is the Government of Canada's Aboriginal Funding Tool (www.aboriginalfunding.gc.ca/acp/site.nsf/eng/funding.html). The availability of funding is changing all the time, so find resources in your community, spend some time searching the internet and talk to social enterprises or non-profits doing similar work to find out what funding might be available that suits your needs.

Loans and Financing

Loans and financing are another good source of capital – provided you are able to repay the money on schedule. That is often a risk for a new social enterprise, so plan carefully before approaching a financial institution. In all cases, the financial institution will want to meet with you to discuss your business idea, see your business plan and assess what risk they are taking on by lending money to your social enterprise.

There are several kinds of financial institutions you could approach to provide you with a loan, line of credit or financing:

- a. Bank: Major banking institutions offer a range of financial services, including loans, lines of credit and financing. Many

of the major banks have specific departments that work with First Nations and Aboriginal communities.

- b. **Credit Union:** Credit Unions are financial co-operatives, and like all co-operatives they are owned by the people that use their services. When you work with a credit union, you become a 'member' of that credit union, and often receive a share of the profits of the credit union at the end of the year. Credit unions may have a specific social justice mandate, and may lend money to a social enterprise when a larger bank would not.
- c. **Aboriginal Capital Corporation:** Aboriginal Capital Corporations exist to promote and support Aboriginal business development. Aboriginal Capital Corporations can provide business loans, financial consulting services and business start-up support. There are two Aboriginal Capital Corporations in Manitoba, the Louis Riel Capital Corporation and the First People's Economic Growth Fund.

Depending on the nature of the social enterprise, you may need to visit several financial institutions before succeeding in securing a loan, line of credit or financing. Don't give up!

A Bright Future

Manitoba is a national leader when it comes to developing Aboriginal social enterprise and the solutions economy. There are so many examples of Aboriginal individuals and communities who are taking the future into their own hands and addressing hard problems in their communities through social enterprise. This is a movement built by brave, determined individuals who are making a real difference in their communities.

A quick trip down to the Social Enterprise Center at 765 Main Street in Winnipeg's North End will show you just how strong this movement has become. The Social Enterprise Centre is currently the home to over eight different social enterprises, the majority of which are Aboriginal. Follow that up with lunch at Neechi Foods, another Aboriginal Social Enterprise grocery store, art gallery and restaurant. While you are there, you can pick up fresh pickerel from the Garden Hill Fisher's Co-op (another social enterprise), fresh picked wild blueberries and Saskatoon's, or fresh produce from the Peguis First Nation Community Garden. This movement is strong and growing, and together we are building a stronger economic future for Manitoba's First Nations and Aboriginal communities.



Social Enterprise Directory

A list of the social enterprises' discussed in this report, with links to their websites for more information.

Aki Energy	www.akienergy.com
BUILD Inc.	www.buildinc.ca
Manitoba Green Retrofit	www.mgrinc.ca
The Social Enterprise Centre	www.socialenterprisecentrewpg.ca
Neechi Foods	www.neechi.ca
Project Nunavut	www.projectnunavut.ca
Manomin Canadian Wild Rice	www.canadianwildrice.ca
Social Enterprise Canada	www.socialenterprisecanada.ca
Canadian Community Economic Development Network (CCEDNET)	www.ccednet-rcdec.ca
Local Investment Towards Employment	www.lite.mb.ca
Community Futures Manitoba	www.cfmanitoba.ca
Canadian Cooperative Association	www.coopscanada.coop



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