



Advancing Rural Development

# Mobilizing Rural Investment Capital

March 2016

Experience in other jurisdictions has clearly demonstrated that increasing access to rural investment capital is absolutely critical to rural economic revitalization.

The SIBAC website has a variety of case studies, powerpoint presentations and videos of successful models from across Canada and the United States. These can be accessed under the [Rural Investment Tab](#) of the SIBAC website [www.sibacs.com](http://www.sibacs.com)

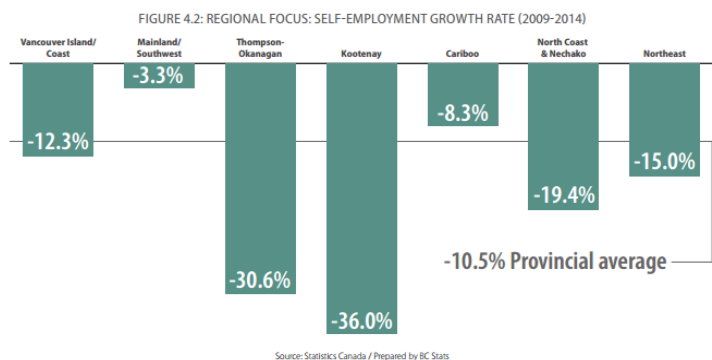
## The Need for Rural Investment Capital in BC

Access to investment capital is crucial to business and economic development anywhere – but is especially important in rural areas. However, research completed by SIBAC and others has noted that it is often difficult to access business financing – and specifically patient equity investment financing – in rural areas.

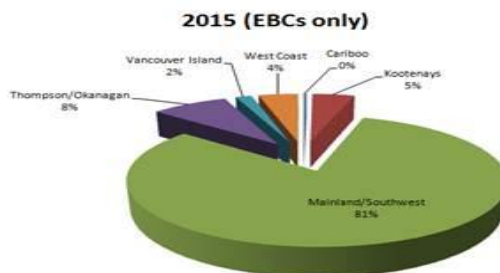
For the past two decades, rates of business creation and expansion have been much slower in many rural regions of Canada and BC. Indeed, many rural communities in BC have lost a significant number of small businesses. To make matters worse, it is projected that over half of current rural business owners would like to retire in the next five years but anticipate some difficulty in selling their business.

## Access to financing was the leading barrier to business expansion identified by business owners in a recent survey conducted by the Columbia Basin Rural Development Institute

For more than twenty years, the Province of BC has supported a very successful venture capital program to help stimulate the development of emerging industries in BC. While very successful, the vast majority of funds raised through this program are invested in high growth business sectors that are clustered in urban areas.



## Eligible Business Corporations Participation by Region in VCC Program



From: BC Small Business Profile 2015, Ministry of Small Business & Red Tape Reduction

From: BC Venture Capital Branch 2015

## In 2013 alone, BC residents contributed over \$4.7 Billion to their Registered Retirement Savings Plans

At the same time that businesses are facing difficulties in accessing capital, BC residents are investing huge amounts of money into RRSPs - most of which is invested outside of the province. Rural residents in BC invested over \$1.2 Billion into their RRSPs in 2013. If only 5% of this was redirected into local rural investment funds this would be over \$60 million per year.

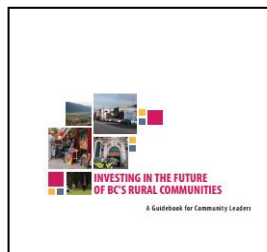
### *Successful Models for Raising Investment Capital in Rural Communities*

Recognizing this need, SIBAC has completed extensive research to identify best practices in raising rural investment capital. The two most successful models in Canada are Nova Scotia's Community Economic Development Investment Funds [www.novascotia.ca/econ/cedif/](http://www.novascotia.ca/econ/cedif/) and Alberta's Unleashing Local Capital initiative [www.acca.coop/unleashing/](http://www.acca.coop/unleashing/). Both the Nova Scotia and Alberta experience have demonstrated that rural residents are more than willing to invest in their communities and local businesses given the opportunity.

SIBAC is continuing to encourage the provincial government to create a BC equivalent to the Nova Scotia CEDIF program.

***"The CEDIF Program is the single most important and powerful tool we have for community economic development in Nova Scotia".***

Rankin MacSween, President New Dawn Enterprises



SIBAC has also provided some financial assistance to assist with the creation of a community-based venture capital corporation in Christina Lake. The Christina Lake Community VCC (CLCVCC) has created an excellent guide and other resource materials available on their website [www.clcvcc.ca](http://www.clcvcc.ca).

### *Interested in Exploring the Concept More?*

SIBAC is interested in supporting rural communities who wish to explore the feasibility of establishing a local rural community investment fund. If you are interested in learning more about how a rural community investment fund might work in your community, the following are the general steps:

- Organize a group of interested individuals and contact SIBAC to request a presentation;
- SIBAC staff will provide an overview session on rural community investment funds;
- If there is interest in pursuing this further, a local leadership group would be formed to guide feasibility and business planning;
- SIBAC will work with and assist the local leadership group in completing the business plan and in establishing the organization.

SIBAC's founding members are the nine Regional Districts and six Tribal Councils in the southern interior and the CFDC of Central Interior First Nations. Committed to advancing rural development in the province, SIBAC focusses its activities on three major areas (i) providing a southern interior rural perspective into government consultation processes (ii) encouraging the development of new rural development policies and programs and (iii) developing and leading strategic rural development projects. For more information on SIBAC please visit our website and/or contact us. [www.sibacs.com](http://www.sibacs.com)