



# FEDERAL FRAMEWORK FOR ABORIGINAL ECONOMIC DEVELOPMENT

STRATEGIC PARTNERSHIPS INITIATIVE (SPI)

## **Pacific Commercial Fisheries Diversification Initiative (PCFDI)**

### **Application Guide**



Indian and Northern  
Affairs Canada

Affaires indiennes  
et du Nord Canada



Fisheries and Oceans  
Canada

Pêches et Océans  
Canada

Applications should be addressed to:

David Lau, PCFDI Authority  
Pacific Commercial Fisheries Diversification Initiative  
Fisheries and Oceans Canada  
401 Burrard Street  
Vancouver, BC  
V6C 3S4  
DFO.PICFI\_Submissions-Soumissions\_IPCIP.MPO@dfo-mpo.gc.ca

**Published By:**

**2017 © Minister of Public Works and  
Government Services**

Aboriginal Affairs  
Ecosystems and Fisheries Management  
Fisheries and Oceans Canada  
Ottawa, ONK1A 0E6

**Project Management:**

PDF

Cat. No.:

Kevin Fram  
Senior Director,  
Aboriginal Programs  
Aboriginal Affairs

ISBN:

## Introduction

In 2015-16, the Pacific Integrated Commercial Fisheries Initiative (PICFI) added a new source of funding – the Pacific Commercial Fishing Diversification Initiative (PCFDI)—based on funding provided by Indigenous and Northern Affairs Canada (INAC) under its Strategic Partnerships Initiative (SPI).

SPI resources were secured to facilitate and support diversification of First Nations' activities into processing, marketing, retail and the service sector. The purpose of PCFDI is to enhance participation in and economic returns from commercial fisheries activities for First Nations and Aboriginal communities in British Columbia in an effort to sustain viable communities.

This PICFI Pacific Commercial Fishing Diversification Initiative Guide (including Application Form) outlines the 2017-18 PCFDI application process.

The PCFDI Application Form, when completed, should provide all information needed to fully identify the applicant (CFE or aggregate of CFEs) and the project/work proposed (see Annex A). The completed Application provides the starting point for the PICFI Program Authority and Third-Party Evaluator (the Evaluator), and assists in focusing assessment of the work proposed. A Business Case should be submitted that provides all the details necessary for the project to be thoroughly and properly evaluated.

Although the role of the Business Development Team (BDT) is not to complete the Application or write the Business Case, CFEs are encouraged to seek the advice of the BDT during the preparation of Applications and Business Cases. The Business Case and Work Plan must be attached to the Application. Each Application must include a completed Schedule and Estimate of Costs and Financing, which is included as section five of the Application. The BDT can advise the CFE with regard to obtaining the necessary technical assistance to prepare a Work Plan, Schedule and Cost Estimate.

The level of PCFDI support available is limited. PCFDI applications will be judged on their merits with funding awarded to the best proposals.

Applications will be subject to a rigorous review process to ensure best use of funds. CFEs will be required to provide a minimum of 10% of total project funding to be eligible for support from PCFDI. Priority will be given to projects for which CFEs: (1) provide more than 10% of project funding, and (2) are able to secure commercial loans and/or other outside funding (e.g., Employment & Skills Development Canada (ESDC), Agriculture & Agri-Food Canada (AAFC), Transport Canada (TC), Western Economic Diversification (WED), other federal and provincial departments and agencies; contributions from industry; banks, credit unions, joint ventures, etc).

This document describes how Applications are to be submitted, how they will be assessed, and required follow-up activities. A copy of the PCFDI Application Form is attached in Annex A.

In order to obtain PCFDI funding, CFEs are required to have an updated CFE Business Plan (i.e. updated within 18 months of the application deadline) in place. Applicants must demonstrate that the work proposed to be funded by PCFDI is in alignment with the CFE's updated Business Plan. In addition, a Business Case, including a Work Plan and Project Budget, developed by the CFE in collaboration with the BDT, must be submitted with the PCFDI Application. A template for the Business Case will be provided. CFEs are required to complete this template in order to obtain funding.

## Application Requirements

In order to apply for support from the Pacific Commercial Fisheries Diversification Initiative (PCFDI), CFEs must:

1. Complete the PCFDI Application Form
2. Provide a Business Case with a Work Plan and a Project Budget (included in the Business Case Template that will be sent to CFEs by the BDT)
3. Provide a minimum of 10% of total project funding support from the PCFDI
4. Ensure no agreement reporting is overdue by more than 1 year (includes Access, BDS, PCFDI and Operational Support reporting)
5. Additional documentation describing the CFE not included in the preceding documents (eg, three years of financial statements, jobs, employment, and incomes/wages & salaries paid over last three years, etc)

## Confidentiality

All information provided by a CFE in the Application and supporting documentation will be held in confidence by the PICFI Program Authority and the Third Party Evaluator. The Evaluator's Report & Recommendations will only be made available to the PICFI Program Authority.

The evaluation of Applications will be carried out under strict confidentiality by those involved. Application and project details will remain confidential even after projects are approved. Decisions concerning release of information on approved PCFDI projects rest entirely with the CFE.

## Steps in Making an Application for PCFDI Funding Support (see Figure 1)

- 1. CFE prepares an Application and submits to PICFI Program Authority:** The Application must include a Business Case, with a completed Work Plan and Project Budget (including a breakdown of estimated costs and financing).

CFEs are encouraged to seek the advice of the BDT during the preparation of Applications and Business Cases. They can advise the CFE on the required Business Case at no additional cost. The BDT can also provide assistance to CFEs seeking broader funding support for the proposed work.

A request for a Waiver of Pre-commitment (WoPC) may be included in the BDS application. However, WoPCs that are issued do not imply that a project will be supported by PICFI. If a project is not approved, costs identified will not be paid by the program.

- 2. Receipt of Application:** On receipt of each Application, the PICFI Program Authority will confirm that the form has been completely filled out and the Business Case and related documents are attached. If any sections are incomplete or missing, DFO will return the Application to the CFE for completion. If the Application is complete, the Program Authority will review the Application, consult internally, refer the Application to the Third Party Evaluator for assessment and notify the CFE that the Application is under review.
- 3. Referral of Application to Third Party Evaluator:** The Evaluator will conduct further due diligence on the Application, and assess its alignment with PCFDI's support for diversification

into processing, marketing, retail and the service sector, aimed at increasing Aboriginal participation in Pacific fisheries; jobs and employment; economic returns and wealth generation; and ultimately CFE sustainability.

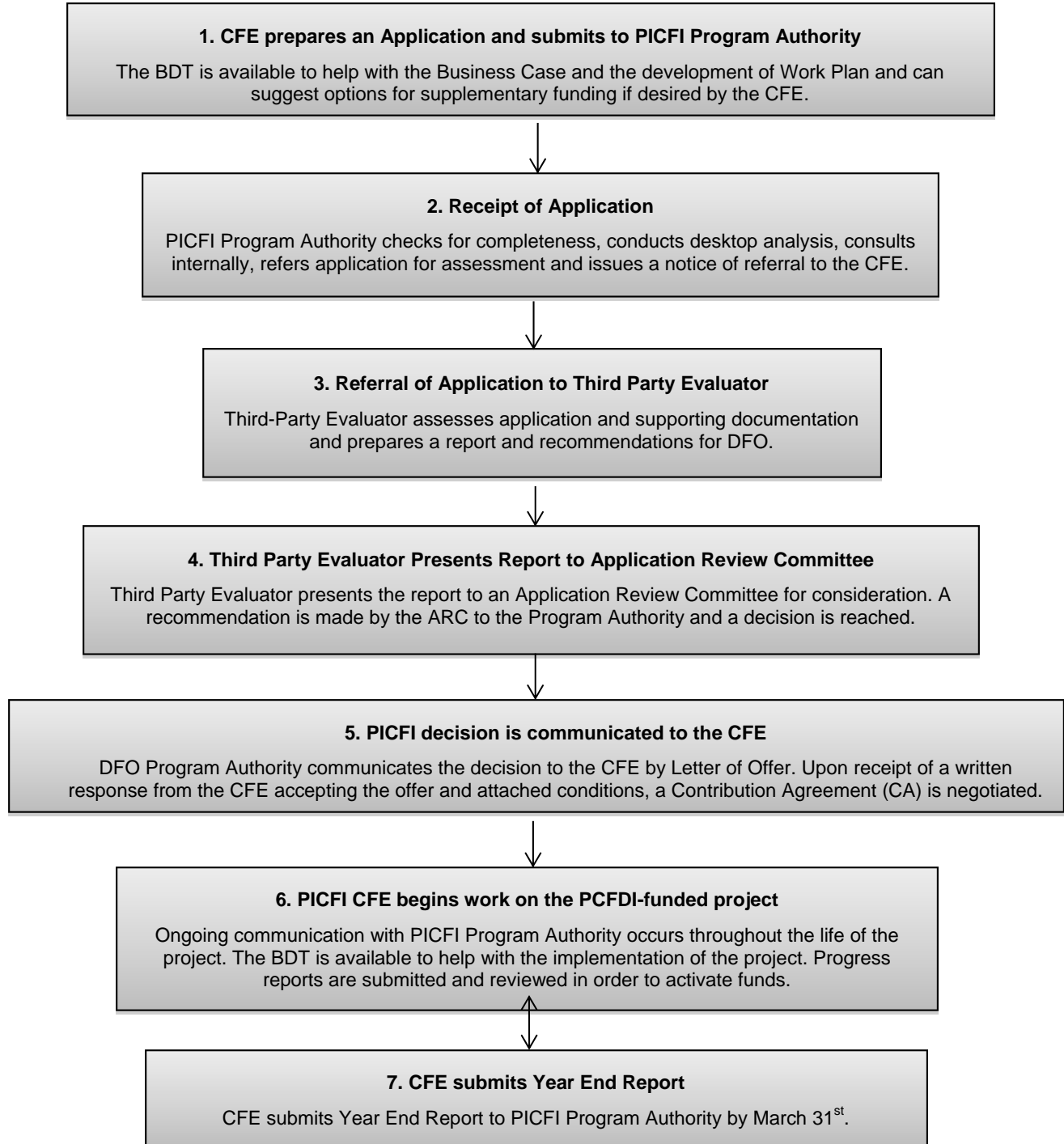
The Evaluator will ensure that the Application and attachments contain all information necessary to thoroughly and properly evaluate the project. If any additional information is required, the Evaluator will contact the CFE directly.

Once the Evaluator has all the necessary information, the Application will be evaluated. The Evaluator will visit the CFE to: meet with and interview members of the CFE board and management team; discuss firsthand about the CFE's proposed PCFDI project; learn about CFE operations and processes; and engage in any other activities that are necessary to fully evaluate the Application. The Evaluator will prepare a report for DFO describing the results of his Evaluation and providing his recommendations.

The Evaluator's Report and information from DFO staff are then considered by the PICFI Program Authority, who will review each Application, assess any assumptions relating to resource access, and provide any other up-to-date information that might be relevant to the Application.

- 4. Third Party Evaluator Presents Report to Application Review Committee:** The Evaluator will present the report to an Application Review Committee (ARC) for consideration. The committee members will include the two PICFI Directors – RHQ and NHQ – as well as representatives from external partners that include First Nations representatives (e.g. FNFC, Skeena Fisheries Commission). A recommendation is made by the ARC to the Program Authority and a decision is reached.
- 5. PICFI decision is communicated to the CFE:** Once the Application Review Committee has made a decision, the Program Authority will communicate the decision to the CFE in the form of a Letter of Offer outlining: activities approved; amount of contribution; and conditions of approval. Upon receipt of a written response from the recipient(s) accepting the offer and attached conditions, a Contribution Agreement (CA) will be negotiated.
- 6. PICFI CFE begins work on the PCFDI-funded project:** The CFE will then begin work on the project as set out in the CA and support from the PCFDI will be provided as agreed in the CA. Project management oversight will begin once the work is underway. Interim and Final reports will be required, consistent with the CA and as required in the PICFI program. Projects must be completed by March 31, 2018.
- 7. PICFI CFE submits Year End Report:** When the project work/activity has been completed, the CFE will submit its Year End Report to the PICFI Program Authority no later than May 15, 2018.

**Figure 1. General Implementation Process Flow Chart**



## Projects Eligible for PCFDI Funding

Examples of the types of projects eligible under PCFDI are listed below:

- Primary-Production-related Diversification
  - Stock assessment/test fishery
  - Vessel & catch monitoring
  - Ice and shore-side supply
  - Aquaculture
  - Hatchery partnership
- Processing & Distribution/Logistics Diversification
  - Primary processing
  - Value-added processing
  - Depuration
  - Transport & logistics
  - Cold storage
- Market Access Diversification
  - Branding & marketing
  - Direct sales & retail
  - Specialty/niche market opportunities
  - CFE supply & sales collaboration
- Fisheries-related Tourism
- Other (inquire with DFO to confirm)

**PCFDI projects must be completed in the fiscal year in which funding is approved.**

While it is recognized that very large projects may involve several phases or steps, acceptance of a project by PCFDI implies no commitment to provide support for follow-on work or projects submitted for consideration in subsequent years. While it may be helpful to describe the entire undertaking when applying to PCFDI for one phase of the work, approval will be limited to the work outlined in the Letter of Offer.

CFEs must provide a status update by February 28, 2018, demonstrating progress on the execution of PCFDI activities. Furthermore, a well-developed plan for completion of all PCFDI activities by March 31, 2018 must be presented. The PICFI program reserves the right to reallocate a CFE's funding if their progress report is deemed unsatisfactory

**Contact information:**

Applications should be addressed to:

David Lau, PCFDI Authority  
Pacific Commercial Fisheries Diversification Initiative  
Fisheries and Oceans Canada  
401 Burrard Street  
Vancouver, BC  
V6C 3S4

DFO.PICFI\_Submissions-Soumissions\_IPCIP.MPO@dfo-mpo.gc.ca Contact for the Business  
Development Team:

Neil Philcox  
Lead, Business Development Team  
Telephone: (604)773-7221  
[nphilcox@castlemain.com](mailto:nphilcox@castlemain.com)



# ANNEX A

## CFE –Pacific Commercial Fishing Diversification Initiative (PCFDI) Application Form

| Section 1: Applicant Information                                |  |                             |  |
|---|--|-----------------------------|--|
| <b>Commercial Fishing Enterprise:</b>                           |  |                             |  |
| <b>Mailing Address:</b>   |  | <b>Date:</b>                |  |
|   |  | <b>Application Contact:</b> |  |
|   |  | <b>Phone:</b>               |  |
|   |  | <b>Email:</b>               |  |
| <b>Business Address:</b><br>(if different from Mailing Address) |  |                             |  |

| Section 2: Confirmation of Application Attachments  |  |
|---|--|
| Business Case, with a completed Work Plan (tasks, people involved, schedules and reporting) and Project Budget (including a breakdown of estimated costs and financing)           | Yes <input type="checkbox"/> No <input type="checkbox"/>                                 |
| Additional Documents, as deemed necessary by the CFE (e.g., three years of financial statements, jobs, employment, and incomes/wages & salaries paid over last three years, etc.) | Yes <input type="checkbox"/> No <input type="checkbox"/><br>N/A <input type="checkbox"/> |

| Section 3: Confirmation of Application Pre-Requisites  |  |
|--|--|
| Ensure no agreement reporting is overdue by more than 1 year (includes Access, BDS, PCFDI and Operational Support reporting) | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| Performance Indicators Tracking System (FMS or equivalent in use)  | Yes <input type="checkbox"/> No <input type="checkbox"/> |
| Minimum 10% Contribution Requirement Met   | Yes <input type="checkbox"/> No <input type="checkbox"/> |

#### Section 4: Summary of Project

**Activity Details: Please indicate the category this application applies to.**

- Project category:**
- 1. Primary-Production-related Diversification
  - 2. Processing & Distribution/Logistics Diversification
  - 3. Market Access Diversification
  - 4. Fisheries-related Tourism
  - 5. Other

**Provide a brief project overview:**

| <b>Section 5: Schedule and Breakdown of Estimated Costs and Financing</b>             |                |        |
|---|----------------|--------|
| Costing Details (By Activity)   |                |        |
| #   | Activity Title | Budget |
| 1.  | Activity Title | \$     |
| 2.  | Activity Title | \$     |
| 3.  | Activity Title | \$     |
| 4.  | Activity Title | \$     |
| Total Cost of Activities:   |                | \$     |
| Supplementary Funding Sources (e.g., in-kind contributions, financing, other sources) |                |        |
| Funding Source  |                | \$     |
| Funding Source  |                | \$     |
| Funding Source  |                | \$     |
| Total Supplementary Funding:  |                | \$     |
| Total PICFI Funding Requested:  |                | \$     |

| <b>Section 6: Declaration and Signature(s)</b>   |                 |                  |             |
|--|-----------------|------------------|-------------|
| The information provided is an accurate description and accounting of the request for Pacific Commercial Fishing Diversification Initiative support. |                 |                  |             |
| _____  | _____           | _____            | _____       |
| <b>Name of Authorized Signatory</b>  | <b>Position</b> | <b>Signature</b> | <b>Date</b> |

**Please Note:** This Application and supporting documentation may be shared, in confidence, by the PICFI Project Authority, with the Third Party Evaluator and Business Development Team as appropriate.

## ANNEX B

### Guidelines for Third Party Evaluation of the Business Case

- Project Description (relative to understanding of ITPE from site visit, etc.)
- Business Case fits within Business Plan? (Alignment of proposed project with business-wide CFE Business Plan)
- Alignment with PCFDI objectives (Business Case alignment with the PCFDI goals and objectives – Aboriginal participation in Pacific fisheries; jobs and employment; economic returns and wealth generation; and CFE sustainability– Based on diversification into processing, marketing, retail and the service sector).
- Practicality and technical feasibility of the project? – Technical, financial, fisheries management, fisheries resource, administration, project management, etc.
- Work Plan, Budget & Schedule credible?
- CFE capacity to implement and operate the project
- Job creation and employment
- Project economics? Internal Rate of Return (IRR)
- Impact on CFE sustainability? (sustainability defined as ability of CFE to survive as a private enterprise, entirely without government funding or support)
- Adequacy of funding request (relative to Project Description) – Has CFE explored external sources of funding such as INAC and WED, and private sector sources?
- Realism of proposed Project Schedule (can the Project be completed by March 31<sup>st</sup> 2018?)
- Assessment of the risks of the project and its benefits to the CFE.
- Recommendation
- Conditions

**Note:** The PICFI Program Authority will have access to the completed Application Form, the Business Case, the Business Plan, the Work Plan and the Evaluation Report.

## Appendix A: Frequently Asked Questions

### Who can apply?

Any of the groups currently receiving funding under the Business Development Element of PICFI may apply, provided the Applicant has (1) an updated CFE Business Plan and (2) a system in place for tracking CFE assets and operational metrics (ie, the FMS or an equivalent system).

### What advice/assistance is available during the application process?

The BDT will be available to provide advice and guidance during all stages of proposal preparation. CFEs are encouraged to consult with the BDT as they develop their Business Cases.

### What types of projects can be funded?

Examples of Projects eligible for PCFDI support include:

- Primary-Production-related Diversification
  - Stock Assessment/Test Fishery
  - Vessel & catch monitoring
  - Ice and shore-side supply
  - Aquaculture
  - Hatchery partnership
- Processing & Distribution/Logistics Diversification
  - Primary processing
  - Value-added processing
  - Depuration
  - Transport & logistics
  - Cold storage
- Market Access Diversification
  - Branding & marketing
  - Direct sales & retail
  - Specialty/niche market opportunities
  - CFE supply & sales collaboration
- Fisheries-related Tourism
- Other (inquire with DFO to confirm)

### What level of financial support may be available?

Up to 90% of eligible project costs may be available as a non-repayable contribution.

**Note: Applications must therefore show a bare minimum 10% contribution to eligible costs by the applicants. Leverage will be an important component of the review process.**

### What are the components of an application?

An Application consists of a completed PCFDI Application Form (template enclosed), a Business Case and a Work Plan complete with schedule and cost estimates.

CFEs are encouraged to consult with the BDT to finalize the Business Case and the Application prior to submitting them to DFO.

Applicants are required to submit their updated CFE Business Plan with their Application and Business Case.

Within the PCFDI, priority will be given to projects that:

- Create jobs and employment for Aboriginal people
- Offer the greatest benefits to CFEs
- Incorporate larger proportions of CFE equity in their funding
- Can be implemented and completed within the fiscal year ending March 31, 2018

### How are applications evaluated?

After DFO receives the completed Application and supporting documents, it will refer the package to the Third Party Evaluator (Evaluator) for review.

The Evaluator will ensure that the Application and attachments contain all information necessary to properly evaluate the project. If any additional information is required, the Application will either be returned to the PICFI Program Authority with an explanation or the Evaluator will contact the CFE directly regarding the additional details.

The Evaluator will visit the CFE to: cross-check information, assess the viability of the project and assess the financial management system, confirm availability of CFE financial contribution, interview project-related personnel, check-out facilities/services to be used, and engage in whatever activities are necessary to fully evaluate the Application.

After conducting whatever additional due diligence is deemed necessary, the Evaluator may seek clarification or additional information from the Applicant to complete the review. After completion of the review process, the Evaluator will prepare a report and make recommendations to the PCFDI Authority on proposals, funding levels, and any recommended conditions to be applied to the Contribution Agreement.

### What is the process after an application has been evaluated?

Upon receipt of the Evaluator's Report, DFO will review the Report and make a funding decision.

Successful applicants will be notified by a Letter of Offer from DFO stating the funding amount and any conditions to be attached to the funding/project.

DFO will then draft a Letter of Offer stating the decision, the funding amount, and the Conditions to be attached to the Funding/Project.

If the CFE agrees with the funding and any associated Conditions, DFO will prepare a draft Contribution Agreement (CA).

The draft CA will be forwarded to the CFE for signature.

### ***When can projects be carried out?***

Costs incurred before approval of the Application are not eligible.

PCFDI projects may start as soon as a Contribution Agreement is in place.

### Project Timing

All PCFDI projects must be completed by March 31<sup>st</sup> of the fiscal year for which funding has been approved. Costs incurred before approval of the application are not eligible.

While it is recognized that very large projects may involve several phases/steps over multiple years, neither DFO nor AANDC commits to support subsequent components of an approved PCFDI project submitted for consideration after the initial year of funding.

**What is the funding method for projects?**

Both phased and final payments are possible as negotiated and included in the Contribution Agreement.

**Are reports required?**

Yes. Progress and Final Reports will be required as negotiated and included in the Contribution Agreement.