

Alberta Indigenous Opportunities Corporation Capacity Grant Program Guidelines



Version 1.1 Final

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1. Introduction

The Alberta Indigenous Opportunities Corporation (AIOC) was established by the *Alberta Indigenous Opportunities Corporation Act* to facilitate investment by Indigenous groups in natural resource projects and related infrastructure.

Under Section 2 of the Act's regulation, AIOC may, in carrying out its mandate only make a grant in accordance with a grant program established by AIOC and approved by the Minister of Indigenous Relations. This section of the regulation enables AIOC to issue funds for capacity-building to support Indigenous groups that are interested in investing in natural resource projects. Additionally, it stipulates AIOC may not make a grant for the purposes of providing funds to purchase or invest in a natural resource project or related infrastructure.

The intent is for Indigenous groups to use capacity-building grants to access third-party advice and expertise relevant to the assessment and development of a potential project, as well as to build capacity to manage their interests in a specific project. AIOC will assist with navigating the application submission process but not provide advice.

All capacity grant requests (fulfilled and unfulfilled) will be reported to AIOC's Board on a quarterly basis. AIOC will also report on grants provided during the fiscal year (April – March) in its corresponding annual report.

2. Background

The challenges facing Indigenous communities in developing natural resource projects and related infrastructure are not limited to accessing capital. Capacity to develop or invest in projects varies widely across Indigenous communities.

As such, AIOC has a limited pool of discretionary funds available to assist Indigenous communities in their efforts to participate in qualified projects. Capacity grant funding may be considered for projects under the following circumstances:

- Applicants submit a Capacity Grant Application together with their Loan Guarantee Pre-Application.
- Applicants have received a recommendation from AIOC to apply for a capacity grant during the Pre-Application preparation stage.
- Applicants have received approval of their Loan Guarantee Pre-Application (as outlined in AIOC's Loan Guarantee Investment Program Guidelines) and either choose, or are recommended by AIOC, to apply for a capacity grant to assist with preparation of their Formal Investment Proposal.

The primary purpose of capacity grant funding is to assist applicants with the necessary financial resources to engage third-party services (e.g., financial, legal, accounting, environmental) to conduct project analysis and the due diligence necessary to advance a project to the Formal Investment Proposal stage under the Loan Guarantee Investment Program and, if approved by AIOC, closing of the transaction. Consideration will also be given to funding initiatives to increase the internal capacity of applicants to manage their interests in a specific project.

3. Capacity Grant Program Guidelines

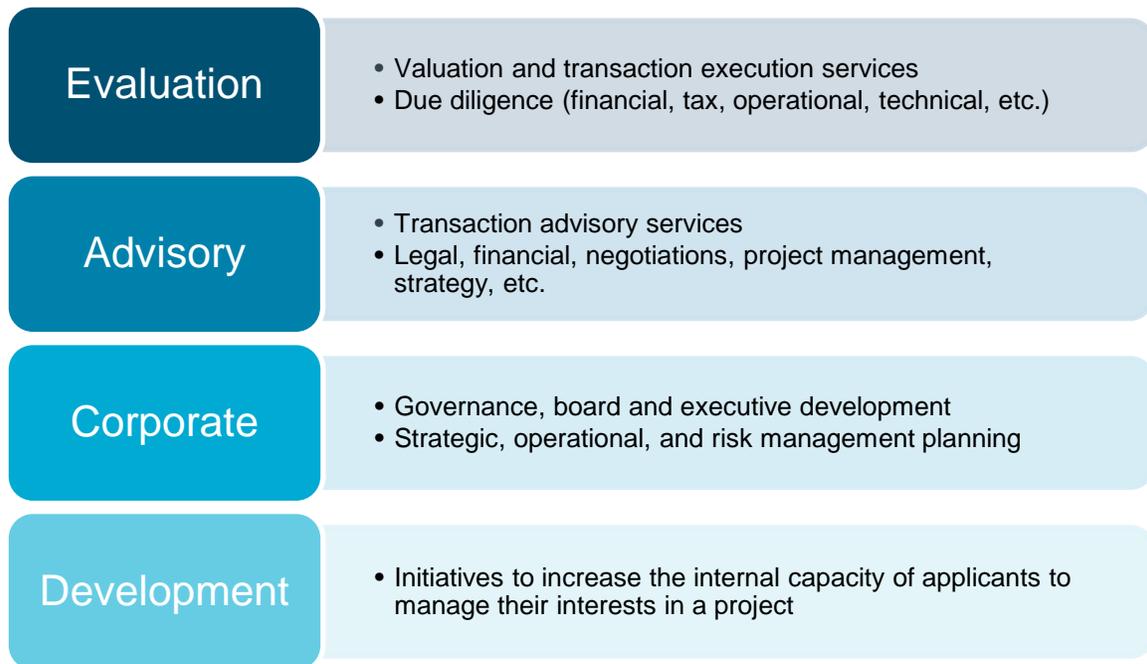
3.1 Overview

To assist Indigenous groups with projects contemplated under the *Alberta Indigenous Opportunities Corporation Act* (Act), AIOC offers a capacity grant program. The capacity grant program is designed to be closely aligned with AIOC's Loan Guarantee Investment Program. Capacity grants will be primarily focused on advancing projects with a high likelihood of supporting AIOC's mandate, as outlined in the Pre-Application Submission and Review section of the Loan Guarantee Investment Program Guidelines.

Recognizing the internal resources and capacity to pursue investment projects vary across potential applicants, the capacity grant program will be as flexible as possible while reducing red tape for applicants. The capacity grant program is not intended for AIOC to provide advice or expertise but rather funding to access third-party expertise and services in relation to a specific project.

Applicants seeking capacity grant funding are asked to submit an application together with their Loan Guarantee Pre-Application or, once Pre-Application approval has been received, as part of their preparation to submit a Formal Investment Proposal. Information to be provided as part of a capacity grant application is outlined in the Capacity Grant Application Submission section of these guidelines and is requested to be submitted, together with any additional information requested by AIOC.

Project-specific capacity support will be provided across the following areas and may include:



The capacity grant program will support communities to:

- Conduct the due diligence necessary to evaluate projects;
- Access advisory services (e.g., legal, accounting, engineering, financial) to properly assess and execute deals;
- Develop potential projects that could be supported through AIOC's financial mechanisms; and
- Develop internal capacity to manage their interests in a specific project.

3.2 Funding Considerations

Capacity grant funding is limited to third-party, arms-length costs to be incurred by the applicant. AIOC's responsibility is limited to the extent of the specific amounts authorized by AIOC and applicable terms and conditions.

AIOC does not assume liability for the following:

- Costs incurred by applicants prior to the capacity grant's approval (unless specifically authorized by AIOC);
- Costs in excess of amounts authorized; and/or
- Costs that do not comply with the terms and conditions of the capacity grant program.

Grants will be issued on a case-by-case basis, while taking into account, among other things, AIOC's available funding capacity under its budget, strategic outcomes and the breadth and depth of capacity support needed. Full grants or contributions may be provided; however, partial grants or contributions will be preferred. To retain objectivity and ensure impartiality, capacity funding will be assessed in accordance with AIOC's Code of Conduct to prevent potential conflicts of interest from arising.

To ensure a reasonable level of oversight, decisions to provide funding must align with AIOC's mandate, and allocated funds will be monitored to ensure performance measures, targets and funding objectives are achieved. Issuing funding on a reimbursement basis minimizes administrative red tape and the reporting burden on Indigenous groups.

Preference for funding will be given to applicants that are close to completing a project. This approach is intended to encourage applicants to bring forward potential investments that have line of sight to receiving the necessary financing to finalize the project. While preference for funding will be given to applicants whose projects are close to completion, at the discretion of AIOC, a portion of funds are available to support earlier stage development initiatives that otherwise comply with this program and will help build the business capacity of Indigenous groups to manage their interests in a specific project.

4. Capacity Grant Application Submission

4.1 How to Apply

Applications for capacity grants are available on AIOC's website at theaioc.com. To apply, applicants must submit the Capacity Grant Application together with their **Loan Guarantee Pre-Application** or as part of their preparation to submit a **Formal Investment Proposal** after approval of their Pre-Application. For more information about applying for a Loan Guarantee, please refer to the Loan Guarantee Investment Guidelines.

4.2 Information to Include

AIOC may request applicants submit the following information (not an exhaustive list and may be amended or expanded upon at AIOC's discretion) to inform its assessment of whether to provide capacity funding:

- Proposed budget of third-party costs with milestones to be achieved at various levels of expenditures.
- The applicant's proposed basis for cost sharing of third-party costs.
- Names, qualifications and rates of proposed third-party service providers, if available, and copies of proposed service contracts.
- Comprehensive disclosure of all non-arms lengths' relationships or perceived conflicts among the applicant and any third-party service provider.
- Names and qualifications of the project management team to manage the project and oversee third-party services on behalf of the applicant.
- Outline of proposed account and milestone reporting, as well as proposed audit rights to be made available to AIOC.
- Satisfactory assurances and evidence that capacity grant funding will be segregated from funds of the applicant and used only for the purposes approved by AIOC.
- A markup of the draft precedent capacity grant funding contract provided by AIOC.

5. Conflict of Interest Policy

All applicants to AIOC have a right to know the corporation is managed with integrity and impartiality. It is this obligation that demands there not be an actual or perceived conflict of interest between the private interests of AIOC's Board of Directors, AIOC's employees and their respective duties to the public. All Directors and employees are subject to AIOC's Code of Conduct.

Directors and employees are required to disclose in writing to the appropriate official administering the Code of Conduct for their role any situation that may pose a conflict of interest, in fact or in appearance, between their duties and their personal interests and/or relationships. Directors and employees must disclose the conflict, real or perceived, as soon as they become aware of any business transaction AIOC proposes to enter into in which the Director or employee, or a relative of the Director or employee, may have an interest.

6. Freedom of Information and Privacy (FOIP)

The *Freedom of Information and Protection of Privacy Act* (FOIP Act) applies to any information that is provided to AIOC. This information may be subject to disclosure pursuant to the FOIP Act in response to an access to information request.

Information collected by AIOC is collected in accordance with section 33(c) of the FOIP Act for the purposes of administering, assessing, evaluating and promoting its programs, and to use in research and statistical analysis. Use and disclosure of personal information is limited by the privacy protection provisions in the FOIP Act. Questions concerning the collection and use of this information should be directed to AIOC at theaioc.com/contact.

7. Questions

Refer to the **Frequently Asked Questions** below for answers to common inquiries about the capacity grant program.

If you would like more information about the program, please contact AIOC at theaioc.com/contact.

7.1 Frequently Asked Questions

Q: Can I apply for a capacity grant to assist with completion of a Loan Guarantee Pre-Application?

A: Yes, as long as the Capacity Grant Application is submitted together with a Loan Guarantee Pre-Application or after submission of the Pre-Application. A Capacity Grant Application cannot be submitted on its own before a Pre-Application has been submitted.

Q: Can I use a capacity grant to offset costs for preparing Requests for Proposals (RFPs) and contracts for third-party services? Or will AIOC help me, as the applicant, to prepare RFPs and contracts?

A: Applicants can apply capacity grants for advisory services including, but not limited to, proposal and contract preparation. AIOC does not provide advice or services to applicants and, as such, would not advise on or prepare proposals or contracts for applicants to engage third parties.

Q: Can a capacity grant cover expenses related to the services provided by more than one third-party provider?

A: Yes. A capacity grant may apply to the services provided by multiple third parties.

Q: What if a third-party service provider has confidentiality concerns with their proposal response, contract and/or deliverables being released to AIOC?

A: All information submitted to an applicant that is applying for or has been awarded a capacity grant and, in turn, provided to AIOC is collected according to the *Freedom of Information and Protection of Privacy Act* (FOIP Act) and will be subject to the privacy protection provisions under the FOIP Act.

Q: Does a capacity grant have a cap or upper limit?

A: The amount of a capacity grant is determined by and awarded at the discretion of AIOC up to the maximum amount allocated by Alberta Treasury Board and Finance.

Q: What is the timeframe for AIOC to evaluate and approve a capacity grant application?

A: AIOC's target is a response within 60 to 90 days of receipt of the application.

Q: Can the award of a capacity grant expire? Is there a time limit between AIOC awarding a grant and reimbursement?

A: Yes, a capacity grant can expire. The time limit is established by the Grant Agreement and at the decision of AIOC.

Q: What kind of development initiatives are eligible for funding under the capacity grant program? Is skill development (e.g., corporate governance training, project management training) an eligible expense?

A: Eligible initiatives include those that will increase the internal capacity of applicants to manage their interests in a specific project.

Q: Can I apply for a capacity grant to offset costs from third-party providers for services already delivered as part of my Pre-Application that I now wish to include as part of my Formal Investment Proposal submission?

A: No. Capacity grants cannot be used to recoup costs incurred prior to the grant's approval unless specifically authorized by AIOC.

Q: What if my Formal Investment Proposal is rejected? Do I have to pay back my capacity grant?

A: No. Once paid, grants do not need to be paid back.