

# Introduction

This annual report provides an overview of the contributions made to Northwest Territories businesses in 2001/2002 under the Department of Resources, Wildlife and Economic Development, Business Development Fund.

The Business Development Fund (BDF) total program funding was \$1.6 million. The annual report is broken down into two parts. Part I refers to Schedules A to E contribution assistance of \$990, 467 and Part II will refer to Schedule G with \$614,681 in assistance.



## Purpose

The Business Development Fund (BDF) is a contribution fund aimed at stimulating employment and economic development throughout the NWT.

## Program Description

The BDF is made up of these programs:

*Planning and Other Development Cost (schedule A-1)* assists businesses to meet pre-establishment or pre-expansion costs when there is a good possibility of increasing regional sales or displacing imported goods and services. This may include the cost of engineering or other pre-construction costs, feasibility studies, business plans and assisting with legal and regulatory costs.

*Pilot or Demonstration Projects (schedule A-2)* assists businesses to establish pilot or demonstration projects to determine/assess the applicability of new technology.

*Business Creation or Expansion (schedule B-1)* encourages the expansion and development of trade, services, renewable resources and manufacturing businesses through new business start ups or expansions. Assistance is primarily directed to expansion related capital costs.

*Venture Capital (schedule B-2)* assistance may be provided to businesses or individuals willing to invest in NWT owned businesses. Businesses and individuals eligible for venture capital assistance may be or may not be from the NWT.

*Market and Product Development (schedule C)* assists businesses to generate and increase sales of NWT products, goods and services to new markets or to develop new products for existing markets. Related costs include marketing and product development expenditures.

*Business Skills (schedule D)* assists in short term management or business training where not available from other sources.

*Business Relief (schedule E)* assists businesses in smaller or less developed communities in financial difficulty to identify problems and develop plans to overcome them.

*Community Initiatives (schedule G)* assists with initiatives that build on local or regional economic development strategies, addresses impediments to economic growth, and promotes the development of a stable, diversified economy.

# Principles

The BDF is intended to fill the gaps in programs and services offered by other agencies. There are several underlying principles which govern the decision making process.

## *Need*

All other sources of funding must be approached and the applicant must demonstrate that the project cannot economically proceed without BDF financial assistance.

## *Sustainability*

Generally, the project must demonstrate that there is potential for long-term viability.

## *Shared Risk*

The program recognizes that most business opportunities bring with them varying degrees of risk. Through a BDF contribution, Resources, Wildlife and Economic Development is willing to share the risk with the applicant.

## *Economic Benefits*

Job creation, increased exports and reduced imports are all factors which determine whether a project will receive support.

Communities in the North are divided into three groups for the purpose of this Fund. Contributions to any one project are tied to these groupings in order to sustain all communities and encourage development. A business in a less developed community would be eligible to receive a larger proportion of the required funding in the form of a contribution than a business in a more developed community.

## **Definitions – Levels**

*Level 1:* Communities are defined as having reasonable to good transportation linkages. Typically they have developed, internal and external markets, they have a larger population base and per capita income, low unemployment, a stable business community and related infrastructure.

*Level 2:* Communities are defined as having limited but potential markets, lower per capita incomes, higher unemployment, fewer businesses and less developed physical infrastructure.

*Level 3:* Communities are defined as being isolated, having high levels of unemployment, limited transportation, limited business opportunities and economies linked to resource harvesting.

# Program Summary

The objective of the Business Development Fund (BDF) is to help businesses create jobs and income for northerners.

To do this, the Department has developed a number of programs for small businesses. The Business Development Fund is a contribution program for businesses across the Northwest Territories. It has been in operation since 1991.

In 1996/1997 Schedule G, Community Initiative Program (CIP) was developed and added to the Business Development Fund. Where as the focus of Schedules A to E is on individual businesses, the CIP focus is on projects that benefit groups of businesses.

## Program Highlights

- Total program funding was \$1.6 million.
- Schedules A to E approved funding were \$990,467 and schedule G was \$614,681.
- The program received a total of 180 applications and approved 154. This amounts to 86% approval rating.



# **Part I**

## **Fund Performance – Schedules A to E**

Table 1 summarizes the program's major funding activity for the past three years for schedules A to E.

**Table 1 - Contribution Funding Over Three Years**

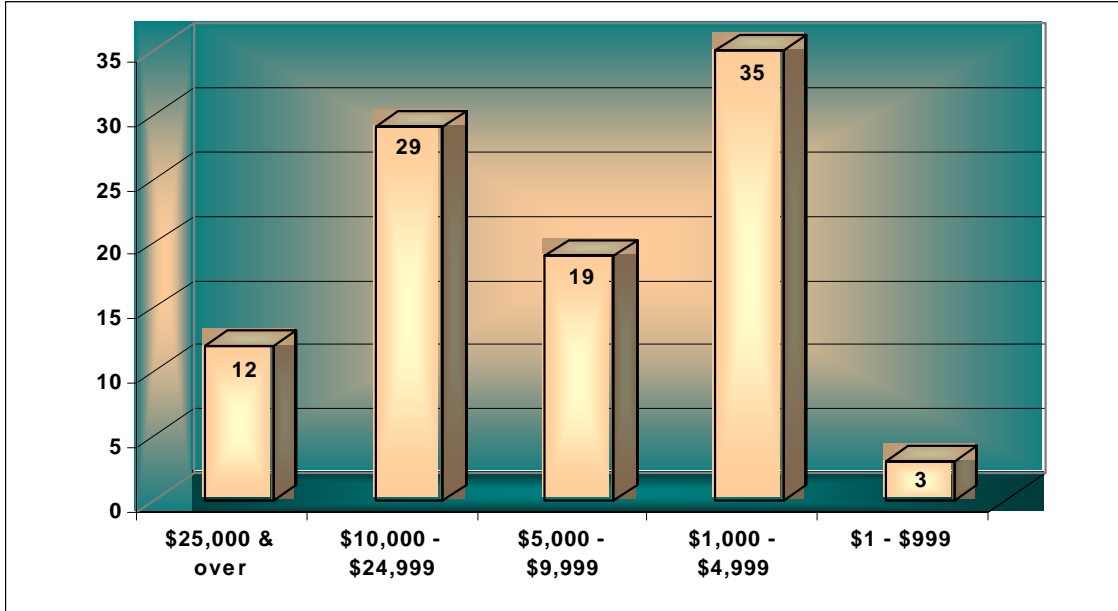
	<b>Applicants</b>	<b>Approvals</b>	<b>Approval as a Percentage Of Total Applicants</b>	<b>Aboriginal Approvals</b>	<b>Aboriginal Approvals as a Percentage of Total Approvals</b>
1999/2000	179	145	81%	100	69%
2000/2001	117	92	77%	67	72%
2001/2002	116	98	84%	64	65%
<b>Totals</b>	<b>412</b>	<b>335</b>	<b>81%</b>	<b>231</b>	<b>70%</b>

### **Funding Activity**

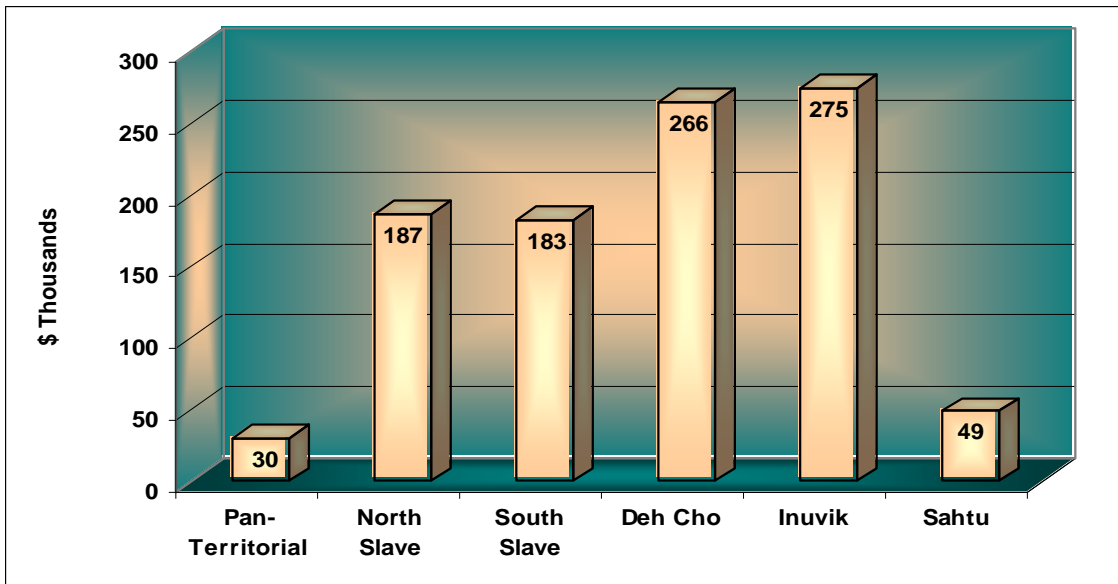
This report summarizes contributions provided under Schedules A-E for the current fiscal year, 2001/2002. The following are some program highlights:

- The program received 116 applications. Ninety-eight were approved. This amounts to a 84% approval rating.
- \$1.068 million in assistance was requested and \$990 thousand was approved or 93% of the total amount requested.
- The \$990 thousand in contribution assistance levered an additional \$888 thousand in equity investment and \$665 thousand in other financing.
- The average amount of an approved contribution was \$10,107.
- Twelve (12) contributions were approved at \$25,000 or more.

**Figure 1 Number of BDF Contributions by Amount.**  
*(Average contribution amount was \$10,107)*



**Figure 2 Values of Contributions by Region.** *(For the purposes of administration, the Department of Resources, Wildlife and Economic Development, allocates its contributions in five distinct regions. Pan-territorial contributions affect more than one region.)*



## Impact on Community Levels

One objective of the Business Development Fund is to encourage increased development and investment in less developed communities. It does this by supplementing equity and leveraging other financing.

**Table 2 - Community Levels**

Level 1	Level 2	Level 3
Yellowknife	Fort Simpson	All Other Communities
Hay River	Norman Wells	
Inuvik	Rae Edzo	
Fort Smith		

As shown in Table 3 and Figure 3 (below), contributions by Community Levels.

**Table 3 - Distribution of Schedule A to E Funding by Community Levels**

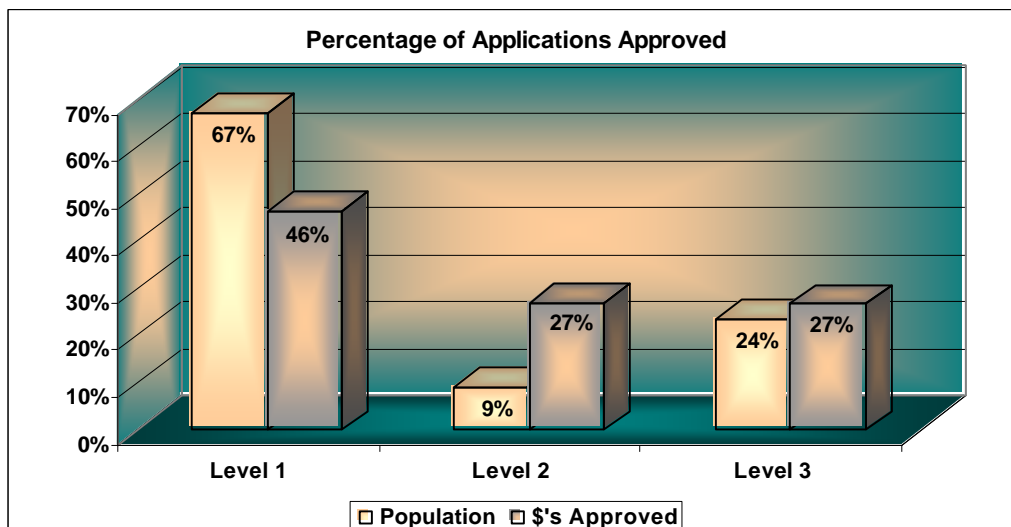
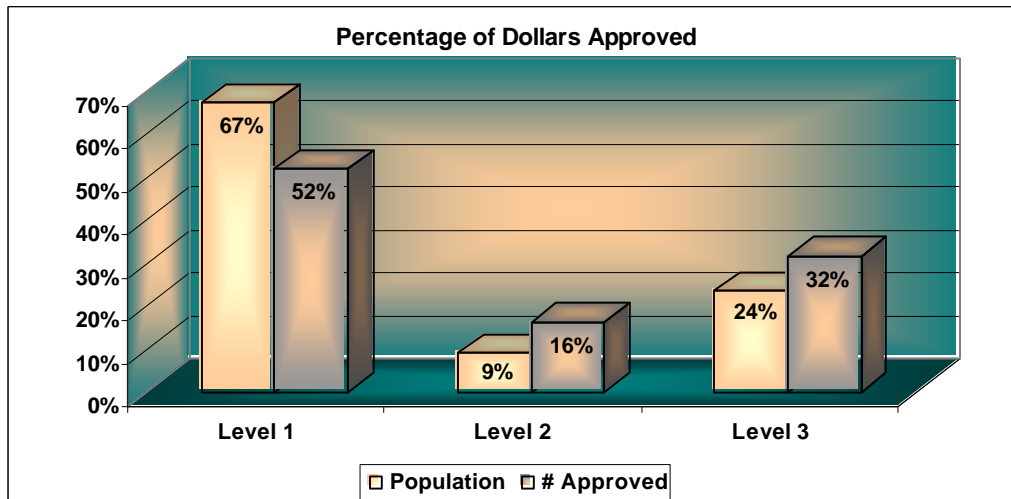
Level	# Approved	\$ Approved	Average \$ Approved	Cash Equity Invested	Non-Cash Equity Invested	Other Financing
Level 1	51	460,354	9,027	415,903	174,344	432,931
Level 2	16	265,372	16,586	125,094	55,000	60,000
Level 3	31	264,741	12,745	108,702	8,840	172,099
<b>Total</b>	<b>98</b>	<b>\$990,467</b>	<b>\$10,107</b>	<b>\$649,699</b>	<b>\$238,184</b>	<b>\$665,030</b>

**Table 3.1 – Distribution of Schedule A to E Funding by Community Levels per Population**

Level	# Approved	\$ Approved	NWT Population	% Of NWT Population	% Of # Approved	% Of \$'s Approved
Level 1	51	460,354	25,130	67%	52%	46%
Level 2	16	265,372	3,381	9%	16%	27%
Level 3	31	264,741	8,834	24%	32%	27%
<b>Total</b>	<b>98</b>	<b>\$990,467</b>	<b>37,345</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* NWT population figures – 2001 NWT Bureau of Statistics

**Figure 3 - Value of Contributions and Approved Number by Community Level / Population.**





## Schedule A-E, Contributions by Type of Business

The Department of Resources, Wildlife and Economic Development tracks contributions by the Standard Industrial Classification of Canada.

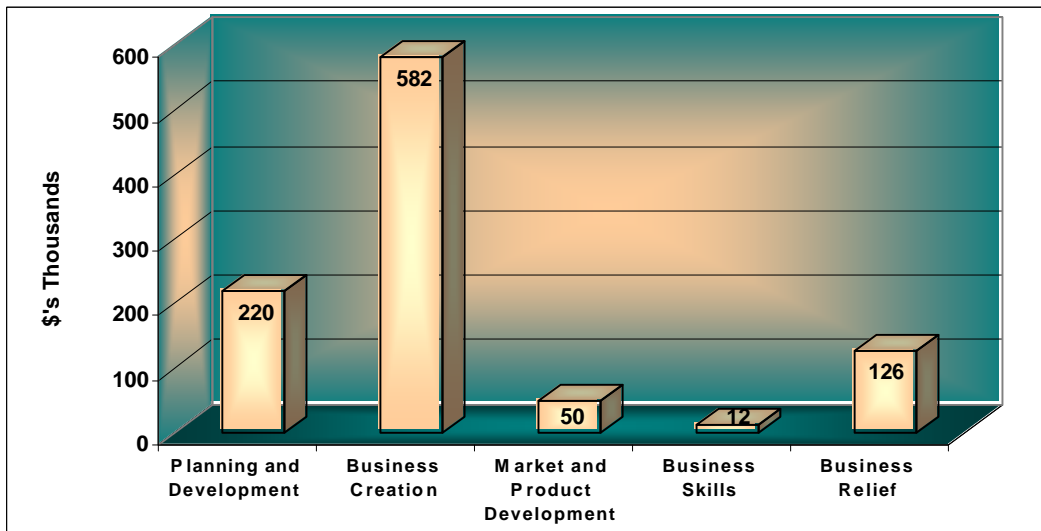
**Table 4 - Value of Approved Contributions by Standard Industrial Classification**

<u>Code</u>	<u>Division Name</u>	<u>Approved Amount</u>
A	Agricultural and Related Service Industries	\$45,000
B	Fishing and Trapping Industries	\$37,035
C	Logging and Forestry Industries	\$23,500
D	Mining (including Milling), Quarrying and Oil Well Industries	\$4,500
E	Manufacturing Industries	\$21,969
F	Construction Industries	\$145,126
G	Transportation and Storage Industries	\$58,357
H	Communication and other Utility Industries	\$0
I	Wholesale Trade Industries	\$3,600
J	Retail Trade Industries	\$93,704
K	Finance and Insurance Industries	\$50,000
L	Real Estate Operator and Insurance Agent Industries	\$0
M	Business Service Industries	\$192,493
N	Government Service Industries	\$16,500
O	Educational Service Industries	\$0
P	Health and Social Service Industries	\$0
Q	Accommodation, Food and Beverage Service Industries	\$151,759
R	Other Service Industries	\$146,924
	<b>Total</b>	<b><u>\$990,467</u></b>

## BDF Assistance (Schedule A-E) by Type of Program

The Business Development Fund has been designed to assist businesses through the various stages of their development. Assistance is available to help plan a business start-up, develop business skills, secure investment and develop new markets and products. These programs apply to all businesses in every sector of the economy.

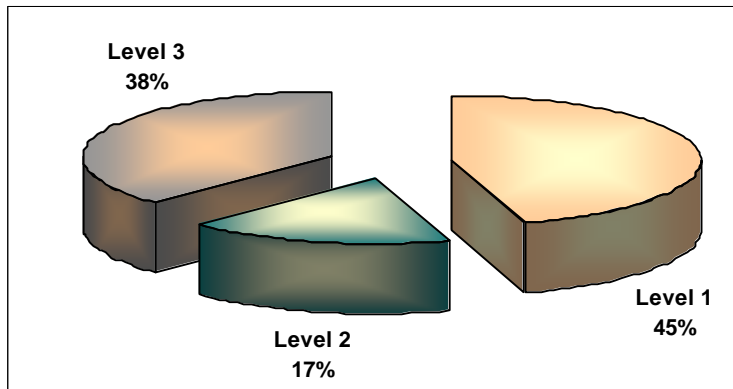
Figure 4 – Value of Assistance Provided by Program



## BDF Assistance (Schedule A-E) to Aboriginal Businesses

During 2001/2002 the Business Development Fund assisted 67 businesses that have more than 50% Aboriginal ownership. Figure 5 shows contribution assistance provided to Aboriginal businesses distributed by community level.

Figure 5 - Distribution by Community Level to Aboriginal Businesses.



## Distribution of BDF Contribution Approvals by Aboriginal and Non-Aboriginal Businesses

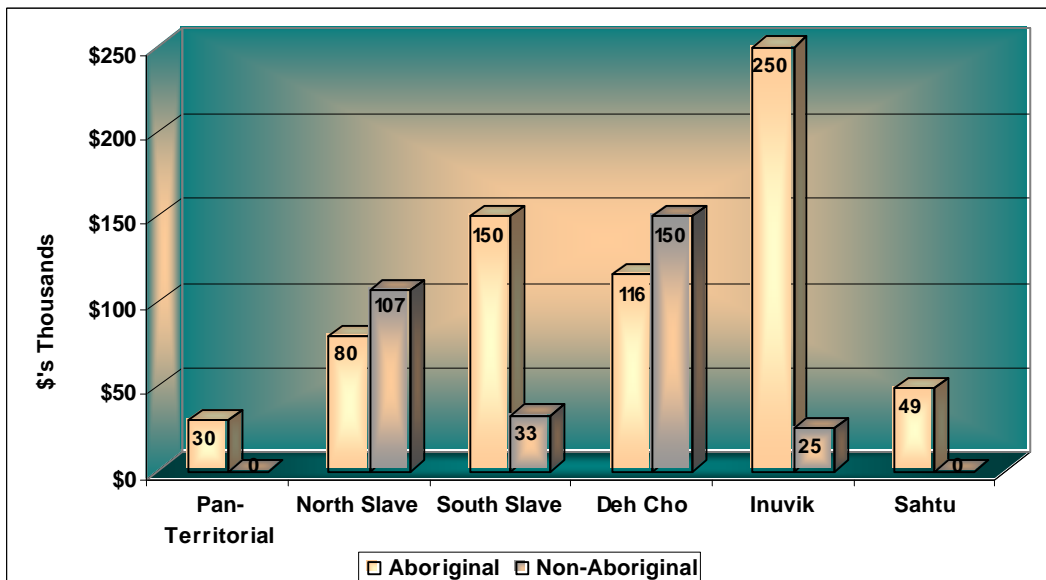
These charts summarize the total value of assistance approved by each region, broken into Aboriginal and non-Aboriginal business categories. Aboriginal businesses are defined as those businesses having 50% or more Aboriginal ownership.

Total contribution assistance provided to Aboriginal businesses was \$674,897 or 68% of total funds. The regional distribution of assistance to Aboriginal owned and controlled businesses is shown in Table 5 and Figure 6.

**Table 5 - Distribution of Contributions Approved**

Region	Aboriginal	Non-Aboriginal	Total Contribution	Aboriginal as a % of Total Contribution
Pan-Territorial	30,000	0	30,000	100%
North Slave	80,472	107,036	187,508	43%
South Slave	149,940	32,837	182,777	82%
Deh Cho	116,000	150,000	266,000	44%
Inuvik	249,754	25,697	275,451	91%
Sahtu	48,731	0	48,731	100%
<b>Total</b>	<b>\$674,897</b>	<b>\$315,567</b>	<b>\$990,467</b>	<b>68%</b>

**Figure 6 - Distribution of Contributions Approved.**

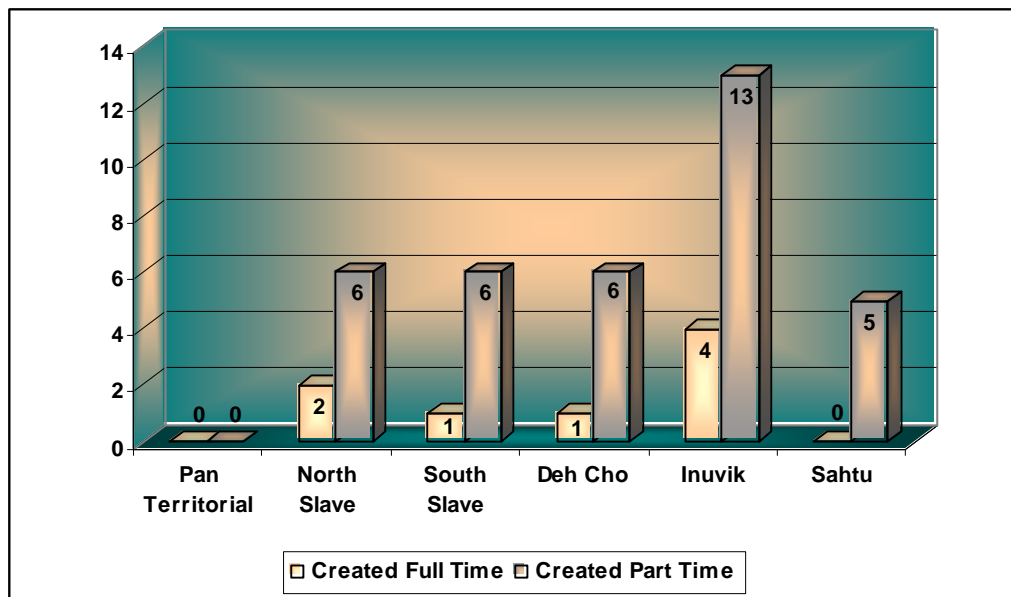


## Business Creation or Expansion – Schedule B-1

## Distribution of Jobs Created and Jobs Maintained by Region

Approved Contributions under the Business Development Fund, Business Creation or Expansion, Schedule B-1 amounted to \$582,264 for 2001/2002. Based on client applications, 8 full-time jobs and 36 part-time jobs would be created. In addition, 19 full-time jobs and 63 part-time jobs were maintained. Figure 7 shows the number of jobs created by region.

Figure 7 – Number of Jobs Created by Region.



## **Part II**

### **Community Initiatives Program – Schedule G**

The Community Initiative Program (CIP) was developed to replace funding previously provided under the Canada NWT EDA program in fiscal year 1996/97.

The CIP is schedule G under the Business Development Fund.

The CIP is designed to work in partnership with other community development programs to build a stable economic base at the regional and community level. Through this program, funds will contribute to initiatives that build on local or regional economic development strategies, address impediments to economic growth and promote the development of a stable, diversified economy.

Through the CIP, the Department contributes funds directly to community and regionally based organizations to support community economic development projects. The policy supports a broad range of economic initiatives, from community planning and feasibility studies, to infrastructure development and skills training.

#### **CIP Performance**

Table 1-A summarizes the program's major funding activity for the past three years.

**Table 1-A – Contribution Funding Over Three Years**

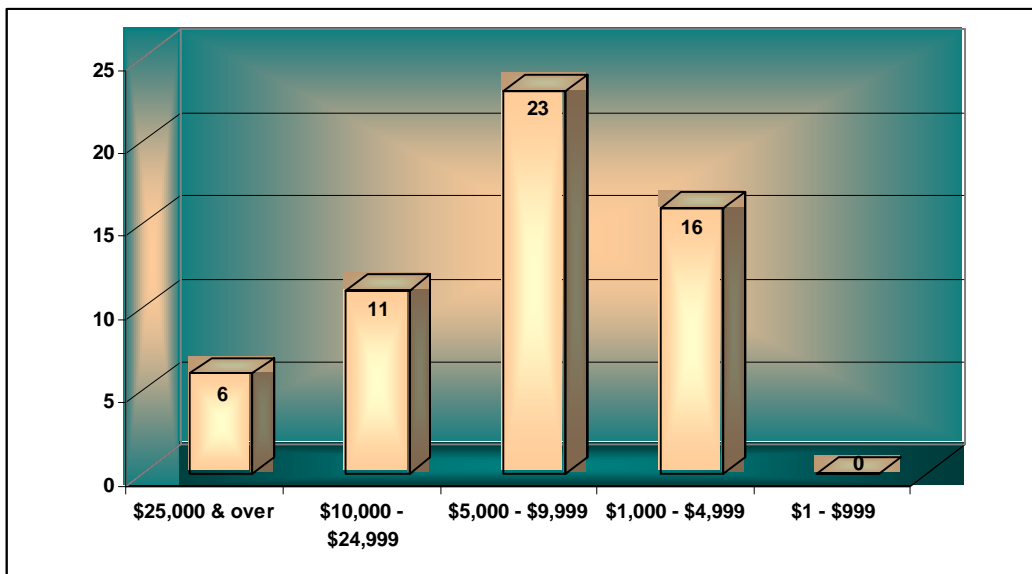
	<b>Applicants</b>	<b>Approvals</b>	<b>Approval as a Percentage Of Total Applicants</b>	<b>Aboriginal Approvals</b>	<b>Aboriginal Approvals as a Percentage of Total Approvals</b>
1999/2000	101	89	88%	74	83%
2000/2001	77	66	85%	57	86%
2001/2002	64	56	88%	44	79%
<b>Totals</b>	<b>242</b>	<b>211</b>	<b>87%</b>	<b>175</b>	<b>83%</b>

## Funding Activity

This report summarizes CIP Contributions for the current fiscal year 2001/2002. The following are some program highlights:

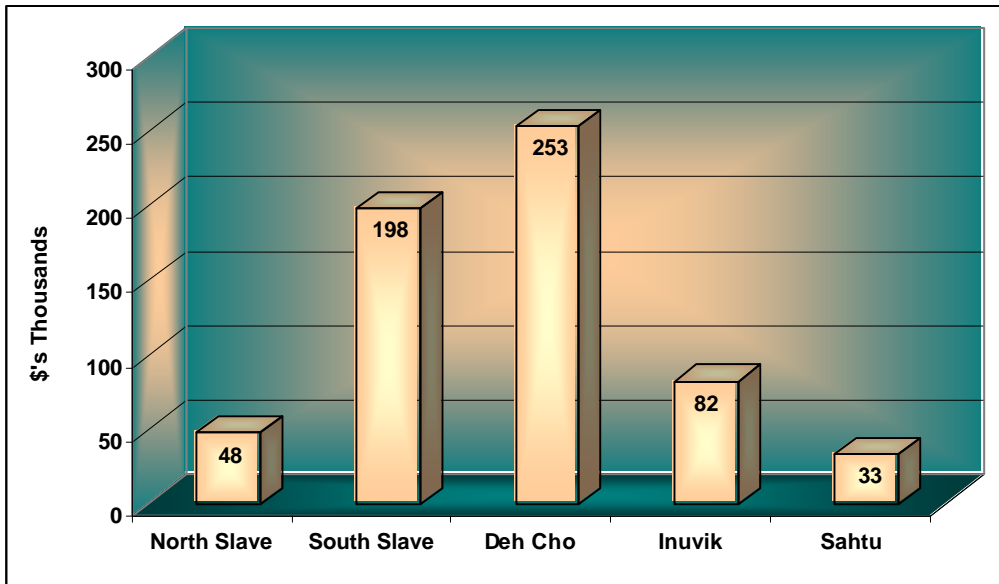
- The program considered 64 applications and provided assistance to 56 applicants. This amounts to an 88% approval rate.
- \$641,372 in assistance was requested and \$614,681 was approved or 96% of the total amount requested.
- The \$615 thousand in contribution assistance levered an additional \$338 thousand in equity investment and \$242 thousand in other financing.
- The average amount of an approved application was \$10,976.
- Six (6) contributions were approved at \$25,000 or more.

**Figure 1-A Number of CIP Contributions by Amount.**  
(Average contribution amount was \$10,976)



**Figure 2-A Value of CIP Contributions by Region.**

For the purposes of administration, the Department of Resources, Wildlife and Economic Development allocates its contributions to five regions.



**Impact on Community Levels**

As shown in Table 2-A and Figure 3-A, contributions by Community Levels.

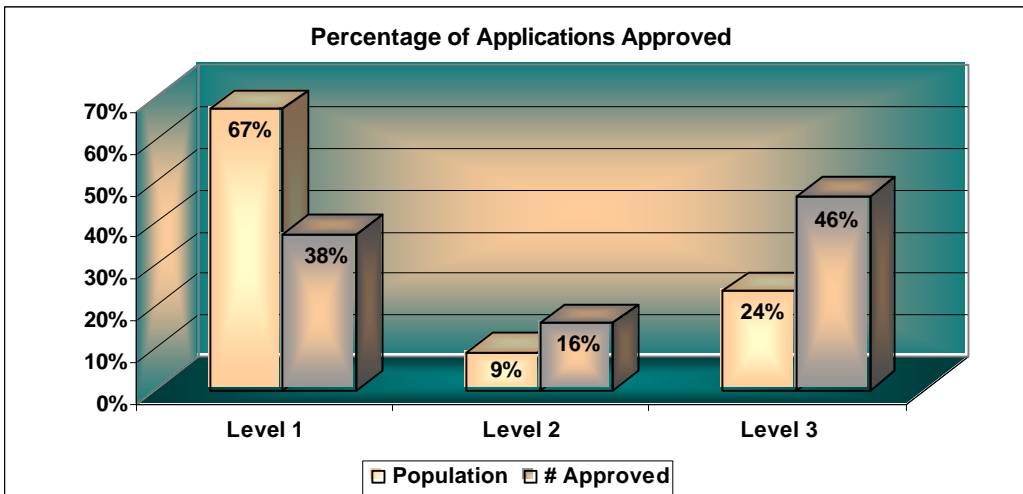
**Table 2-A - Distribution of CIP Funding By Community Level.**

Level	# Approved	\$ Approved	Average \$ Approved	Cash Equity Invested	Non-Cash Equity Invested	Other Financing
Level 1	21	182,384	8,685	131,259	63,652	144,215
Level 2	9	160,174	17,797	23,547	0	75,000
Level 3	26	272,123	10,466	119,906	0	22,975
<b>Total</b>	<b>56</b>	<b>\$614,681</b>	<b>\$10,976</b>	<b>\$274,712</b>	<b>\$63,652</b>	<b>\$242,190</b>

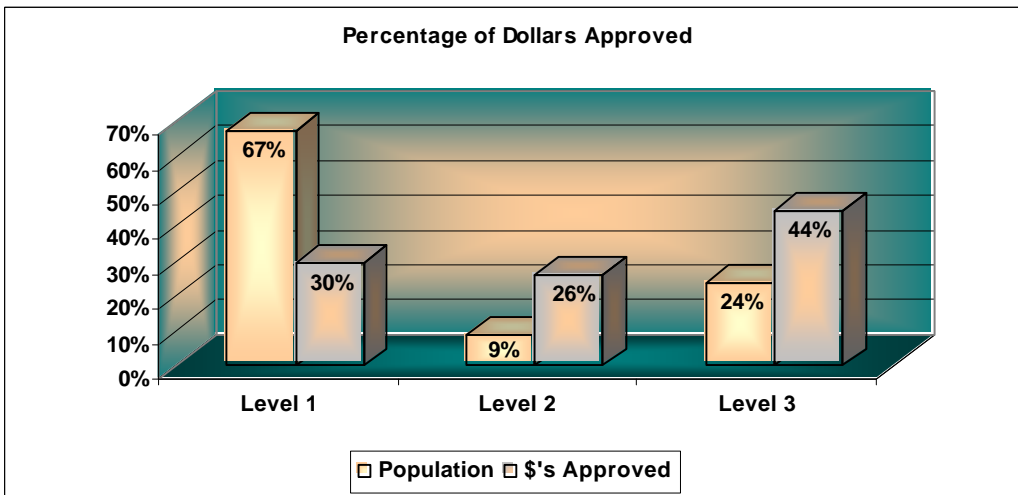
**Table 2-A.1 - Distribution of CIP Funding by Community Levels / Population** (NWT population figures – 2001 NWT Bureau of Statistics)

Level	# Approved	\$'S Approved	NWT Population	% Of NWT Population	% Of # Approved	% Of \$'s Approved
Level 1	21	182,384	25,130	67%	38%	30%
Level 2	9	160,174	3,381	9%	16%	26%
Level 3	26	272,123	8,834	24%	46%	44%
<b>Total</b>	<b>56</b>	<b>\$614,681</b>	<b>37,345</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

**Figure 3-A – Value of CIP Contribution by Community Level / Population.**



**Figure 3-A.1 – Approved Number by Community Level / Population.**

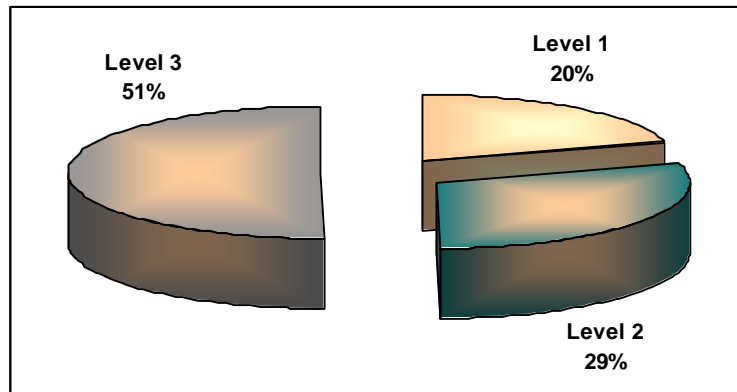




## CIP Assistance to Aboriginal Organizations

During 2001/2002 the Community Initiative Program assisted 44 organizations that have more than 50% Aboriginal ownership. Figure 4-A shows contribution assistance provided to Aboriginal organizations distributed by community level.

**Figure 4-A - Distribution by Community Level to Aboriginal Organizations.**



Total contribution assistance provided was \$512,426 or 83% of total CIP funds.

## Distribution of CIP Contribution Approvals by Aboriginal and Non-Aboriginal Businesses

Table 4-A and Figure 5-A summarize the total value of assistance approved by each region, broken into Aboriginal and non-Aboriginal organization categories.

**Table 4-A - Distribution of Contributions Approved.**

Region	Aboriginal	Non-Aboriginal	Total Contribution Approved	Aboriginal Approvals as % of Total Contribution Approved
North Slave	33,228	14,486	47,714	70%
South Slave	150,275	48,239	198,514	76%
Deh Cho	252,800	0	252,800	100%
Inuvik	52,749	29,531	82,280	64%
Sahtu	23,374	10,000	33,374	70%
<b>Total</b>	<b>\$512,426</b>	<b>\$102,256</b>	<b>\$614,682</b>	<b>83%</b>

**Figure 5-A - Distribution of Contributions Approved.**

