

# Small and Medium Enterprise Fund

## Purpose

The program provides term loans and equity investments to small and medium-sized businesses in strategic growth sectors with special emphasis on value - added manufacturing, information technology, aquaculture, bio-technology, marine services, agrifoods and tourism, where local competitive impact is not an issue. The fund will also target businesses which have export potential and need assistance to enter or expand in external markets. Funds are provided to complement funding from conventional sources where a need has been demonstrated. The funding is also intended to increase the capital base of businesses allowing them to lever new private-sector investments.

## Program Activities

Loans may be used for start-up, modernization, or expansion of a business venture and may include:

- purchase of fixed assets including land, building, and equipment, excluding on-road vehicles, snowmobiles and ATV's.
- construction and/or expansion or renovation of building(s) including leasehold improvements;
- working capital for growth; and,
- the purchase of intangible assets where such assets form an integral part of a business venture (e.g. patents, technology rights).

## Eligible Applicants

Loan applications may be considered from a proprietor, partnership, corporation, co-operative or non-profit commercial organization operating within the province. All types of business and sectors are eligible, except real estate services, retail, service and wholesale operations, beverage rooms and taverns. The business applying must demonstrate:

- leveraged funding including client commitment;
- market potential;
- strong experienced management;
- net economic benefit / job creation;
- the potential for viability, sustainability and growth;
- that it is unable to obtain sufficient funding under reasonable terms and conditions from conventional sources; and
- that the funding support is essential to the success of the business.

## Available Funding

**Term Loan:** Up to \$250,000 total funding is available per applicant and affiliated / associated companies at Department's base rate plus 3% interest with a minimum applicant investment of 20% of project costs.

**Equity Loan:** Up to \$50,000 per year; maximum \$100,000 in the aggregate per applicant and affiliated / associated companies at 5% interest provided on a matching basis with "new" capital investment in the form of cash or equivalent equity.

## Ineligible Activities

Funds cannot be used:

- to retire existing applicants' / shareholders' investment;

- for debt consolidation, refinancing or purchase of existing operations;
- to assist a business to gain market share from other local companies; and / or result in a local market becoming further fragmented.

## How to Apply

Application forms are available at any office of the Department of Innovation, Trade and Rural Development or at its website, [www.gov.nl.ca/intrd](http://www.gov.nl.ca/intrd). A business plan is required to support all funding requests. For information and assistance, call the departmental office closest to you.

### Labrador

Charlottetown	949-0378
Labrador City	944-4046
Happy Valley-Goose Bay	896-2400
Postville	479-9731
Forteau	931-2908

### Western Region

St. Anthony	454-3508/3521
Port Saunders	861-3004/3096
Corner Brook	637-2980
Deer Lake	635-2613
Stephenville	643-2600/1228
Port aux Basques	695-9871/9872

### Central Region

Springdale	673-3481
Baie Verte	532-4772
Grand Falls - Windsor	292-4450/4451
St. Alban's	538-3796/3476
Gander	256-1484/1486

### Eastern Region

Clareville	466-4174/4176
Marystown	279-5531

### Avalon Region

Carbonear	596-4109/4116
Placentia	227-1350
St. John's	729-7104/7112
Ferryland	432-3019



GOVERNMENT OF  
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Department of  
Innovation, Trade and  
Rural Development