

Questions and Answers

Community Development Financial Institutions – Microenterprise Development

The following questions and answers are specific to this funding round. Please also refer to the [Frequently Asked Questions page](#) for general questions about applying for DSS grants.

New questions are added at the end of this document.

Funding

1. Why is funding only being offered to 30 June 2017?

The funding period for these services is aligned with the Financial Resilience services delivered across Australia. Funding beyond 30 June 2017 is a decision for Government.

2. Will the Department offer SACS funding on top of the amounts referred to in the funding round summary?

The funding being offered in the funding round summary is inclusive of all amounts (excluding GST).

3. How will funding be determined and is there a minimum or maximum amount of funding that my organisation can apply for?

Funding of up to \$2.0 million is available from 2015-16 to 2016-17. The grants round is a competitive process and funding will be offered to organisations whose applications best meet the specified requirements. Given the complexity and cost of delivering CDFI – Microenterprise Development services, it is expected that up to three organisations may receive a proportion of this funding.

Successful applicants may need to scale up or down the proposed model dependant on the grant funding offered.

4. If my organisation is already receiving funding from the Department of Employment to assist with the delivery of the New Enterprise Incentive Scheme (NEIS), am I still eligible to apply for funding under Community Development Financial Institutions – Microenterprise Development?

Yes, provided the funding will be used to assist with the delivery of new services. You will not be eligible to apply if the funding is sought to support the delivery of existing NEIS services funded by the Department of Employment.

5. If my organisation is already receiving funding from the Department of Prime Minister and Cabinet to assist with the delivery of the Indigenous Advancement Strategy, am I still eligible to apply for funding under Community Development Financial Institutions – Microenterprise Development?

Yes, provided the funding will be used to assist with the delivery of new services. You will not be eligible to apply if the funding is sought to support the delivery of existing Indigenous Advancement Strategy services funded by the Department of Prime Minister and Cabinet.

Background

6. Why has the focus of Community Development Financial Institutions moved from consumer finance to microenterprise development?

This initiative has a specific focus on microenterprise, which marks a new phase for the Government's CDFI initiative, building on the CDFI pilot which began in 2011. Microenterprise development provides opportunities for individuals to move from welfare reliance to employment, including self employment. It does this by supporting individuals on a low income to increase their business-planning and workforce skills, supporting the development of microenterprises where appropriate and creating opportunities for employment, including self-employment.

Microenterprise development aligns with Government policy objectives and recommendations in two major reviews of the welfare system undertaken and released by Government in 2014. A New System for Better Employment and Social Outcomes (the McClure Report) and Creating Parity (Forrest Review) focus on building the capability of individuals and communities, and support the transition of individuals from welfare reliance into employment. A third major initiative, announced in the 2015-16 Budget, the \$5.5 billion Jobs and Small Business package has been designed to provide major incentives for small business to invest, hire and grow.

Together with learnings from the CDFI pilot, these policy drivers support a new direction for Government investment in CDFIs towards microenterprise development. Internationally, this kind of microfinance has become a successful mechanism to support vulnerable people out of poverty and into employment. It does this by providing small microenterprise loans to people who would otherwise not be able to access these from a bank. These loans, provided in conjunction with business support and mentoring, assist low- income individuals to move out of welfare dependency and into an income generating microbusiness.

Eligibility

7. Will large and small service providers be eligible to apply?

Organisations of all sizes can apply as this funding round is an open process. The Department values the diversity of having a mix of small and large organisations and acknowledges the different kinds of community connections and contributions providers can offer ranging from tailored services for specific client or community groups through to economies of scale.

Submitting an application

8. Will the Department provide additional time for organisations to develop a consortium and provide the relevant documentation as part of this selection process?

No - the Department has specified timeframes for all selection processes on the DSS website

9. If the provider is unable to submit their application by the due date, can the Department grant an extension?

Applications must be submitted by 29 September 2015. DSS may reject any application lodged after the closing date. If an application is late, DSS may determine that there were exceptional circumstances beyond the applicant's control that meant the deadline could not be met. The applicant will need to supply documentary evidence to support any exceptional circumstances. DSS has no obligation to accept a late application. Any decision by DSS to accept or not accept a late application will be final.

10. Can I submit more than one application?

No. Only one application per organisation will be assessed. If more than one application is submitted, only the most recently received application will be considered.

11. Am I required to attach a budget (using the template at Attachment A) to the application form?

Yes. In order to assist the Department's assessment of the sustainability of an organisation organisations **must** complete and attach a budget (using the template at **Attachment A**) to their application. The budget will assist the Department to determine the value for money of each application.

12. What needs to be included as an attachment to the application?

The required attachments outlined in the Application Form and Funding Round Summary are:

- Budget using the template at **Attachment A** of the Application Form
- Letter of support from your capital provider (such as a bank) or equivalent documentary evidence of sufficient capital. If an application is submitted without supplying proof of an established relationship with financial institutions the application will not be assessed.
- Documentary evidence that your organisation meets the relevant legislative requirements (including National, State and/or Territory requirements) to deliver this initiative. If an application is submitted without supplying proof of compliance with the relevant legislative requirements the application will not be assessed.

Any attachments that you provide with the Application Form which are not specifically requested in the Application Form will not be considered as part of the assessment process.

13. What do you mean by attaching 'equivalent documentary evidence of sufficient capital'?

This means a document verifying that you have a source of capital that is currently available and sufficient to support service delivery. It may apply in cases where your organisation does not require provision of loan capital supplied by a capital provider (such as a bank or other investment or philanthropic partner).

14. Where does Community Development Financial Institutions – Microenterprise Development fit under the Financial Wellbeing and Capability Activity?

Community Development Financial Institutions – Microenterprise Development comes under the Financial Resilience component of the Financial Counselling, Capability and Resilience Sub-Activity which forms part of the Financial Wellbeing and Capability Activity.

15. What do you mean when you refer to 'Target Group' in the selection criteria?

Generally 'target group' refers to the people you are assisting. These are described in the *Funding Round Summary* under 'Target groups/service coverage areas' and further information is available in the *Families and Communities, Financial Wellbeing and Capability Programme Guidelines Overview* at '2.4 Participants/Clients/Recipients/Target Groups'.

16. What are the expectations around providing priority access to people on income management for service delivery under the Financial Wellbeing and Capability Activity – is this still a priority?

Yes. In general terms, people participating in Income Management are identified for service priority under the primary target group for the Financial Wellbeing and Capability Activity. Please refer to the *Families and Communities, Financial Wellbeing and Capability Programme Guidelines Overview* on the [DSS website](#) for more information.

Service delivery

17. Why are partnerships, linkages and collaboration with other agencies and organisations a key part of the Activity?

The Department has always encouraged collaboration and partnerships as a key component of effective service delivery models. There is now strong support across Government that in delivering services, organisations must develop and maintain links with other relevant organisations. This assists in making appropriate referrals and co-ordinating services to improve consumer outcomes and ensure consumers receive services tailored to their needs to better prevent issues from escalating or recurring. The goal is to encourage organisations delivering Financial Wellbeing and Capability services to develop a strong referral pathway across the suite of Financial Wellbeing and Capability services and other programmes for the target group as appropriate. Collaboration and inter-agency networking is an integral part of delivering an integrated, consumer centred service offer and should be built into the service delivery model as part of an organisation's day to day operations.

For further information specific to Community Development Financial Institutions – Microenterprise Development, please refer to the *Funding Round Summary* under 'Core Activities – Community engagement and integration'.

18. There are references in the Programme Guidelines to delivering an integrated service offer. What does this mean?

The goal is to ensure those accessing Financial Wellbeing and Capability services receive a wrap-around, integrated, consumer centred service offer. Organisations intending to apply to deliver Activity services should consider the following integrated service delivery models and activities when designing their service delivery model:

- one organisation delivering a number, or suite, of Sub-Activities
- co-locating a group of organisations, or providing outreach, to enable the delivery of a number, or full suite, of Sub Activities from one location and/or
- organisations delivering strong referral pathways across the suite of Sub-Activities (and other relevant Programmes for the target group as appropriate), networking effectively within other Sub-Activities and with providers of other relevant services for their customer group. Collaboration and inter-agency networking is an integral part of day-to-day operations.

19. Do I have to service a particular area of Australia?

The Department seeks to ensure that funding is directed towards areas of disadvantage. CDFIs must operate primarily in disadvantaged communities within Australia. In your application for funding, you must clearly identify the geographical area(s) in which you propose to deliver services and explain why you have chosen to operate in those areas, providing evidence to support

As a guide, the Department uses Socio-Economic Indexes for Areas (SEIFA) to identify areas of disadvantage. SEIFA was developed by the Australian Bureau of Statistics (ABS), derived from the 2011 Census of Population and Housing. It ranks all geographical areas in Australia according to relative socio-economic advantage and disadvantage. SEIFA was chosen as a consistent and accurate measure of disadvantage that could be used nationwide, across different types of services, and over time. More information about SEIFA is available on the [SEIFA website](#).

In addressing service coverage you will need to describe your service delivery footprint and your model for delivering services within those areas, including any outreach. Service areas should be described as specifically as possible.

20. Can my organisation determine how each community will be serviced?

Yes. Applicants should describe their proposed service delivery model for the area they are applying to service. This should include how communities will be serviced based on the current understanding of needs across the coverage area.

Responding to selection criteria

21. What do you mean when you refer to ‘Activity’ in the selection criteria?

Generally, in the case of the selection criteria (and only in this context) the term ‘Activity’ relates to the service you are applying for funding to deliver, in this case, Community Development Financial Institutions – Microenterprise Development. In answering the criteria you should first consider the service offer and outcomes that relate to the service you are applying for (as detailed in the *Funding Round Summary and the Families and Communities, Financial Wellbeing and Capability Programme Guidelines Overview*). You may then like to consider if any of the descriptions and outcomes of the Financial Wellbeing and Capability Activity in general would also need to be covered in your response to the selection criteria.

22. What is taken into account when determining value for money?

For details of the factors taken into account when determining value for money, please refer to the *Families and Communities, Financial Wellbeing and Capability Programme Guidelines Overview* under ‘3.3 Achieving value for money’.

You will also need to provide a proposed budget (refer to Question 11) using the Budget Template at Attachment A in the application pack. While some of the funding is expected go towards administrative costs associated with developing sustainable CDFIs, it is expected that a significant proportion of funding will be spent on delivering outcomes, through providing business support and mentoring and access to loans to develop a microenterprise.

23. Can the Department provide guidance to assist with responding to the selection criteria?

General guidance on addressing selection criteria is available on the [DSS website](#).

The guidance below is provided to assist you in responding to the specific selection criteria on your application form. You are welcome to add any further information, within the word limit (1,000 words per criteria), that will assist to demonstrate your capacity to deliver this service.

Criterion 1 - Demonstrate your understanding of the need for the funded Activity in the community and/or the specified target group.

To successfully address this criterion you are required to describe your understanding of microenterprise and evidence (i.e. SEIFA) of why it is needed in the communities in which your service will operate. In your response, you will need to demonstrate your understanding of the following activities and how they will assist you in supporting disadvantaged individuals:

- business literacy and mentoring
- access to finance
- community engagement

Criterion 2 - Describe how the implementation of your proposal will achieve the Activity objectives for all stakeholders, including value for money within the Grant funding.

To successfully address this criterion you will need to demonstrate how your proposal will increase the economic empowerment and participation of disadvantaged individuals. Your proposal must demonstrate how you will implement microenterprise development in the community, including how you will:

- work with disadvantaged communities to support microenterprise development
- provide tailored business literacy
- support one-on-one mentoring (including after the establishment of a microbusiness)
- facilitate access to a flexible and appropriate loan product (including what interest rate you will charge)

You must also demonstrate:

- how you will leverage funding from alternative non-government sources to build the sustainability of your organisation into the future and reduce the cost of service delivery to Government over time
- how you plan to subsidise at least 25 per cent of the cost of service delivery by the end of the funding period
- how your proposal represents value for money from the Government's perspective (see section 3.3 of the Financial Wellbeing and Capability Guidelines)

You must submit a proposed budget using the Budget Template (at Attachment A) to support your application.

Criterion 3 - Demonstrate your experience in effectively developing, delivering, managing and monitoring Activities to achieve Activity objectives for all stakeholders.

To successfully address this criterion, you must demonstrate your experience in developing, delivering, managing and monitoring microenterprise development. In your application you must detail your previous experience in:

- providing business literacy training to disadvantaged individuals (such as supporting the development of a business plan)
- mentoring disadvantaged individuals who are attempting to establish a microenterprise
- providing (or facilitating) small business loans to disadvantaged individuals
- collaborating with other community organisations to achieve the best outcomes for clients

Criterion 4 - Demonstrate your organisation's capacity and your staff capability (experience and qualifications) to deliver the Activity objectives in the chosen community and/or the specified target group.

You must describe in the context of delivering microenterprise development services:

- your current staffing numbers and capabilities (experience and qualifications)
- how you plan to develop and train staff
- your capacity to recruit and retain workers
- your compliance with the capital and legislative requirements

Criterion 5 - Describe and demonstrate a service delivery model that includes effective partnerships, linkages and referral pathways that directly contribute to the Activity outcomes.

To successfully address this criterion, you must demonstrate how you develop and maintain links with other organisations as a key component of delivering services, including the following:

- current partnerships and linkages to other Financial Wellbeing and Capability services in the community
- current partnerships and linkages to other services in the community
- complementary services/organisations that you need to work with to deliver microenterprise development in the community in which you will operate
- how you maintain effective referral pathways in order to achieve outcomes for stakeholders

Reporting

24. Can the Department provide more information about programme reporting?

As part of a new way of working, the Department has implemented improved programme performance reporting processes in new grant agreements. DSS has progressively introduced standardised, prioritised, and collaborative reporting processes through the DSS Data Exchange from 1 July 2015.

More information about Programme Reporting, including fact sheets, can be found on the [DSS website](#).

The Financial Wellbeing and Capability Activity

25. How can I find out what the Financial Wellbeing and Capability Activity looks like and how it works in my state or region?

For more information please refer to the Families and Communities, Financial Wellbeing and Capability Programme Guidelines Overview on the [DSS website](#).

26. What are the benefits of the Activity/Sub-Activity for service providers, clients, communities?

Through the Financial Wellbeing and Capability Activity, the Australian Government, in partnership with community organisations, provides support to vulnerable individuals, families and communities to improve their financial capability, resilience and lifetime wellbeing.

The intention is to deliver the Financial Wellbeing and Capability Activity as an integrated and coordinated service which promotes financial capability by helping people avoid or resolve financial difficulties and achieve self-reliance. The Activity is outcomes focused which provides benefits for both consumers and service providers. To learn more about the Financial Wellbeing and Capability objectives and outcomes please refer to the *Families and Communities, Financial Wellbeing and Capability Programme Guidelines Overview* under '2.1 Aims and Objectives' and 'Appendix A'.

New Q&As added 31 August 2015

27. Will applications be assessed by people with knowledge of prior CDFI funding arrangements and/or an applicant's current funding arrangements with DSS?

The Assessment Team will comprise Department of Social Services (DSS) officers which may include staff from each state and/or territory. Teams will undertake training to ensure consistent assessment for all applications received. You should not assume any prior knowledge of the Assessment Team and should provide information relevant to demonstrating your organisation's capability to deliver the services and achieve the outcomes outlined in the Funding Round Summary and Programme Guidelines.

A good grant application effectively addresses the selection criteria by demonstrating your ability to deliver services that respond to issues in your community. The Funding Round Summary includes guidance to assist you in responding to the selection criteria.

A range of information and support is available for organisations who wish to submit an application for funding, and can be found on the [Applying for Grants](#) page of the DSS website.

New Q&As added 8 September 2015

28. What type of documentation is required to confirm compliance with relevant legislative requirements (including National, State and/or Territory requirements) to deliver the Community Development Financial Institutions Microenterprise Development initiative?

Documentary evidence means a document verifying that your organisation is compliant with the relevant legislative requirements (including National, State and/or Territory requirements). Examples of documents that an organisation could consider providing include formal written confirmation from the board, CEO or other key executive confirming the organisation's compliance with the relevant legislative requirements and / or certification from the relevant regulator(s).

Organisations are responsible for determining what evidence they provide to the Department and ensuring that they are compliant with the relevant legislative requirements.

If an application is submitted without supplying proof of compliance with the relevant legislative requirements the application will not be assessed.

New Q&As added 15 September 2015

29. Can the Department clarify if the focus of the initiative is on how many people are assisted or on how many loans are provided?

The Funding Round Summary states the objectives of the CDFI – Microenterprise are for CDFIs to:

- work with disadvantaged communities to support microenterprise development
- provide tailored business and financial literacy
- support one-on-one mentoring (including after the establishment of a microbusiness)
- facilitate access to a flexible and appropriate loan product and
- leverage funding from alternative non-government sources to build the sustainability of the organisation.

Applicants should provide information relevant to demonstrating their organisation's capability to deliver the services and achieve the outcomes outlined in the Funding Round Summary and Programme Guidelines. A good grant application effectively addresses the selection criteria by demonstrating an organisation's ability to deliver services that respond to issues and demand in their community. The Funding Round Summary includes guidance to assist applicants respond to the selection criteria.

30. Can the Department provide a guide on the number of people that should be supported from the funding being offered?

The Department does not have a set expectation on the number of people that will be supported by individual proposals. It is up to individual applicants to determine how many people they can assist with the available funding, as this is dependent on a number of components, including the applicant's proposed service delivery model and coverage area.

As outlined in the Application Pack, in assessing applications the Department will consider the value for money offered, the outcomes the proposal seeks to achieve and how these relate to the objectives in the Programme Guidelines and Funding Round Summary.

A good grant application effectively addresses the selection criteria by demonstrating an organisation's ability to deliver services that respond to issues and demand in their community. The Funding Round Summary includes guidance to assist applicants respond to the selection criteria.

A range of information and support is available for organisations who wish to submit an application for funding, and can be found on the [Applying for Grants](#) page of the DSS website.