



QIKIQTANI INUIT ASSOCIATION AND KAKIVAK ASSOCIATION

PROGRAM GUIDELINES – BUSINESS CAPACITY AND START-UP FUND

PART ONE: BCSF FRAMEWORK

LIST OF ACRONYMS

BCSF - Business Capacity and Start-up Fund

BIMC – Baffinland Iron Mines Corporation

IIBA - Mary River Inuit Impact and Benefit Agreement

QIA – Qikiqtani Inuit Association

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1.0 Introduction

Article 6 of the Mary River Project Inuit Impact and Benefit Agreement (IIBA) establishes the ***Business Capacity and Start-up Fund***, referred to as the BCSF. The BCSF is one of the benefits the Qikiqtani Inuit Association (QIA) negotiated for under the Mary River IIBA and is intended to support the development of Inuit businesses with a priority towards supporting Inuit firms in proximity of the Mary River development.

Contributions to the BCSF are confirmed up until the start of Commercial Production with equal annual contributions of \$250,000 coming from QIA and Baffinland Iron Mines Corporation (BIMC). Future contributions will be established by the Executive Committee of the Mary River IIBA.

Article 6 states that QIA is responsible for establishing the operating framework for the BCSF. In September 2015 the QIA Board of Directors passed a resolution directing that Kakivak Association assume the administration of the BCSF. As Kakivak Association is already engaged in providing services and funding to assist Inuit in achieving greater participation in business through the establishment, management and operation of viable, successful businesses integration of the BCSF will enhance Kakivak Associations ability to delivery services directly to Inuit businesses and Inuit seeking to establish businesses. QIA and Kakivak have collaborated to establish the Fund Framework for the BCSF.

This Fund Framework is designed to help QIA ensure that the BCSF is able to deliver tangible benefits to Beneficiaries communities while meeting QIA’s obligations under the IIBA. The BCSF is designed to support both client specific proposal-based applications, and, dedicated support services.

In administering the BCSF, Kakivak Association will make all reasonable efforts to extend the use of funds available through assisting applicants to leverage other existing programs and business support services. BCSF monies will be managed to allow funds to roll-over from one fiscal year to the next, without the requirement to spend an established funding amount within a specific fiscal year.

The BCSF is one of the tools established under the Mary River IIBA to provide direct benefits to Designated Baffin Inuit Firms.¹ In order to access the BCSF firms must be successfully registered upon the Mary River Designated Inuit Firm List (DIFL).² QIA is available to assist in becoming registered with the DIFL.

2.0 Business Capacity Start-up Fund - Primary Objectives

Consistent with Article 6.2.3 (d) of the Mary River IIBA the primary objective of the BCSF is to assist Designated Baffin Inuit Firms with business start-ups and development of capacity in the following *Primary Areas*:

- Locating start-up capital and financing;
- Management development;
- On-going business management;
- Financial management;
- Contracts and procurement;
- Human resources management.

¹ A “Designate Inuit Firm” means an entity that qualifies as an “Inuit Firm” within the meaning of Article 24 of the NLCA and further: is enrolled in the Inuit Firm Registry of Nunavut Tunngavik Inc. maintained pursuant to Section 24.7.1 of the NLCA, and, carries out the majority of its business in the Nunavut Settlement Area.

² http://www.qia.ca/sites/default/files/files/Publications/difl_a_eng.pdf

Client specific applications will be accepted for projects that are aligned to the *Primary Objectives*. These applications will be considered on a first-come-first serve basis.

Additionally, and recognizing the possible limitations in funding associated with the BCSF, *Areas of Focus* will also be selected for the BCSF. The *Areas of Focus* will receive additional dedicated support services such activities focused training and workshop delivery designed to serve more than one-individual firm. *Areas of Focus* are revisited to support alignment between service delivery and expressions of interest among Inuit firms.

Locating start-up capital and financing under the BSCF will be coordinated with existing programs. It is not the intent of the BSCF to act as a sole-source for funding start-up capital and financing, or for the funding of dedicated support service projects.

In reviewing applications, Kakivak Association will ensure that proposals are assessed for cost discipline relative to proposed project outcomes.

3.0 Conditions of Eligibility

- 1) Inuit owned and controlled firms operating in the Qikiqtani region and listed on the Mary River DIFL.³
- 2) Priority will be given to Designated Baffin Inuit Firms operating in one of the five communities included in the Mary River IIBA. These communities are: Arctic Bay, Clyde River, Hall Beach, Igloolik and Pond Inlet.
- 3) Priority will be given to Designated Baffin Inuit Firms with an interest and/or ability to provide goods and services in support of the mining sector.
- 4) Projects must align with the *Primary Objectives*. Priority will be given to projects that focus upon the *Areas of Focus*.
- 5) Groups, Firms or individuals with a net worth in excess of \$1 million are **not eligible** for support.
- 6) Eligibility will be suspended for applicants who have previously received a grant from Kakivak Association and have not completed the project as intended, have not satisfied reporting requirements, are not compliant with the Canada Revenue Agency or other regulating bodies. Consideration may be given for projects that include an acceptable business recovery, remediation or capacity development plan.
- 7) Eligibility will be suspended for applicants who have had loans in arrears for more than 90 days with any of the following agencies or organizations:
 - i) Any Regional Inuit Association or subsidiary organization in Nunavut;
 - ii) Nunavut Tunngavik Incorporated;
 - iii) Atuqtuarvik Corporation;
 - iv) Baffin Business Development Corporation;
 - v) Nunavut Business Credit Corporation.
- 8) Applicants who had a previous grant and/or loan or who have an existing loan may apply if:
 - i) The loan repayment history is satisfactory;
 - ii) The applicant provided all required reporting and other documentation;

³ In event an applicant is not listed on the DIFL, such as in the case of a business start-up, QIA and Kakivak will provide support to enlist the firm on the DIFL prior to the release of funding.

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- iii) A previously delinquent loan has been repaid;
- iv) The project includes an acceptable business recovery, remediation or capacity development plan. Support for this type of project would be one time only.

Applicants who have previously received a grant under the BCSF will not be eligible for a period of two years from the date the previous project was completed. Exceptions may be considered for projects that include various phases.

4.0 Eligible Projects

- 1) Capacity development and business aftercare that may include but not be exclusive to:
 - i. Accounting support and training;
 - ii. Management and other specialized training related to the business or sector;
 - iii. Coaching or mentoring.
- 2) Business pre-startup costs that may include but not be exclusive to:
 - i. Legal fees;
 - ii. Feasibility studies;
 - iii. Market studies;
 - iv. Business planning;
 - v. Business valuations;
 - vi. Building assessments and appraisals;
 - vii. Negotiation;
- 3) Business startup, development or expansion costs that may include but not be exclusive to:
 - i. Business planning;
 - ii. Purchase of capital assets;
 - iii. Business acquisitions;
 - iv. Operating costs associated with a startup;
 - v. Financial restructuring associated with an acceptable business recovery, remediation or capacity development plan.
- 4) Eligible project components can be combined to meet the specific needs of the applicant and their project. More than one contribution may be available if the project includes development phases.
- 5) Eligible projects must demonstrate cost discipline relative to major expenses proposed.
- 6) Kakivak Association and the Qikiqtani Inuit Association may approve the use of funds to support initiatives consistent with the program objectives, and that provide benefits to a number of Inuit. These initiatives do not require an applicant but would be based on demonstrated need and partnerships. These initiatives may include:
 - i) The delivery of business management workshops;
 - ii) The development or purchase of materials required for business management workshops;
 - iii) Other initiatives meeting a demonstrated need and considered beneficial.

The annual allocation of funds for such projects will be approved by the BSCF Advisory Committee.

Ineligible Expenses

Projects that have already occurred or project expenses that have already been incurred in advance of approval will be considered ineligible

5.0 Funding Levels

- 1) The maximum amount of funding for each approved application and the requirement for contributed equity will be as follows:

Project Type	Contribution Level	Required Cash Equity	Requirement to Leverage Other Programs
Capacity development (individual)	\$10,000	0%	Yes
Capacity development (multiple)	\$25,000	0%	Yes
Business pre-startup	\$10,000	10% of grant amount	Yes
Business start-up	\$10,000	10% of grant amount	Yes
Business expansion	\$25,000	10% of grant amount	Yes

- 2) In cases where Inuit ownership is less than 100% funding levels will be pro-rated based on the percentage of beneficial ownership. A minimum of 51% Inuit ownership is required. Additional consideration may be given for projects provide benefits, such as employment, to a number of Inuit.
- 3) Access to the BCSF requires leveraging from other programs. The BCSF is not intended to be a sole-source for funding. In cases where other funding programs are available to support projects, a grant from the BCSF Program may be used as equity to leverage additional funding. This is subject to the program policies of the other funders.
- 4) In the case where other funding programs are not available to support projects, funding for such projects solely from the BCSF will be considered by the BCSF Advisory Committee. Such application will only be reviewed in exceptional circumstances.
- 5) The contribution levels indicated specific the maximum amount of funding, including the requirement for contributed equity. Applications for contributions over and above the maximum contribution amount will be considered on a case-by-case basis and may require additional information and/or require more time to come to a final decision.
- 6) Contributions for more than one project type can be available if the project includes different phases. For example this may include a combination of funding for pre-startup, startup and capacity development.
- 7) Contributions will be based on best value and minimum investment required to ensure the project can be successfully completed. The determination of best value and required investment will be based on competitive procurement and due diligence processes.
- 8) Funding is not limited to a particular project duration, meaning projects can span multiple phases and multiple fiscal years.
- 9) The stacking limit maximum level of funding to a recipient from all sources for any one activity, initiative or project is 100% of eligible costs.

6.0 Application Requirements

- 1) For all projects:
 - i. Complete application form;
 - ii. Registration on the Mary River Project Designated Inuit Firm List
 - iii. Any other information deemed necessary to facilitate project application review

- 2) For capacity development projects:
 - i. An overview of the project;
 - ii. A description of the need and benefits.
 - iii. A description of the anticipated project outcome(s)
 - iv. Budget with source and use of funds;

- 3) For pre-startup projects:
 - i. An overview of the project;
 - ii. A description of the need and benefits.
 - iii. A description of the anticipated project outcome(s)
 - iv. Budget with source and use of funds;
 - v. Personal net worth statement.

- 4) For business start-up and expansion projects:
 - i. An overview of the project;
 - ii. A description of the need and benefits.
 - iii. A description of the anticipated project outcome(s)
 - iv. Budget with source and use of funds
 - v. Evidence of the equity required to contribute to the project;
 - vi. Personal net worth statement;
 - vii. Three years of financial statements (for existing businesses);
 - viii. A business plan or business case including financial projections and financing plan;
 - ix. Quotes for equipment or services;
 - x. Business license;
 - xi. Evidence of coverage under WSCC or exemption from coverage;
 - xii. Other insurance, licenses and permits as required for the type of business.

7.0 Application and Approval Process

- i. When an enquiry is received the BCSF Coordinator will work with the applicant to ensure a complete application is submitted.
- ii. Completed applications and associated documents will be assessed by Kakivak.
- iii. If approved, the applicant will be notified and a formal *Letter of Offer for a Grant* will be issued.
- iv. If denied, the applicant will be notified through a *Letter of Denial*, which shall include reason(s) for the decision. The applicant has the right to appeal a *Letter of Denial* through Kakivak Association's appeals process and the information regarding this process will be provided.

- v. Kakivak Association will strive to have a decision within 45 days of receipt of a complete application.

8.0 General Project Reporting Requirements

All approved projects will require regular reporting with project specific requirements detailed in final *Letter of Offer for a Grant*.

9.0 Grant Terms

- 1) Grants are not repayable unless it is determined that the grant was not used for the approved purpose. In such cases Kakivak Association will make appropriate efforts to recover the grant funds.
- 2) Disbursements of approved grant funds will normally be made directly to suppliers for approved costs, based on the receipt of invoices or other similar documentation acceptable to Kakivak Association.
- 3) Where appropriate Kakivak Association may make disbursements of approved grant funds directly to firms based on the receipt of acceptable claims, along with supporting documentation acceptable to Kakivak Association.
- 4) Some or all of the following conditions will normally be attached to a grant:
 - i. The term of the agreement;
 - ii. Time limit on acceptance of offer;
 - iii. A description of the approved use of grant funds;
 - iv. Details for, and evidence of approval of other financing;
 - v. Receipt of, or evidence of required equity contributed prior to any disbursements;
 - vi. The terms for the disbursement of approved grant funds;
 - vii. Specification of the number of jobs that are expected to create or maintained;
 - viii. Release allowing Kakivak Association to obtain and share applicant information with other service partners;
 - ix. Permission to use the details of the project in advertisements for Kakivak Association and the Qikiqtani Inuit Association;
 - x. Monitoring and reporting requirements including financial information and other records;
 - xi. Additional conditions as required by the specific project.
- 5) In addition the recipient will agree not to:
 - i. Transfer, sell or in any way assign to any other person or body corporate the ownership of any or all assets acquired through the funding provided for the project;
 - ii. Use the assets in any other business or for any other purpose but the project;
 - iii. Decrease majority (51%) Inuit-ownership of the business;
 - iv. Stop unilaterally using the assets for the project;
 - v. Stop operating the business without prior approval.

10.0 Call for Proposals

At the start of each fiscal year (April), Kakivak issue a formal call for proposals.

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Calls for proposals will announce the funding amount allocated by QIA and Kakivak for the forthcoming year.

The call for proposals will direct prospective applicants to download an *Application Package* from the Kakivak's website, to request one from a CLO or by contacting Kakivak by telephone to have one sent by mail.

All calls for applications will clearly communicate any application deadlines, if applicable.

Applications will be received and reviewed by Kakivak on a first-come-first-serve basis consistent with the *Conditions of Eligibility*.

11.0 Monitoring and Business After Care

As part of the application and review process Kakivak will also assess applicants for after care needs. *Letter of Offer for a Grant* may contain conditions and/or recommendations for after care services.