



Fisheries and Oceans  
Canada

Pêches et Océans  
Canada

# **Pacific Integrated Commercial Fisheries Initiative (PICFI)**

## **Commercial Fishing Enterprise Development**

### **Business Development Source Application Guide**

Revised February 7<sup>th</sup>, 2019



Canada

**Published By:**

Indigenous Affairs and Reconciliation  
Directorate  
Strategic Policy  
Fisheries and Oceans Canada  
Ottawa, ON  
K1A 0E6

**2019 © Minister of Public Works  
and Government Services**

**Project Management:**

Kevin Fram  
Senior Director  
  
Indigenous Affairs and Reconciliation  
Directorate  
Strategic Policy

PDF  
Cat. No.:  
ISBN:

## Table of Contents

CFE Business Development Source Application Form .....	3
Introduction.....	7
Roles and Responsibilities .....	7
General Requirements .....	9
Confidentiality.....	10
Steps in Making an Application for BDS Funding Support (see Figure 1) .....	10
Projects Eligible for BDS Funding .....	14
ANNEX A .....	18

## CFE - Business Development Source Application Form

**NOTE: Section 6 is only required for multi-year proposals**

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

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	No
Financial statements from the most recent 3 years	Yes	No
Additional Documents from the CFE (e.g. jobs, employment, and incomes/wages & salaries paid over last three years, etc.)	Yes	No

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	No
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 Acces	Yes	No
Please describe the type of information that is tracked by your data management system		
Minimum 10% Contribution Requirement Met	Yes	No

**Section 4: Summary of Project**

**ACTIVITY DETAILS: PLEASE INDICATE THE CATEGORY THIS APPLICATION APPLIES TO.**

**PROJECT CATEGORY**

- 1. ACQUIRING ACCESS
- 2. FISHING VESSEL(S) AND GEAR
- 3. FISHING OPERATIONS UPGRADES
- 4. PRIMARY PRODUCTION RELATED DIVERSIFICATION
- 5. PROCESSING & DISTRIBUTION/ LOGISTICS DIVERSIFICATION
- 6. MARKET ACCESS DIVERSIFICATION
- 7. FISHERIES RELATED TOURISM
- 8. AQUACULTURE DEVELOPMENT
- 9. OTHER

**PROVIDE A BRIEF PROJECT OVERVIEW**

<b>Section 5: Schedule and Breakdown of Estimated Costs and Financing</b>		
Is this application for a multi-year BDS project?		Yes No
If yes, please complete Section 5 (year 1 costs) and Section 6 (year 2 and 3 costs) of this application.		
Costing Details (By Activity)		
#	ACTIVITY TITLE	BUDGET
1.		\$
2.		\$
3.		\$
4.		\$
TOTAL COST OF ACTIVITIES:		\$
Supplementary Funding Sources (e.g. retained earnings, private financing, other sources)		
		\$
		\$
		\$
TOTAL SUPPLEMENTARY FUNDING:		\$
TOTAL PICFI FUNDING REQUESTED (INCLUDE TRANSFERRED CBS FUNDS IF APPLICABLE):		\$

<b>Section 6 : Schedule and Breakdown of Estimated Costs and Financing for Year 2 (<u>for multi-year proposals ONLY</u>)</b>		
Costing Details (By Activity)		
#	ACTIVITY TITLE	BUDGET
1.		\$
2.		\$
3.		\$
4.		\$
TOTAL COST OF ACTIVITIES:		\$
Supplementary Funding Sources (e.g. retained earnings, private financing, other sources)		
		\$
		\$
		\$
TOTAL SUPPLEMENTARY FUNDING:		\$
TOTAL PICFI FUNDING REQUESTED:		\$

**Schedule and Breakdown of Estimated Costs and Financing for Year 3 (for multi-year proposals ONLY)**

Costing Details (By Activity)		
#	ACTIVITY TITLE	BUDGET
1.		\$
2.		\$
3.		\$
4.		\$
TOTAL COST OF ACTIVITIES:		\$
Supplementary Funding Sources (e.g. retained earnings, private financing, other sources)		
		\$
		\$
		\$
TOTAL SUPPLEMENTARY FUNDING:		\$
TOTAL PICFI FUNDING REQUESTED:		\$

Section 7: Declaration and Signature(s)			
The information provided is an accurate description and accounting of the request for Business Development Fund support.			
<hr/> Authorized Signatory (Please print)	<hr/> Position	<hr/> Signature	<hr/> 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.

## Introduction

The PICFI Business Development Source (BDS) was created to provide a stream of funding to CFEs that offers more flexibility to leverage own-source funds to help achieve sustainability. The scope of BDS funding broadened in 2018-19, with the inclusion of diversification initiatives in addition to harvest related activities. Beginning 2019-20, PICFI will be accepting multi-year BDS proposals. This PICFI Business Development Source Application Guide (including Application Form) outlines the 2019-20 BDS Application process.

This document contains a copy of the BDS Application Form, describes the roles and responsibilities of the parties involved in the delivery of PICFI, how Applications are to be submitted, how they will be assessed, and required follow-up activities.

## Roles and Responsibilities

The BDS funding cycle is a collaborative process involving a number of partnerships. The roles and responsibilities of these partners are as follows:

Organization	Role in BDS Process
Business Development Management Committee (BDMC)	<ul style="list-style-type: none"> <li>• PICFI Program Authority and FNFC Co-Chair BDMC</li> <li>• Governing body for PICFI. The program is accountable to BDMC and guided by its direction</li> <li>• Monitors progress of the PICFI business development work</li> <li>• Holds meetings to discuss broad PICFI business activity, overall operation of the BDT and ITPE, and options for resolving challenges facing the BDT and CFEs</li> <li>• Provides broad direction to help ensure that all interested CFEs will be able to access PICFI support in a timely manner</li> <li>• Ensures that the BDT and ITPE have the fullest support in establishing good working relations with PICFI CFEs</li> </ul>
PICFI Program Authority (DFO)	<ul style="list-style-type: none"> <li>• Co-Chair of the Business Development Management Committee</li> <li>• The PICFI Program Authority (DFO) is the ultimate decision maker for all funding related matters</li> </ul>
First Nations Fisheries Council (FNFC)	<ul style="list-style-type: none"> <li>• Co-Chair of the Business Development Management Committee</li> <li>• Functions in a co-delivery and advisory role in program governance processes</li> <li>• Ex-officio (non-voting) participant in the Application Review Committee (ARC)</li> </ul>



	<ul style="list-style-type: none"> <li>• Works to distill and consolidate First Nations aspirations into objectives and outcomes that can be realized through PICFI program participation</li> <li>• Works to advance First Nations economic fisheries opportunities in BC and is an avenue to provide feedback regarding broad policy concerns and interests related to economic fisheries</li> </ul>
Business Development Team (BDT)	<ul style="list-style-type: none"> <li>• Engagement with the Business Development Team is requirement of participation in PICFI</li> <li>• The BDT provides advisory services to CFEs throughout the funding application and project implementation processes including: <ul style="list-style-type: none"> <li>• Helping to identify, analyse, and select a BDS project</li> <li>• Providing application support by reviewing and providing feedback on draft business cases</li> <li>• Reviewing application packages for quality, completeness and eligibility before recommending submission to DFO</li> <li>• Providing implementation support</li> </ul> </li> <li>• The BDT does not play a role in the evaluation of business cases and has no decision-making authority</li> </ul>
Independent Third Party Evaluator (ITPE)	<ul style="list-style-type: none"> <li>• Verifies applications for completeness of information needed to carry out evaluation of the proposals</li> <li>• Evaluates the applications and assesses its alignment with capacity-building, sustainability and diversification goals of PICFI and determines CFE capacity to complete the work within a fiscal year</li> <li>• Meets with CFEs' boards and management teams to discuss proposed projects and learn about CFEs' operations</li> <li>• Prepares report outlining results from evaluation and provides recommendations</li> <li>• Presents findings to the Application Review Committee (ARC) and PICFI Program Authority</li> </ul>
Application Review Committee (ARC)	<ul style="list-style-type: none"> <li>• ARC reviews BDS project applications and the ITPE's findings in order to make recommendations to the PICFI Program Authority including: <ul style="list-style-type: none"> <li>• Whether or not to support a proposal, the funding amount, and any funding conditions</li> <li>• Detailing concerns that may be referred back to the applicant for further work, revisions, and/or resubmission</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Identifying other possible sources of complementary project funding for the proposed work or activity</li> <li>• ARC is comprised of representatives from First Nations organizations. DFO and FNFC are ex-officio participants.</li> </ul>
--	--

## General Requirements

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. 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 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 form or write the Business Case, CFEs are encouraged to seek the advice of the BDT during the early stages of preparation of these materials. As a requirement of participation in PICFI, engagement with the BDT must take place prior to submission of application packages. Furthermore, the Business Case must be directly authored by staff members of CFEs (submissions written by third-parties and/or external consultants hired specifically to prepare the Business Case will not be accepted). 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 (e.g., Employment & Skills Development Canada (ESDC), Agriculture & Agri-Food Canada (AAFC), Transport Canada (TC), Western Economic Diversification (WED), Aboriginal Financial Institutions (AFIs), other federal and provincial departments and agencies; contributions from industry; banks, credit unions, joint ventures, etc).

## **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
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 that are not included in the preceding documents (e.g. 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 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 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.

## **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 (ITPE). Your submission will be provided to the ITPE by DFO. The program requires applications to be reviewed by the BDT prior to being submitted to 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. 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:** DFO will acknowledge the receipt of applications within 7 calendar days. 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.

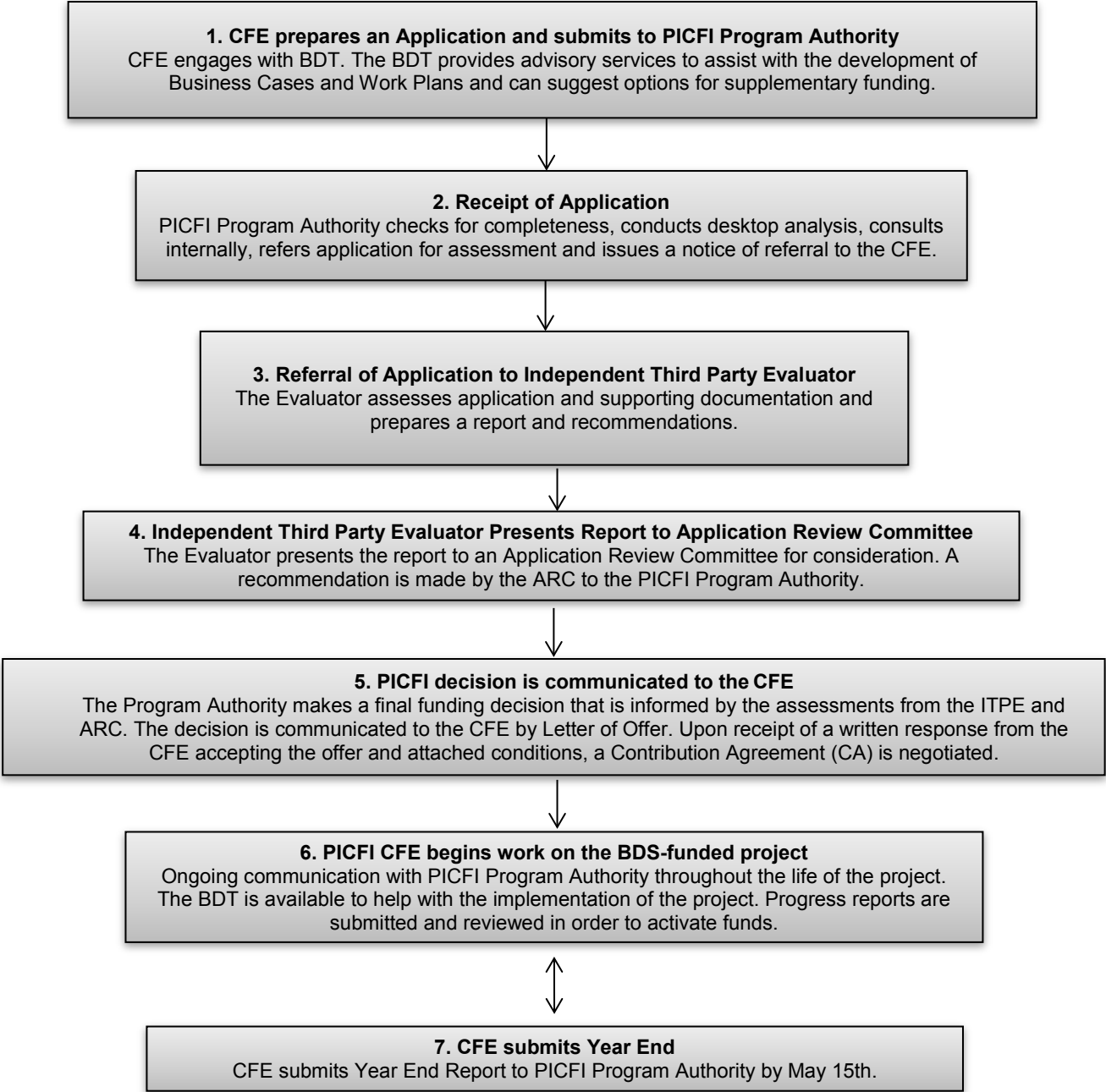
Once the Evaluator has all the necessary information, the Application will be assessed. The Evaluator may visit the CFE to: meet with and interview members of the CFE board and management team; discuss firsthand about the CFE's proposed BDS project; learn about CFE operations and processes (including 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 the evaluation and provide recommendations.

4. **Third Party Evaluator Presents Report to Application Review Committee:** The Evaluator will present the report to the Application Review Committee (ARC) for consideration. A recommendation is made by the ARC to the Program Authority.
5. **PICFI decision is communicated to the CFE:** The PICFI Program Authority makes a final funding decision that is informed by the assessments from the ITPE and ARC. The decision is communicated 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. Contribution Agreements will be ratified within 15 calendar days upon the receipt of the signed agreement.

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 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, 2020.
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<sup>th</sup> 2020.

**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 objectives pertaining to 1) the harvesting side of a commercial fishing enterprise, and/or 2) fisheries related diversification activities.

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

- (1) Acquiring access (licences and quota)
- (2) Fishing vessel(s) and gear
- (3) Fishing operations upgrades
- (4) Primary-production-related diversification
- (5) Processing & distribution/logistics diversification
- (6) Market access diversification
- (7) Fisheries-related tourism
- (8) Aquaculture development
- (9) Other (inquire with DFO to confirm)

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

The following are examples, by funding category, of projects that might be put forward for BDS support. This list of options is not exhaustive and other activities may also be eligible.

(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 winches, ice making equipment, tubs and totes, etc.
- Operational improvements including cold storage, transportation, logistics, etc.

(4) Primary-Production-related Diversification might include:

- Stock assessment/test fishery
- Vessel & catch monitoring
- Ice and shore-side supply
- Aquaculture

- Hatchery partnership

(5) Processing & distribution/Logistics Diversification:

- Primary processing (excludes working capital projects)
- Value-added processing (excludes working capital projects)
- Depuration
- Transport & logistics
- Cold storage

(6) Market Access Diversification:

- Branding & marketing
- Direct sales & retail
- Specialty/niche market opportunities
- CFE supply & sales collaboration

(7) Fisheries-related Tourism:

- Branding & marketing
- Direct sales & retail
- Specialty/niche market opportunities
- CFE supply & sales collaboration

(8) Aquaculture Development:

- Construction or improvement of infrastructure to support aquaculture operations
- Equipment, gear and infrastructure for new aquaculture operations or associated with the activity of aquaculture, where the equipment, gear and infrastructure has already been approved under the aquaculture licence
- Acquisition of an existing aquaculture operation

**The following projects are not eligible for BDS funding:**

- Working capital projects (includes, but not limited to, activities related to procurement, funding to process fish, and/or subsidizing of operational expenditures)
- Capital projects requiring feasibility assessments or studies
- Scientific studies
- Infrastructure projects involving wharfs
- Projects that have not received necessary regulatory approvals
- Activities that are part of a CFE's current ongoing operational expenditures (e.g. salaries/wages, training for ongoing operations)

Certain proposed activities may require further assessment to determine eligibility, which may result in a delay in the processing of an Application.



## Capacity Building Support (CBS) funds transfer to BDS

Starting in 2019-20, CFEs will be given the option to choose to transfer all or part of their notional funding under CBS to support activities under BDS. This will offer CFEs greater flexibility in utilization of funds and the potential to reduce administrative burden through managing a single agreement if all funds are transferred under BDS. Transfers from CBS to BDS will lead to funding being dedicated to primary harvesting and/or diversification investments only. Moving a specific amount of funding out of CBS will mean the CFE forgoes utilizing that amount towards supporting operational expenditures for the 2019-20 fiscal year.

Transfers from BDS to CBS is not available. CBS application will include an election to transfer funds to BDS. CFE's must maintain a minimum 10% own source funding ratio for BDS.

## Multi-Year BDS Proposals

2019-20 will be the pilot year for multi-year BDS project submissions. The duration of the multi-year projects must be a minimum of two years to a maximum of three years. The total cost of the BDS project each year must be a minimum of \$500K; therefore, for two-year projects, the minimum total project cost is \$1M and for three-year projects, the minimum total project cost is \$1.5M.

Project Duration	Total Life Time Project Cost
2 Year Project	\$1M (\$500K per year)
3 Year Project	\$1.5M (\$500K per year)

The notional BDS funding amount for multi-year projects will be in accordance with the amounts set for each fiscal year. In order to achieve the minimum project cost of \$500K per year, own-source funding (e.g. retained earnings, private financing, other sources) will be required. A condition of funding will require the CFE to maintain the minimum \$500K per year threshold for each year of the agreement. In addition, the CFE will also be required to submit a progress and year-end report for each year of the multi-year project.

**BDS projects must be completed in the fiscal year in which funding is approved. For multi-year BDS projects, the identified activities for the fiscal year will need to be completed.**

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 unless

specified in a multi-year agreement. While it is valuable 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, 2020, demonstrating progress on the execution of BDS activities. Furthermore, a well-developed plan for completion of all BDS activities by March 31, 2020 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](mailto:DFO.PICFI_Submissions-Soumissions_IPCIP.MPO@dfo-mpo.gc.ca)  
(604) 666-4596

## ANNEX A

### 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) 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 the end of the fiscal year?)
- 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.