

Interim Strategic Investments Program

POLICY STATEMENT

The Government of Nunavut is committed to supporting the development of our economy through investments in the infrastructure, services, and knowledge that Nunavut businesses, communities, and economic development organizations require.

The Department of Economic Development and Transportation (ED&T) is the principal vehicle of delivery for the Government of Nunavut's economic development programs. To this end it is the responsibility of the Department to support Nunavummiut, working in association with each other, to raise the level of natural, human, social, and physical capital to the thresholds necessary to support effective development in their communities.

In order to accomplish this goal ED&T, through this policy, will provide funding to support economic development activities aimed at enhancing entrepreneurial initiative and developing healthy communities. The *Contributions Policy for the Strategic Investments Program (SIP)* establishes the general terms and conditions by which support funding will be provided to Nunavut communities, organisations, and businesses.

This program is intended to fill gaps in eligibility and available levels of support under existing ED&T programs, including, but not limited to, the Contributions to Business Development Program and the Community Initiatives Program.

PRINCIPLES AND VALUES

1. **Simplicity:** Our programs will aim at simplicity in design, access and delivery.
2. **Self Reliance:** Communities, through *Inuuqatigiittiarniq* (healthy communities) and economic development, have the primary role and responsibility for the health and vitality of our citizens.
3. **Continuing Learning:** Our programs must support the development of a Nunavummiut workforce.
4. **Inuit Qaujimagatuqangit:** Our policies and programs will reflect the Department's seven guiding principles of Inuit Qaujimagatuqangit.

Pijitsirniq, which means that a person with the power to make decisions must exercise that power to serve the people to whom he or she is responsible;

Papattiniq, which means the obligation of guardianship or stewardship that a person may owe in relation to something that does not belong to the person;

Aajiiqatigiingniq, which means that people who wish to resolve important matters or any differences of interest must treat each other with

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respect and discuss them in a meaningful way, keeping in mind that just because a person is silent does not necessarily mean he or she agrees;

Pilimmaksarniq, which means that skills must be improved and maintained through experience and practice;

Piliriqatigiingniq, which means that people must work together in harmony to achieve a common purpose;

Avatimik Kamattiarniq, which means that people are stewards of the environment and must treat all of nature holistically and with respect, because humans, wildlife and habitat are inter-connected and each person's actions and intentions towards everything else have consequences, for good or ill;

Qanuqtuurunarniq, which means the ability to be creative and flexible and to improvise with whatever is at hand to achieve a purpose or solve a problem;

5. **Balanced Development:** The Government of Nunavut is committed to supporting the development of strong economic foundations in all Nunavut communities.
6. **Value-For-Money:** Scarce public funds need to be directed toward the projects that can demonstrate the greatest return to the public under prevailing conditions. One way to have confidence that the greatest possible value is obtained is to compare proposals using objective, value-oriented criteria in a competitive process.
7. **Accountability for Results:** Public funds need to be managed in ways that are accountable to the public for the results they have been allocated to achieve. This can be accomplished through the identification of appropriate results-oriented indicators and monitoring of these indicators as part of the program cycle.
8. **Effective Communication:** Information must be shared on the basis of effective two-way communication.
9. **Transparency:** The information on which decisions are based will be available to the public in scheduled reporting, and all decision making processes will be fair, explicit, and without conflict of interest.
10. **Public investment** must build upon available resources and use technology and scale appropriate to the skills and traditions of residents.
11. **Economic growth** must be fostered in ways that are acceptable to community values, and in a sustainable manner.

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PURPOSE

The Government of Nunavut, through the ED&T Minister and ED&T, will deliver programs and services aimed at stimulating sustainable development in strategic areas of the Nunavut economy. Programs in support of strategic economic development will focus on supporting development activities in three areas. Under the Policy for the Strategic Investments Program, ED&T will support:

- (i) Private-sector Strategic Economic Infrastructure (Schedule A)
- (ii) Knowledge and Innovation (Schedule B)
- (iii) Strategic Projects (Schedule C)

DEFINITIONS

Audit - Financial

Means the examination and verification of financial records and reporting there on.

Audit - Results

A result-focussed audit explores what outcomes or impacts a program or activity has had, and what the cost of achieving these outcomes has been. It may include a comparison of these costs with the cost of alternative approaches that might achieve similar results.

Economic Benefit

Employment and income creation shall be the primary criteria used in assessing the economic benefit of any proposed project.

Nunavut Business

An enterprise carrying on business or otherwise conducting operations in Nunavut that is registered under Section 23 of the NNI Policy and which complies with the legal requirements to carry on business in Nunavut, meaning that it is either:

- a) a corporation registered and in good standing under the NNI Policy and Nunavut Companies Act; or
- b) a co-operative association in good standing under the Co-operative Associations Act; or,
- c) a partnership or sole proprietorship duly registered and in good standing with a Nunavut municipality or the Department of Justice, Legal Registries Division and a holder of a valid Nunavut business license.
- d) a corporation without share capital and in good standing that has been incorporated under Part 2 of the Canada Business Corporations Act.

Resident

Anyone resident in Nunavut and in possession of a Nunavut Health Card number.

Review Team

A group of people selected from within and/or from outside government to review proposals for funding and to make recommendations to ED&T related to contributions. The team will apply the selection criteria objectively and in a way that bears scrutiny.

AUTHORITY AND ACCOUNTABILITY

The Financial Management Board (FMB) approves an annual budget for contributions contained within this policy, as well as expenditures

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additional to those appropriated in the Main Estimates in the event of unplanned contribution needs.

The Executive Council shall approve program provisions and any exceptions to this policy.

The Minister of ED&T may:

Establish Competitive Proposal Procedures

Under this Policy, the Minister may establish procedures for competitive award of funds under any or all of the Schedules up to the maximum funds available within each schedule.

For contributions greater than \$150,000, competitive procedures *shall be established* and shall include the following components:

- One or more clearly set competition deadlines for receipt of proposals;
- Advertising of call for proposals through newspaper and municipal offices at least four weeks prior to competition deadlines;
- Clearly established criteria by which proposals will be judged and awards made. These criteria shall be established by the Minister for each schedule and may include elements such as those detailed in the attached schedules A to C. The specific criteria shall encompass the general criteria identified below.

The Minister may include criteria that give competitive advantage according to community groupings. The Minister may review the groupings of communities and, depending upon the results of that review, may issue instructions regarding the appropriate regrouping of a community or communities.

Annual Accountability Report

The ED&T Minister will table annually in the Legislative Assembly a summary report of contributions made under this policy. This report will, at a minimum, detail the amount of each contribution, the purpose of the project being supported, the name of the proponent, and the community or region in which the project has been carried out.

GENERAL CRITERIA

Any contribution to eligible proponents under this program shall meet the following general criteria:

1. Support economic activity within Nunavut's strategic economic sectors as determined within territorial, regional, and/or community-level economic strategies;
2. Lead to tangible benefits for the Nunavut economy;
3. Lead to activities and/or leverage investments that would not be viable in the absence of the contribution.

ELIGIBILITY

Eligibility conditions vary and are detailed in each of the attached Schedules A to C.

ELIGIBLE ACTIVITIES

Activities eligible for funding under this policy are:

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(i) Private-sector Strategic Economic Infrastructure: Assistance may be provided for the new construction or upgrading of capital infrastructure that directly or indirectly facilitates economic diversification and/or improves the financial viability of businesses. (Schedule A)

(iii) Knowledge and Innovation: Assistance may be provided to support innovations research and knowledge generation activities that will lead to tangible benefits to Nunavut's economy. (Schedule B)

(iv) Strategic Projects: Assistance may be provided to enable high priority projects to proceed. These may include a wide range of potential projects, and must relate to existing sector strategies and/or community economic development strategies. (Schedule C)

GENERAL CONDITIONS

(a) Being found eligible for funding under this policy does not guarantee subsequent approval for financial assistance of any kind. Financial assistance will be provided to those projects demonstrating the greatest economic benefit to Nunavut through competitive proposal processes. Financial assistance will be provided only to the limit and availability of funding allocated to this policy within the main estimates of the budget.

(b) Proposals selected to receive contributions under this program may be funded at a level below the amount requested.

(c) All recipients of contribution assistance must agree to public disclosure and to allowing agents of the Government of the Nunavut access to the project site or premises, to inspect all books and other financial statements related to the project, and to obtain any other information necessary for evaluating the success of the project.

(d) Applicants who fail to meet their commitments, as outlined in the Contribution Agreement, will be required to repay some or all contribution assistance.

(e) Projects funded under this program must meet the necessary approvals by regulatory, municipal and other authorities. This may include meeting health and safety standards, environmental standards, acquiring land use approval, support from community or regional councils, or any other approvals deemed necessary for the project to proceed.

(f) Projects that support the expansion or establishment of a business that will have a substantial negative impact on the sales or market of another business may not be funded.

INELIGIBLE COSTS

Contributions will not be provided to assist with the acquisition or purchase of:

(a) assets previously acquired by the applicant, shareholder or partner in the project, or by an associated business;

(b) refinancing of assets purchased prior to the application or approval of the contribution, unless this restriction is waived by the approving authority;

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(c) the applicant's internal costs not directly related to the project, and non-arms length transactions, including payments made to shareholders or members of their immediate family; or businesses related by common effective control;

(d) assets previously purchased with the assistance of the Government of Nunavut or the Government of Canada or other business support programs; or

(e) items and materials for re-sale, such as stock and inventory.

CONTRIBUTION AGREEMENT

A Contribution Agreement is a legally binding commitment by the recipient to undertake a specific project within a defined time frame. General terms and conditions for a contribution shall be specified within a Contribution Agreement. Specific terms and conditions will vary according to the nature of the contribution and the project or activity being supported under the Contribution Agreement.

PAYMENT

Payment will be provided when:

- (i) the applicant has accepted the terms and conditions for a contribution as detailed in a Contribution Agreement;
- (ii) the availability of additional financing necessary to completing the project has been confirmed.

CONTRACTING PROCEDURES

Whenever possible the project or activity shall use Nunavut goods and services. The Contribution Agreement will specify that the NNI Policy of the Government of the Nunavut applies to all material and service contracts associated with the project as called for in that Policy.

FUNDING PRIORITIES

Financial assistance will be provided to those projects providing the greatest economic benefit to Nunavut as demonstrated in competitive proposals at each competition date. The criteria by which proposals will be assessed are indicated within the appropriate Schedules.

CONFIDENTIALITY AND PUBLIC DOMAIN

Except as outlined below, all information provided by the applicant shall be kept confidential in accordance with the Access to Information and Protection of Privacy Act unless the applicant agrees in writing to its release.

- (a) Contributions will be conditional upon the applicant agreeing that the details of the contribution will be made available to the public at the discretion of ED&T.
- (b) For Knowledge and Innovation projects, as outlined in Schedule B, applicants must agree that project findings can be made public at the discretion of ED&T.
- (c) ED&T may publish job creation, income, expenditure and other benefits statistics resulting from this program.

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Appeals

In the event that an applicant has cause to believe that the provisions of this Policy and Directive were not fairly and adequately applied, the applicant may appeal a decision to the Deputy Minister of ED&T.

Appeals must be made in writing and received by the Deputy Minister no later than thirty days following the date that the applicant has received notification of the approving authority's decision. Reasons other than the above will not be considered grounds for appeal.

PROMOTION

In order to ensure that potential eligible applicants are fully informed of the terms of this policy, ED&T shall ensure that a synopsis of this policy is advertised and made available to all Nunavut communities and eligible applicants.

PREROGATIVE OF THE EXECUTIVE COUNCIL

Nothing in this Directive shall in any way be construed to limit the prerogative of the Executive Council to make decisions or to take actions, respecting business contributions, contributions, or any other form of business assistance, either direct or indirect, outside the provisions of this Directive.

SUNSET CLAUSE

This policy will be effective from the date of signature until March 31, 2006.

Original Signed by: _____ Premier, and Chairman
of the Executive Council

Schedule A

Private-sector Strategic Economic Infrastructure

Purpose

The purpose of contributions under Schedule A is to leverage private sector financing and/or entrepreneurial/managerial capacity toward infrastructure projects that will play a strategic role in Nunavut's economic development. Infrastructure owned by the Government of Nunavut is not eligible for funding under this schedule.

Projects under this schedule should facilitate economic diversification and/or improve the financial viability of businesses in one or more of the following priority sectors:

- a. Mining & mineral exploration;
- b. Arts, crafts, and cultural industries;
- c. Tourism;
- d. Fisheries and other renewable resource import substitution or export.

Some examples of projects which might be eligible include:

- Commercial office or other business rental space;
- Fuel storage, mechanical shops, warehousing space in support of exploration or mining projects;
- Studio rental space for artists;
- Space to showcase and sell Nunavut products;
- Tourism attractions;
- Harvesting, storage, processing facilities for fish or other renewable resources.

Note that contributions will only be made where a viable business case cannot be made in the absence of the contribution.

Eligibility

All Nunavut Organisations, Community Development Corporations, Nunavut Societies, Businesses and Residents. Projects must be privately owned, and they must provide clearly identified benefits to the Nunavut economy.

Review of Proposals and Assessment Criteria

Application Process

Proponents should submit their proposals by August 31, 2005. All proposals will be reviewed using the following assessment criteria. They should therefore be developed to clearly address these criteria. Additional calls for proposals may be issued by the Minister.

Assessment Criteria

1. Clear explanation of how the infrastructure will support Nunavut business and lead to new jobs and income for Nunavummiut.
2. Proposals for projects in Nunavut's non-decentralized communities are encouraged.

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3. Relation to territorial, regional, and community strategic economic development plans and priorities.
4. Clear identification of indicators by which project success can be measured and reported on.
5. Leverage and Partnerships. The project will be assessed on the degree to which other financial and technical partnerships have been created to bring added value to the contribution requested from the SIP program.
6. Project Management and Business Plan. The plan for the proposed project should include a schedule for the work, specific objectives and milestones, specific deliverables, and a financial plan. These business plans should demonstrate that the project can be successfully completed and operated on a financially viable basis.

Accountability Requirements

Financial and results audits appropriate to the nature of the project may be required, as set out in the contribution agreement.

Financial Assistance

Applicants may receive funding for eligible projects up to 100% of eligible costs, although it is expected that in most cases successful proponents will leverage funds from additional sources.

Examples of expenses which may be eligible include:

This funding is intended to result in new or upgraded capital infrastructure that directly or indirectly facilitates economic diversification and/or improves the financial viability of businesses. Eligible costs include:

- Engineering and other pre-construction costs
- Purchase of materials
- Purchase of equipment
- Construction costs

The following are some examples of activities not eligible for contribution assistance:

- Government-owned infrastructure
- Purchasing an existing business or facility where no expansion, improvement or additional employment creation is planned;
- Refinancing of assets purchased prior to the application or approval of the contribution, unless this restriction is waived by the approving authority;
- Expenditures of a recurring nature.

Payment

Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated

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basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is currently a one-year pilot program.

Schedule B

Knowledge and Innovation

Purpose

The purpose of contributions under Schedule B is to support innovations research and knowledge generation activities that will lead to tangible benefits to Nunavut's economy.

Examples of projects which may be eligible include:

- Science or technology research and/or technology transfer that supports economic development in Nunavut;
- Identification of best business and entrepreneurial practices in Nunavut combined with knowledge transfer activities aimed at improving business and entrepreneurship in Nunavut;
- Economic or market research that provides tangible support to businesses providing goods or services to the mining, tourism, arts & crafts, renewable resources and fisheries sectors;
- Renewable resource stock assessment;
- Topographical, geological, hydrographical mapping.

Eligibility

All Nunavut Communities, Organisations, Community Development Corporations, Societies, Businesses, Residents, and Government undertaking projects where future business opportunities may result from the successful introduction of a new technology, process, or knowledge source are eligible.

Review of Proposals and Assessment Criteria

Application Process

Proponents should submit their proposals by August 31, 2005. All proposals will be reviewed using the following assessment criteria. They should therefore be developed to clearly address these criteria. Additional calls for proposals may be issued by the Minister.

Assessment Criteria

1. Relevance to Nunavut economic development objectives. The proposal should describe how the project will expand knowledge or generate innovation in one or more of the following areas of Nunavut's economy: natural capital, physical capital, human capital, organisational capital.
2. Incremental Value. The proposal should indicate how the project fits in with any previous work that has been carried out in the same area, the gaps that exist and what new value the project will bring.
3. Project Design and Methodology. A clear statement of the project objectives and the steps that will be taken to achieve them.

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4. Clear identification of indicators by which project success can be measured and reported on.
5. Proposals for projects in Nunavut's non-decentralized communities are encouraged.
6. Project Team. A listing of the team that will carry out the project, the roles each member will play, along with a description of the experience and skills they bring to the project.
7. Knowledge Transfer. Indicate how the results of the project will be communicated or introduced to other businesses, entrepreneurs, or other key groups within Nunavut.
8. Leverage and Partnerships. The project will be assessed on the degree to which other financial and technical partnerships have been created to bring added value to the contribution requested from the SIP program.
9. Project Management and Business Plan. The proposal should include a work schedule, specific objectives, milestones, deliverables, and a financial plan.

Accountability Requirements

Financial and results audits appropriate to the nature of the project may be required, as set out in the contribution agreement.

Financial Assistance

Applicants may receive funding for eligible projects up to 100% of eligible costs, although it is expected that in most cases successful proponents will leverage funds from additional sources.

Examples of eligible costs include:

- purchases of equipment and materials;
- leasing of equipment and/or facilities; and,
- contracted costs of technical support people.

Payment

Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is currently a one-year pilot program.

Schedule C

Strategic Projects

Purpose

The purpose of contributions under Schedule C is to support projects that may not fit within Schedule A or B, but which play a strategic role in Nunavut economic development. These may include a wide range of potential projects, and must relate to existing sector strategies and/or a community or regional economic development strategy.

Strategic economic infrastructure projects where a GN contribution is needed in order to complete a funding package may be supported under this schedule.

Examples of projects which may be eligible include:

- (a) Tourism-oriented attractions development
- (b) Soapstone quarry development
- (c) Marine infrastructure
- (d) Sector-focussed training programs

Eligibility

All Nunavut Communities, Organisations, Community Development Corporations, Societies, Businesses, Residents, and Government.

Review of Proposals and Assessment Criteria

Application Process

Proponents should submit their proposals by August 31, 2005. All proposals will be reviewed using the following assessment criteria. They should therefore be developed to clearly address these criteria. Additional calls for proposals may be issued by the Minister.

Assessment Criteria

1. Clear explanation of how the project will support Nunavut business and lead to new jobs and income for Nunavummiut.
2. Strong proposals for projects in Nunavut's non-decentralized communities are encouraged.
3. Relation to territorial, regional and community strategic economic development plans.
4. Clear identification of indicators by which project success can be measured and reported on.
5. Leverage and Partnerships. The project will be assessed on the degree to which other financial and technical partnerships have been created to bring added value to the contribution requested from the SIP program.
6. Project Management and Business Plan. The plan for the proposed project should include a schedule for the work, specific objectives and milestones, specific deliverables, and a financial plan. These business

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plans should demonstrate that the project can be successfully completed and operated on a financially viable basis.

Accountability Requirements

Financial and results audits appropriate to the nature of the project may be required, as set out in the contribution agreement.

Financial Assistance

Applicants may receive funding for eligible projects up to 100% of eligible costs, although it is expected that in most cases successful proponents will leverage funds from additional sources.

Examples of expenses which may be eligible include:

This funding is intended to result in new or upgraded capital infrastructure that directly or indirectly facilitates economic diversification and/or improves the financial viability of businesses. Eligible costs include:

- one-time start-up costs
- professional, managerial and technical services
- purchase of materials
- purchase of equipment
- construction costs

The following are some examples of activities not eligible for contribution assistance:

- Purchasing an existing business or facilities where no expansion, improvement or additional employment creation is planned;
- Refinancing of assets purchased prior to the application or approval of the contribution, unless this restriction is waived by the approving authority;
- Expenditures of a recurring nature.

Payment

Specific payment terms and conditions will be contained in the Contribution Agreement. In the event that eligible costs are less than that set out in the Contribution Agreement, the excess contribution calculated on a prorated basis, if any, will be deemed a surplus repayable to the Government of the Nunavut.

Term

This is currently a one-year pilot program.