

Ottawa's contract for \$200-million fund not transparent, Black business group says

www.theglobeandmail.com



Craig Wellington, Executive Director of the Black Opportunity Fund, in Pickering, Ont., on Feb. 2. Chris Donovan/The Globe and Mail

A prominent Black business group is accusing the federal government of running a rushed and opaque procurement process to administer a \$200-million endowment program for Black-led charities and community organizations.

The Liberal government first announced the Black-led Philanthropic Endowment Fund in the 2021 budget, but only put out a request for proposals to run the fund last fall. Groups had until Nov. 25 to apply. The fund is meant to be self-sustaining for at least 10 years and the administrators have access to only \$9.5-million of the fund for early operating and granting activities.

One group that applied is the Black Opportunity Fund (BOF), which was started by a coalition of Black executives in 2020 to tackle systemic anti-Black racism in corporate Canada and invest in Black-led organizations and businesses.

BOF is funded through programs with corporate partners, including Toronto-Dominion Bank and Walmart Stores Inc. It does not currently take government funding.

Executive director Craig Wellington said BOF had been one of many groups with whom the government had consulted in designing the philanthropic fund.

He said BOF wrote up a proposal of more than 500 pages to describe in detail how the fund could be used effectively, and had arranged a consortium of partners that included the Toronto Foundation and RockCreek, a global investment firm with \$16-billion in assets under management.

He said after the group filed its application in November, it heard nothing until Jan. 27, when it was informed it was not selected for the fund in a short e-mail signed from "Service Canada."

"We had received no phone calls, no communication, no e-mails, regarding the proposal. Not a question," Mr. Wellington said.

He said the short timeline – compared with the length of time it usually takes the government to do its due diligence on large procurement processes – suggested to him that Ottawa already had a winner in mind.

"What we are starting to hear is that they've already selected the agent," Mr. Wellington said. "Which would be shocking, because we're talking about Nov. 25 to a week ago. You're talking eight weeks total, including the holiday closure. For a \$200-million procurement. That is not possible. The government cannot buy computers in six weeks."

In a letter sent Monday to a group of Liberal ministers that includes Minister of Housing, Diversity and Inclusion Ahmed Hussen, BOF asked for the government to make a detailed account of how it is reviewing and selecting applications. BOF also asked the federal Auditor-General to review the procurement process.

"It was our expectation that the government would undergo a thorough, rigorous and transparent process to select the steward for the fund, particularly in light of recent controversies with respect to other procurement processes," said the letter signed from BOF board chair Ray Williams, managing director and vice-chairman of National Bank Financial.

One of the most prominent federal initiatives for Black-owned businesses to date is the \$160-million Black Entrepreneurship Loan Fund, which was slow to roll out funds after it launched in the summer of 2021. A frequent criticism from members of the Black business community has been that the entrepreneurship fund was [rushed out the door](#) before it was ready, and not enough due diligence was done in selecting the administrators, which led to [poor results](#).

Brittany-Anne Hendrych, a spokesperson for Mr. Hussen, defended the selection process and said it built on earlier consultations the government had held with Black organizations on the design of the program.

“Let us be clear, all applicants were assessed by officials at Employment and Social Development Canada based on their capacity to deliver on the goals of the endowment fund in a fair, transparent and objective manner,” Ms. Hendrych said in a statement.

She said a fund administrator had indeed been selected and more information would be announced soon.

The Michaëlle Jean Foundation, which was a partner on the BOF application, said it supported the call for more government transparency.

“It is a deep disappointment that the federal government has not had any questions for BOF or its partners with regards to their well-considered and action-oriented proposal for this fund,” executive director Tara Lapointe said in a statement.

Mr. Wellington said he thinks the government is putting optics ahead of its concern for proper spending.

“They’re getting prepared to make an announcement during Black History Month,” he said. “So Black History Month, and making a photo-op or whatever, is more of a priority than a rigorous, transparent process.”

Follow the money with news and analysis on banks, capital markets, mergers, acquisitions, and Bay Street moves.

[Sign up](#)