



## Local Investments for Local Benefits

*“Experience in other jurisdictions has demonstrated that increasing access to rural investment capital is absolutely critical to rural economic revitalization. We also know that when given the opportunity, many people want to invest in their own communities. This is why the BC Rural Centre, Kootenay Employment Services and the Creston & District Community Investment Co-operative have joined forces to help other rural communities form investment co-op organizations.” – Gordon Borgstrom*

## The Need for Rural Investment Capital in BC

**Access to financing was the leading barrier to business expansion identified by business owners in recent surveys conducted by the Columbia Basin Rural Development Institute.**

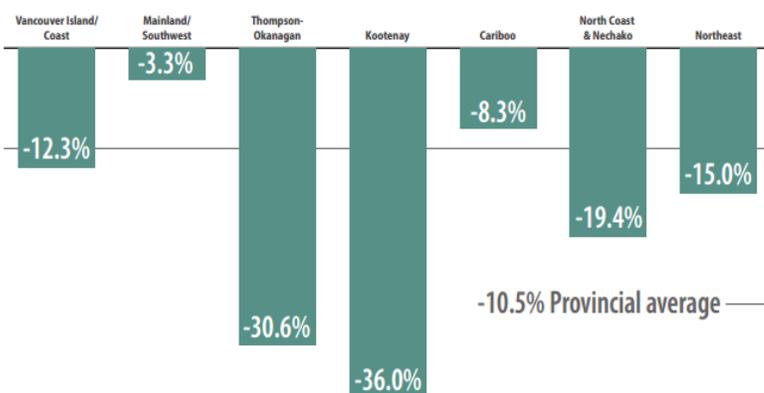
Access to investment capital is crucial to business and economic development anywhere – but is especially important in rural areas. However, research completed by BC Rural Centre and others has noted that it is often difficult to access business financing –specifically patient equity investment financing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

The BC Rural Centre 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 ‘Resources-Investment’ tab of the BC Rural Centre website [www.bcruralcentre.org/focus/community-investment](http://www.bcruralcentre.org/focus/community-investment)

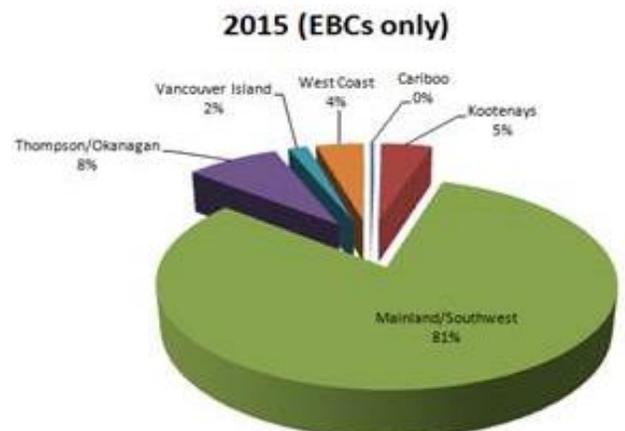
For more than twenty years, the Province of BC has supported a very successful venture capital program to help stimulate the development of emerging industries in BC. While very successful, the vast majority of funds raised through this program are invested in urban areas.

FIGURE 4.2: REGIONAL FOCUS: SELF-EMPLOYMENT GROWTH RATE (2009-2014)



Source: Statistics Canada / Prepared by BC Stats

Eligible Business Corporation Participation by Region in VCC Program



From: BC Venture Capital Branch 2015

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

## 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 enormous 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 towards sustainable economic revitalization.

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

Recognizing this need, the BC Rural Centre (previously SIBAC) 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 <https://nssc.novascotia.ca/corporate-finance/community-economic-development-investment-funds> 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.

The BC Rural Centre, along with the BC Community Impact Investment Coalition (<https://ccednet-rcdec.ca/bcciiic>) continue 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

The BC Rural Centre also provided financial and other assistance to help establish the Creston & District Community Investment Cooperative (CDCIC) and the Christina Lake Community Venture Capital Corporation (CLCVCC). Both Creston ([www.communityinvestmentcoop.ca](http://www.communityinvestmentcoop.ca)) and Christina Lake ([www.clcvcc.ca](http://www.clcvcc.ca)) have created some excellent guides and other resource materials available on their websites.

### Interested in Exploring the Concept More?

The BC Rural Centre, Kootenay Employment Services and the Creston & District Community Investment Co-operative are interested in assisting and supporting rural communities in the Southern Interior who wish to explore the feasibility of establishing a local rural Community Investment Co-op. If you are interested in learning more about how a rural Community Investment Co-op might work in your community, the following are the general steps:

- Organize a group of interested individuals and contact either Gordon or Eden to request a presentation;
- We will provide an overview session on rural Community Investment Co-ops;
- If there is interest in pursuing this further, a local leadership group would be formed to guide the feasibility and business planning;
- We will work with and assist the local leadership group in completing a business plan and assist in establishing the new organization.

### Please feel free to contact us:

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