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Pacific Integrated Commercial Fisheries Initiative (PICFI)

Commercial Fishing Enterprise Development

Business Development Source Application Guide

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Project Management:

Kevin Fram
Senior Director
Aboriginal Programs
Aboriginal Affairs

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Introduction

The CFE Business Development Source (BDS) was created to provide a stream of funding to CFEs that offers more flexibility to meet long term access goals and the ability to leverage own-source funds to help achieve sustainability. This PICFI Business Development Source Application Guide (including Application Form) outlines the 2017-18 BDS Application process.

The BDS 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 form provides the starting point for the PICFI Program Authority and Independent Third-Party Evaluator, and assists in focusing assessment of the work proposed. A Business Case should be submitted that provides all the detail 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 form 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 submitted with the Application form. Each Application must include a completed Schedule and Estimate of Costs and Financing. If required, 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 BDS support available to each applicant is limited. Applications will be subject to a rigorous review process to ensure best use of funds and a fair distribution among CFEs. To be eligible for financial support from the BDS, CFEs will be required to provide a minimum of 10% of total project funding. 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 or other funding (eg, Western Economic Diversification, Agriculture & Agri-Food Canada, joint ventures, other government departments or agencies).

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

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 Independent Third Party Evaluator. The Evaluator's Report & Recommendations will only be made available to the PICFI Program Authority and the Application Review Committee (ARC).

In order to obtain BDS funding, CFEs are required to have an updated CFE Business Plan (i.e. updated within 18 months of the application deadline) in place. In addition, a Business Case with a completed Work Plan and Project Budget, developed by the CFE in collaboration with the BDT, must be submitted with the BDS Application. Business Case templates will be provided. CFEs are required to complete the template in order to obtain funding.

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 BDS projects rest entirely with the CFE.

Application Requirements

In order to apply for support from the Business Development Source (BDS), CFEs must:

1. Complete the BDS Application Form
2. Provide a Business Case with a completed Work Plan and Project Budget (refer to the Business Case Template provided to you by the BDT)
3. Provide complete financial statements from the most recent three years
4. Provide a minimum of 10% of total project funding support from the BDS
5. Ensure no agreement reporting is overdue by more than 1 year (includes Access, BDS, PCFDI and Operational Support reporting)
6. Employ a system such as FMS to track CFE assets and operational indicators
7. Submit any additional documentation describing the CFE not included in the preceding documents (eg, jobs, employment, and incomes/wages & salaries paid over last three years, etc)

Steps in Making an Application for BDS 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 Work Plan and Project Budget (including a breakdown of estimated costs and financing). Do not send a copy to the Independent Third-Party Evaluator. Your submission will be provided to the ITPE by DFO.

CFEs are encouraged to seek the advice of the BDT during the preparation of Applications and Business Cases. The BDT can advise the CFE on the required Business Case at no cost (see Business Case Development Annex C). The BDT can 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, along with financial statements from the most recent three years and other 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 Independent Third Party Evaluator for assessment and notify the CFE that the Application is under review.

- 3. Referral of Application to Independent Third Party Evaluator:** The Independent Third Party Evaluator (the Evaluator) will evaluate the Application, and assess its alignment with PICFI's capacity-building and sustainability goals for CFEs.

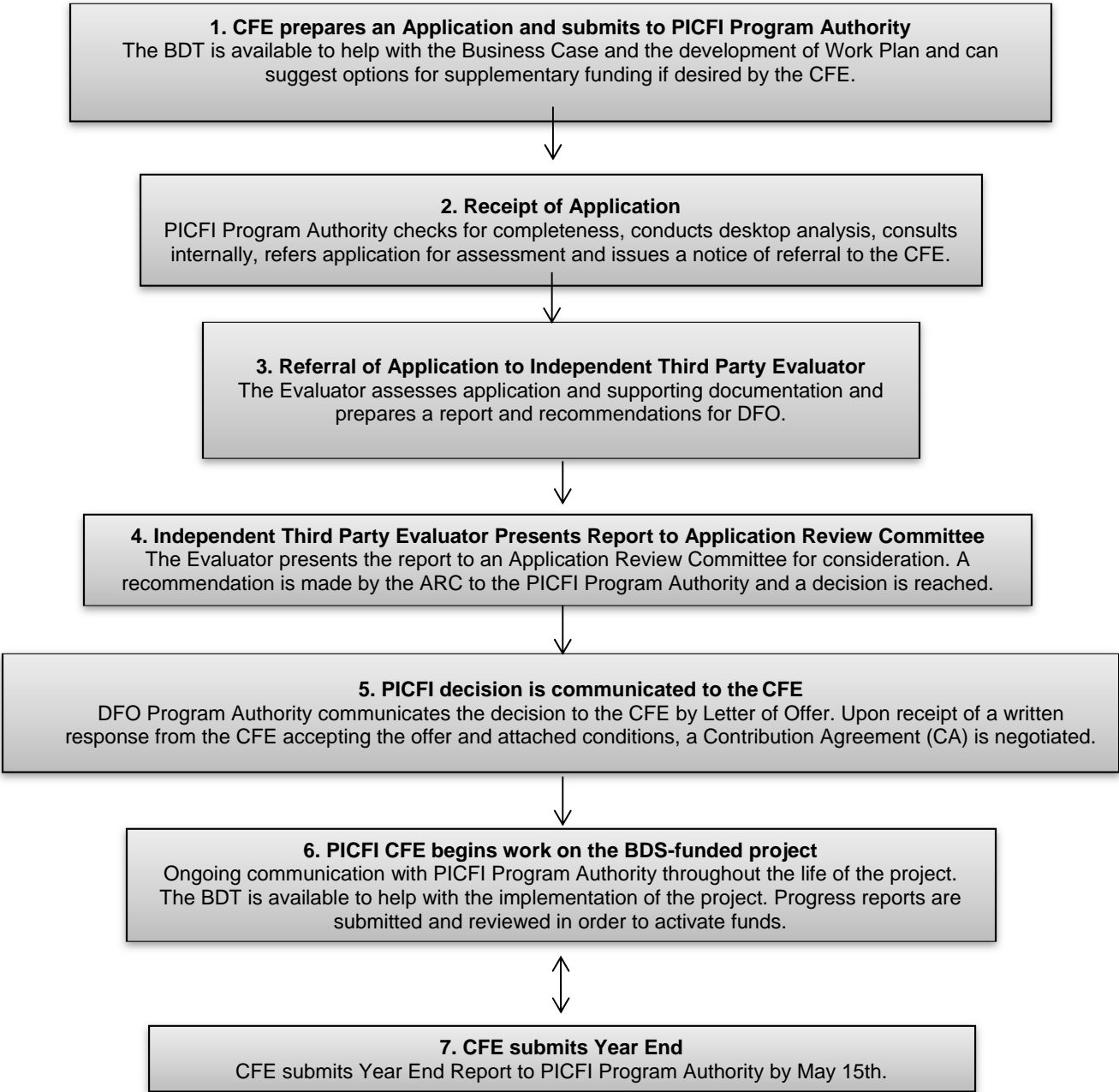
The Evaluator will ensure that the Application and attachments contain all information necessary to thoroughly and properly evaluate the project. If any additional information is required, the Evaluator will contact the CFE directly.

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 BDS project; learn about CFE operations and processes (including use of the FMS or equivalent system for tracking CFE data); 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 the 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 BDS-funded project:** The CFE will then begin work on the project as set out in the CA and support from the BDS will be provided as agreed in the CA. Project management oversight will begin once the work is underway. Interim and Year End 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 15th.

Figure 1. General Implementation Process Flow Chart



Projects Eligible for BDS Funding

Proposed work being submitted for BDS support must be aligned with capacity building and sustainability on the harvesting side of a commercial fishing enterprise.

Project categories eligible for BDS support include harvest-related expansion opportunities:

- (1) Acquiring Access (licences and quota)
- (2) Fishing vessel(s) and gear
- (3) Fishing operations upgrades

Note: Acquisition of access, vessels and gear – (1) and (2) above – under PICFI BDS funding will be entirely through private market transactions. This means CFEs must identify appropriate assets for sale and negotiate contracts to purchase them on their own, independent of PICFI.

The following are examples, by funding category, of projects that might be put forward for BDS support.

(1) Acquiring Access might include:

- Acquisition of commercial licence(s).
- Acquisition of commercial quota.

(2) Fishing Vessel(s) and Gear projects might include:

- Vessel acquisition or modification
- Mechanical, hydraulic, and/or electronic upgrades or replacements
- Gear acquisition

(3) Fishing Operations Upgrades might include:

- Construction or improvement of infrastructure to support fishing operations such as docks, winches, ice making equipment, tubs and totes, etc.
- Operational improvements including cold storage, transportation, logistics, etc.

BDS 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 PICFI BDS 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 PICFI BDS 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 BDS activities. Furthermore, a well-developed plan for completion of all BDS 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.

PICFI Program Authority contact information:

Mr. David Lau

Manager

PICFI Enterprise Development

Fisheries and Oceans Canada – Vancouver (BC)

DFO.PICFI_Submissions-Soumissions_IPCIP.MPO@dfo-mpo.gc.ca

(604) 666-4596

ANNEX A
CFE - Business Development Source Application Form

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

Section 2: Confirmation of Application Attachment	
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"/>
Financial statements from the most recent 3 years	Yes <input type="checkbox"/> No <input type="checkbox"/>
Additional Documents from the CFE (e.g. jobs, employment, and incomes/wages & salaries paid over last three years, etc.)	Yes <input type="checkbox"/> No <input type="checkbox"/>

Note: Please see the PICFI – Business Development Application Guide for further information on the above items.

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"/>
Fisheries Management System (FMS) in place to manage CFE data? If no, please describe the data management system currently used (e.g. MS Excel, MS Access or other) _____ _____	Yes <input type="checkbox"/> No <input type="checkbox"/>
Please describe the type of information that is tracked by your data management system _____ _____ _____	
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. ACQUIRING ACCESS <input type="checkbox"/> 2. FISHING VESSEL(S) AND GEAR <input type="checkbox"/> 3. FISHING OPERATIONS UPGRADES <input type="checkbox"/>
Section 5: Schedule and Breakdown of Estimated Costs and Financing	

Costing Details (By Activity)		
#	ACTIVITY TITLE	BUDGET
1.		\$
2.		\$
3.		\$
4.		\$
TOTAL COST OF ACTIVITIES:		\$
Supplementary Funding Sources (eg, in-kind contributions, financing, other sources)		
Funding Source		\$
Funding Source		\$
Funding Source		\$
TOTAL SUPPLEMENTARY FUNDING:		\$
TOTAL PICFI FUNDING REQUESTED:		\$

Section 6: Declaration and Signature(s)			
The information provided is an accurate description and accounting of the request for Business Development Fund support.			
_____	_____	_____	_____
Authorized Signatory (Please print)	Position	Signature	Date

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)
- Project fit with CFE Business Plan and Strategic Plan/Direction
- Alignment with PICFI objectives (Business Case alignment with the CFE capacity-building and sustainability goals of the PICFI program).
- Practicality & Technical Feasibility of the Project – technical, financial, fisheries management, fisheries resource, administration, project management, etc
- Credible Work Plan, Budget & Schedule
- 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)
- Third-party, external sources of funding (eg, INAC, WED, and private sector sources) secured by the CFE and included in the project funding sources?
- Realism of proposed Project Schedule (can the Project be completed by March 31st 2018?)
- Assessment of the risks of the project and its benefits to the CFE.

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