

**SOCIO-ECONOMIC
IMPACT ASSESSMENT** of the

**SOUTHERN INTERIOR
DEVELOPMENT
INITIATIVE
TRUST**

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Southern Interior
DEVELOPMENT INITIATIVE TRUST

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• AUGUST 2016 •

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EXECUTIVE SUMMARY

It has been ten years since inception for the the Southern Interior Development Initiative Trust. Certainly it is an opportune time to ask whether the impacts arising from efforts reflect the most effective and efficient application of operational programming. With these thoughts in mind it was decided by the Southern Interior Development Initiative Trust to engage Urban Matters Inc./Lochaven Management Consultants Ltd. to assist the organization in undertaking an investigation: (1) To demonstrate and properly articulate SIDIT's successes where they exist and to analyze progress so as to support the organization in its efforts to reinforce the efficiency of delivery and leverage its successes for greater impact; (2) To improve the understanding of how SIDIT's efforts are impacting local communities, enterprises and citizens so as to assist SIDIT in improving the effectiveness and character of its interventions, its targeting, its policies to better fit objectives, and its efforts to optimize resources; and, (3) To promote transparency in how well SIDIT is doing as a means of ensuring clear accountability to SIDIT's stakeholders and the communities and regions they serve.

Our investigations included the acquisition of both qualitative and quantitative impact related information; and employed both primary and secondary research. Our analyses focused on a consistent, systematic, and multidimensional approach.

The essential foundation of any development funding institution such as the Southern Interior Development Initiative Trust is that it be credible, excellent and relevant. The challenge of being relevant implies a proper understanding of the organization's context and circumstance in which it operates. Given the consistency of SIDIT programming contrasted with the lack of homogeneity across the communities of the Southern Interior, context is especially important to programming and analyzing impact arising therefrom.

Over the period 2009 to 2016 the Southern Interior Development Initiative Trust provided a total of 6,639 grants to students. Research indicates that funding per student is positively correlated with improved or higher student and community outcomes. It is clear that financial aid that reduces the cost and future burden of education on individual students is an essential investment for any region interested in achieving some level of desirable and sustainable economic prosperity.

By a significant margin grants issued by the Southern Interior Development Initiative Trust have supported economic development initiatives but collectively the range of these initiatives in terms of focus and scope is quite impressive and diverse. The emphasis of SIDIT's funding of community grants is one that seeks to support by way of investment the building of regional economic

foundations premised on the innovative, original and advanced aspects of development. This emphasis on investing for the future also comes with measurable benefits today.

Despite an emphasis on balancing risk and guarding organizational sustainability, funding performance and results have been exceedingly robust since inception.

Loan and grant funding to enterprises categorized as small business remain the major emphasis of loan funding efforts by the Southern Interior Development Initiative Trust. In terms of the locational distribution of funding the aggregate majority of loan funding is concentrated in the Central Okanagan. On a per capita basis the distribution of funding by location is fair and reasonable. That said, the use of per capita metrics while seemingly representative of some fair offering, is misleading in other ways as it does not take into account opportunity, comparative advantage, need nor context.

Since 2006 the Southern Interior Development Initiative Trust through its funding efforts has contributed to the creation and preservation of 2,657 short and long term jobs. The majority of job creation/preservation occurred in 2009, 2010 and 2011. SIDIT's recorded cost per job based on lending activities averaged \$27,985. SIDIT's contributions to regional employment does directly and indirectly comprise a number of higher quality, higher paid employment positions and in so doing is providing a substantive socially beneficial connotation to its efforts on this regard.

Total SIDIT loans disbursed since inception total \$39,279,648 for projects totaling \$145,187,833. The aggregate impact performance of lending and total funding to date by the Southern Interior Development Initiative Trust in respect to key quantitative measures is presented in the table below. These are not inconsequential contributions to a region where economic prosperity takes hard work and considerable effort; and especially so during a time of dynamic economic change and uncertainty.

	1st Order Direct Impacts	Indirect And Induced Impacts	Total Impact
Regional GDP 2016	\$145.18 million	\$53.72 million	\$198.9 million
Regional GDP 2016 (all funding)	\$193.23 million	\$71.49 million	\$264.72 million
Employment 2016	1,537 jobs	571 jobs	2,108 jobs
Employment 2016 (all funding)	2,609 jobs	965 jobs	3,574 jobs

SIDIT has continued to build on its past successes by maintaining a relatively diverse yet balanced sectoral and locational portfolio; promoting and fostering sub-regional inclusion and the benefits that accrue therefrom; seeking out and building on entrepreneurial ingenuity and commitment; leveraging partnerships and funding; facilitating synergistic development applications within the region; and in the midst of this proactive stance remembering to ensure organizational and operational sustainability.



PROJECT DEFINITION

1.1 PROBLEMATIQUE

With an initial capitalization of \$50 million from the Government of British Columbia the Southern Interior Development Initiative Trust (SIDIT) was established in February 2006. The mandate of this Public Trust is to stimulate and facilitate the realization of positive, long lasting and measurable benefits within the southern interior of British Columbia via investments in economic development initiatives within ten key sectors.

In 2011, after five years in operation, an economic impact assessment of SIDIT programming was undertaken wherein it was broadly concluded that:

“ the Southern Interior Development Initiative Trust has had a positive and significant economic impact within its Service Region specifically and within British Columbia generally. Loan and equity investment programming has led to the creation of new enterprises and/or strengthening of others; the creation of new jobs; and increased regional growth and prosperity.”¹

Within the study period (inception to 2011) it was asserted SIDIT funding efforts contributed \$113.16 million to regional GDP; stimulating the creation of 1,552 jobs; facilitating \$24.3 million in annual revenues for regional businesses; and feeding back in excess of \$13.7 million/year in tax dollars to Canada and \$3.3 million/year of taxes to British Columbia.²

Since 2011 programming and related activities undertaken by the Southern Interior Development Initiative Trust have grown in volume, scope and sophistication.

Logically it can be assumed that post 2011 activities are continuing to beneficially impact the economic well-being of the communities, citizens and enterprises within the region serviced by the Southern Interior Development Initiative Trust. That said the broad assumption that positive beneficial impacts are continuing lacks explicit confirmation. Therefore the Board and management of the Southern Interior Development Initiative Trust have expressed a formal interest in documenting operational impacts. Specifically there is interest by the Board to: (1) assess not only the economic impacts of SIDIT efforts but the economic and social impacts that are accruing as a consequence of SIDIT interventions; (2) determine how far reaching and sustainable these impacts are; and (3) seek sufficient clarity of these impacts so as to ensure on multiples levels that there is consistency of alignment between these impacts and the organization’s mandate, principles, objectives and plans.

With these thoughts in mind it was decided by the Southern Interior Development Initiative Trust that an assessment exercise was required:

1. To demonstrate and properly articulate SIDIT’s successes where they exist and to analyze progress so as to support the organization in its efforts to reinforce the efficiency of delivery and leverage its successes for greater impact.
2. To improve the understanding of how SIDIT’s efforts are impacting local communities, enterprises and citizens so as to assist SIDIT in improving the effectiveness and character of its interventions, its targeting, its policies to better fit objectives, and its efforts to optimize resources.
3. To promote transparency in how well SIDIT is doing as a means of ensuring clear accountability to SIDIT’s stakeholders and the communities and regions they serve.³

¹ SIDIT Evaluation Subsection: Economic Impact Analysis. May 2011. Lochaven Management Consultants Ltd.

² IBID

³ Certainly with this rationale guiding the investigation it should be noted for consideration that while the focus is on outputs and outcomes it is the process as much as the outputs arising therefrom that gives assurance that the organization and its activities are effectively addressing their mandate and achieving their full potential.

At the request of the Southern Interior Development Initiative Trust, Lochaven Management Consultants Ltd. together with Urban Matters Inc. (the Consultant) was contracted to undertake the assignment. Notably however it was made clear from the beginning that the assignment should build from 2011 not duplicate, and encompass further insights in respect to both social and economic impacts.

Certainly it is an opportune time to once again ask whether the impacts arising from SIDIT efforts continue to reflect the most effective and efficient application of operational programming to date or even the most desirable.

Urban Matters Inc./Lochaven Management Consultants Ltd. have built a global reputation for excellence in a variety of sectoral and business development disciplines notably including business and operational reviews; evaluations; and impact assessments. With a focus on sustainable community and private sector development our experience and expertise includes a unique understanding of the principles and practices of a range of development agencies and initiatives throughout a variety of international contexts. This experience has been gained from a variety of assignments on behalf of public and private sector interests. This includes local, provincial (British Columbia and Alberta), national (Canada) and foreign (Indonesia, Russia) governments; individual entrepreneurs and multinational companies; NGO’s, Associations (Federation of Canadian Municipalities), Trusts (Columbia Basin Trust and the Southern Interior Development Initiative Trust); and various international organizations such as the Multilateral Investment Guarantee Agency, the World Bank, the United Nations Development Program (UNDP) and the Organization for Economic Cooperation and Development (OECD).

1.2 APPROACH AND METHODOLOGY

“the most serious mistakes are not being made as a result of wrong answers... the truly dangerous thing is asking the wrong question.”

Peter Drucker

From the very beginning we felt that it was especially important to articulate and pursue a proper and thorough approach to this exercise based on a rational and defensible framework given the realities of resources, time, and the adequacy of data. The choice of methodology needed to enable us to objectively answer the following questions:

1. what social and economic difference(s) or impacts has the Southern Interior Development Initiative Trust made to those enterprises, clients and communities to whom it seeks to serve;
2. how significant and far reaching are these impacts; and,
3. how consistent are they in terms of SIDIT’s mandate, principles, objectives and plans.

In simple terms the ideal approach is one which is uncomplicated, rapid, economical in design

and application, and one which can also ensure acceptable standards of methodological rigor.⁴ That said, there is no “one size fits all” approach to impact evaluation or assessment, and the most appropriate approach to evaluate an intervention or series of interventions (activities, programs, services) ultimately depends on the operational characteristics of the program being evaluated.

We chose to follow a “simple” yet consistent, systematic, multidimensional approach. In other words we chose to approach the assessment of the social and economic impacts generated pursuant to the various activities and interventions of the Southern Interior Development Initiative Trust by way of designing an Evaluation Framework consistent with a standardized and defensible evaluative methodology founded on relevant best practices, but specifically adapted to the mandate, circumstances and priorities of the Southern Interior Development Initiative Trust. That is we followed an approach that built logically and consistently from the modelling Lochaven Management Consultants Ltd. had undertaken on behalf of the Southern Interior Development Initiative Trust in 2011 by way of confirming or adding or modifying economic indicators as required (given programming changes/growth/additions) and expanding to include relevant social indicators (both quantitative and qualitative). As well, while the work undertaken in 2011 represented the initial platform or foundation from which this subsequent effort was built, it was revisited and vetted to ensure that the expanded evaluation herein (2016) was realistic; balanced; correct; and useful.

Because typically the most expensive part of assessing impact is collecting new data, our approach was to build from the existing base of research, planning and record keeping efforts that had already been undertaken and maintained by the Southern Interior Development Initiative Trust and not to duplicate those efforts. We chose to focus on reviewing specific information as it pertained to individual initiatives, projects and proponents; delivery methodologies; and discernable programming impacts. In instances where gaps in important information existed, we utilized the most effective and efficient means to collect and compile the required information including the utilization of acceptable proxies in those instances where gaps in the required information were either too costly or too difficult to fill.

The review of available internal and external information, reports and documents was supplemented by a series of interviews utilizing focused questions and varying formats to ensure that a substantive base of geographical, sectoral, program and stakeholder stratified information was collected and analyzed.

Our investigations focused on the acquisition of both qualitative and quantitative impact related information; and employed both primary and secondary research. By definition the approach included a process of scoping⁵, direct fiscal assessment, surveying of a stratified sample of clients/stakeholders, and the careful inputting and imputing of indirect/induced impacts.

Individual tasks undertaken in preparing this report have included the following:

⁴ Logical framework-based evaluations are sometimes inadequate to assess the extent to which impacts are attributable to program interventions and not to factors unrelated to the program under study. In a best case scenario observed changes in indicators should be compared with the pre-project intervention. This approach assumes that observed outcomes are results of the project. Unfortunately, this assumption is almost never valid because almost all projects operate in dynamic environments where many social, economic, political, environmental and demographic changes are occurring, any of which might have influenced the observed outcomes.

⁵ Scoping is the process of defining exactly the issues to be addressed, the information to be collected, and the analysis required to properly assess the impacts of a venture/project. Scoping is a process within which various methods are applied to ensure a proper consultation with key stakeholders is undertaken; and a realistic evaluation and prioritization of impacts is ensured.

- A review of the Southern Interior Development Initiative Trust encompassing a substantive review of the organization and its operations;
- A review of various annual reports, strategic plans, media and other materials with documented statistics, assertions or insights pertaining to the impacts of the activities, programs and efforts of the Southern Interior Development Initiative Trust;
- A review of the previous impact assessment and various other impact evaluation methodologies and assessments with relevance to the activities and programming of various financial (DFI's) and/or PSD programming institutions and/or strategies;
- An assessment of regional context including an identification and investigation of complementary and/or competing interests within the Southern Interior (perceived or actual);
- Consultation with a variety of SIDIT clients and stakeholder interests;
- Analysis of a comprehensive array of individual client files and financial data as it pertains to the proposed impact of SIDIT support;
- The collection, compilation and analysis of pertinent quantitative and qualitative social, economic, income and employment impact data; and,
- An objective assessment of the social and economic impacts of SIDIT activities.

1.2.1 TECHNICAL FACTORS

It should be pointed out that in this type of investigation there are often a number of different and occasionally conflicting interpretations of selected terms and methodological processes. The following notes seek to provide some essential clarity before proceeding.⁶

IMPACT AND IMPACT ASSESSMENT is generally accepted to be the systematic analysis of lasting or significant change –positive or negative, intended or not –brought about by an action or a series of actions.

IMPACT INVESTMENTS are investments that are made into companies, organizations, communities and funds with the intent to generate and measure both a social and a financial return. Typically impact investments occur in markets where private sector investment is weak or the market is generally underserved. Organizations working within this milieu adopt environmental and social standards for their investments to varying degrees, and play a crucial role in leveraging partnerships between public and private sector stakeholders for larger scale investments.

IMPACT ANALYSIS is a rules-based and transparent approach to impact assessment providing insight into quantitative and qualitative benefits and costs accruing from a particular project or program or activity.

ECONOMIC IMPACTS generally encompass estimates of: (1) business output (or sales volume); (2) value added (or gross regional product); (3) wealth (including property values); (4) personal income (including wages); and/or (5) jobs. Economic impacts are different from the valuation of individual user benefits and they are also different from broader social impacts,

⁶ Impact Assessment Framework. The World Bank. October 2012

i.e. quality of life factors - though these may impact an area's level of economic activity.

Economic impact analysis is predicated on the concept of the multiplier effect. The multiplier effect reflects the fact that each dollar of direct spending or new job supports further spending and job creation in the area because businesses are interdependent and purchase goods and services from one another. In reality, while indirect and induced impacts do always occur, the net impact on the total level of economic activity in an area may or may not be increased by multiplier effects. If all that happens is that resources are shifted away from some other use to serve (indirect and induced) needs created by the new project or program or policy, then there are likely to be no net multiplier effects associated with total impact.

A multiplier is a measure of the local economic context and its level of connectivity. The more local firms and residents are interconnected, and trading goods and services with each other, the longer a dollar is likely to cycle through the region, and the higher the multiplier.

Social impact assessment includes the processes of analyzing, monitoring and managing the intended and unintended social consequences (quality of life), both positive and negative, of planned interventions and any social change processes invoked by those interventions.

1.3 METHODOLOGICAL CONSIDERATIONS

As with any operational (program or service) impact assessment there are certain unique characteristics inherent within the methodology of investigation that can impact its value in terms of how the approach is administered or how results are interpreted. Further because this is a static investigation of a very dynamic situation there are a number of a priori assumptions that are required to be made to ensure the final product is relevant and useful but in turn these assumptions by their very nature might also impact the overall, or some part of the, assessment in either a positive or negative manner. These considerations collectively have implications to the accuracy of the analyses undertaken, observations made, and conclusions drawn. While we feel that the validity of the investigation and veracity of the results as presented below are supportable, it is important nonetheless that the reader of this report be made aware of some of the more important issues of concern encountered in preparing this report. Countering threats to validity requires particular care when assessing and interpreting the findings.

1. In respect to assessing the social and economic impacts arising pursuant to SIDIT's efforts, we intentionally chose not to attempt to measure everything, but to strive to measure what matters most and from that priority of considerations we sought to identify and pursue what is measurable. As such the scope and depth of chosen indicators of impact is necessarily limited.
2. Social and economic changes can happen over a long period of time or very quickly. It is not always easy to track these changes nor see how they connect to SIDIT's initial and ongoing programming and how this plays out in the regional economy, local enterprises, quality of life and such like. Therefore the analysis in respect to cataloguing impacts might be lacking the full value and breadth of short term and especially long term impacts.

3. Because this impact assessment is taking place in the midst of or after the start of the project cycle (SIDIT inception) there exists little or no baseline data on the conditions of the "beneficiary groups" prior to the beginning of the project. Therefore assertions in respect to positive versus negative benefits lack a "before" and "after" comparative reference.
4. Identification of causal attribution while the most important aspect of any impact assessment is also one of the most difficult factors to confirm in an evaluation. In part it is especially difficult to ascertain because impacts do not happen in a linear path (e.g. A leads to B which results in C). Rather, impacts take place amongst a multitude of simultaneous changes. Whether or not the result or outcome of SIDIT's interventions or activities was due to the Southern Interior Development Initiative Trust or to other separate factors has serious implications to the overall veracity of the analysis. Further, defining the appropriate counterfactual argument is especially difficult to ascertain in a very complex environment where many economic, social, political and other changes are taking place simultaneously and many actors (other financial institutions, granting agencies and the like) are involved. While little can be done to confirm the extent of attribution versus contribution or accurately sort out the respective role of other influences this should not preclude the value of the exercise itself other than to ensure the findings are as conservative and credible as possible.
5. In order to gain some satisfactory level of insight in respect to those myriad of social impacts accruing pursuant to SIDIT efforts it was necessary to undertake a selected number of one on one interviews. These interviews were structured with an emphasis on representativeness of feedback but importantly the reader should be aware that they are not intended to facilitate or assure the generalizability of findings and as such broad generalizations are not provided.
6. Quite clearly SIDIT programming while well-articulated and clear in terms of eligibility, application and scope is delivered in a non-homogeneous region, i.e. one in which economic, political, institutional, industrial/business and socio-cultural context varies from community to community. Consequently, due to contextual factors even projects always implemented according to the same design may vary significantly in outcomes, impacts and sustainability from one location or sector to another. Therefore, in making broad generalizations of impacts and imputing those impacts across multiple interventions requires some level of caution and understanding of the economic, social, business and political context within which the activities (services and programs) are being delivered. In this regard we have endeavored to provide some contextual insight though this is limited.

Notwithstanding the collective importance of these methodological considerations we are confident that the analyses undertaken and the observations made throughout this report, are germane, realistic and supportable.



THE SOUTHERN INTERIOR DEVELOPMENT INITIATIVE TRUST (SIDIT)

“The mission of the Southern Interior Development Initiative Trust is to support strategic investments in economic development projects that will have long-lasting and measurable benefits to the Southern Interior.”

The Southern Interior Development Initiative Trust (SIDIT) was established on February 26, 2006 pursuant to the Southern Interior Development Initiative Trust Act (Bill 8-2005). SIDIT is one of four regional economic development trusts that were established through Provincial legislation. The other trusts are: Northern Development Initiative Trust, Island Coastal Economic Development

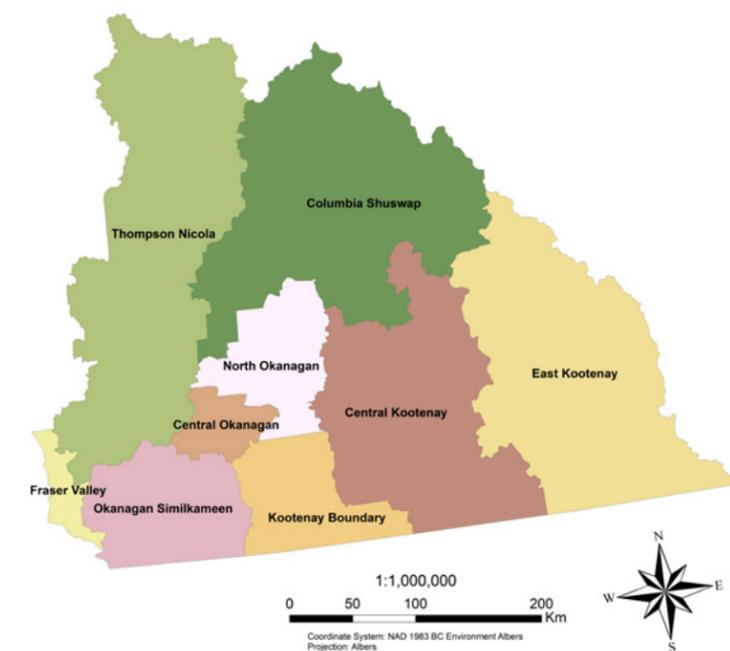
Trust, and Columbia Basin Trust. Each Trust has evolved under different circumstances and priorities. As such each has developed its own distinct business model to reflect the realities of the citizens, enterprises and communities they purport to serve.

The Southern Interior Development Initiative Trust services an area roughly extending to Blue River in the North and Hope to the West with the United States and Alberta borders serving as the Southern and Eastern boundaries of the Southern Interior Development Initiative Trust Service Region. In terms of specific political jurisdictions (communities and regional districts) the organization encompasses the following:

THOMPSON-OKANAGAN REGION: Regional District Of Columbia Shuswap including Salmon Arm and Sicamous; Regional District Of Central Okanagan including Kelowna, Lake Country, Peachland and West Kelowna; Fraser Valley Regional District including Hope; Regional District Of North Okanagan including Vernon, Coldstream, Spallumcheen, Armstrong, Enderby, and Lumby; Regional District Of Okanagan-Similkameen including Penticton, Summerland, Osoyoos, Oliver, Princeton, and Keremeos; Regional District Of Thompson-Nicola including Kamloops, Merritt, Chase, Barriere, Clearwater, and Sun Peaks Mountain Resort.

COLUMBIA-KOOTENAY REGION: Columbia-Shuswap Regional District including Revelstoke, and Golden; Regional District Of East Kootenay including Cranbrook, Kimberley, Fernie, Sparwood, Invermere, Elkford, Canal Flats and Radium Hot Springs; Regional District Of Central Kootenay including Nelson, Castlegar, Creston, Nakusp, Salmo Kaslo, New Denver, Slocan and Silverton; Regional District Of Kootenay-Boundary including Trail, Grand Forks, Rossland, Fruitvale, Warfield, Montrose, Greenwood, and Midway.

**Southern Interior Development Initiative Trust;
Service Area and Incorporated Communities
2016/2017**



The Southern Interior Development Initiative Trust is governed by a board of thirteen directors, eight of which are elected officials appointed by Regional Advisory Committees; and the five other Board directors are appointed by the Province of British Columbia. The Board is responsible for providing strategic direction, deciding policy, making investment decisions in support of a variety of regional economic priorities, and identifying other opportunities which contribute to the economic diversity of the Southern Interior. The Board and Committee members of the Southern Interior Development Initiative Trust have a shared vision for the future of the Southern Interior:

- a future where economic opportunities are enabled, providing long-lasting measurable benefits to communities;
- a future where regional investment creates significant positive impacts across the region while smaller communities are given opportunities to remain or become economically sustainable; and
- a future where there is a strong and diversified economy in the Southern Interior that supports the development of viable, healthy, vital and sustainable communities throughout.

In pursuit of this shared vision the organization has adopted a number of key goals and strategic priorities, most notably:

1. Enhance the southern interior economy by promoting greater economic growth, resiliency and diversification.
2. Preserve existing jobs and stimulate new employment in the southern interior region.
3. Attract new capital to the southern interior region to drive incremental economic development activities.
4. Increase the value of the investment pool, thereby increasing opportunities to support regionally strategic investments in the southern interior.

Within the context of these goals and priorities the organization has introduced a number of funding programs, facilitative/supportive efforts and key leveraging activities. Importantly a number of key metrics have been identified and tracked since inception.

In pursuing its mandate the organization adheres to the following essential guiding principles:

- Sensitive to the cultural uniqueness and diversity of the population of the Southern Interior;
- Accountable to the public for all of SIDIT's activities and transparent in all of our processes, decisions and reporting;
- Treat everyone with respect and dignity;
- Support only those projects that comply with all applicable environmental legislation;
- Support projects that add value to the communities and regions of the Southern Interior;
- Responsive to the needs and aspirations of the people and communities in the Southern Interior;
- Maintain a sustainable Trust that can provide ongoing support for economic initiatives for the Southern Interior;
- Encourage investment in the Southern Interior through leveraging and by acting as a catalyst;
- Support the creation, preservation and/or enhancement of employment in the Southern Interior;
- To the best extent possible, ensure that all regions of the Southern Interior have fair and equitable access to the SIDIT Funds;
- Support economic diversification and sustainability within Southern Interior communities; and
- Support and create sound, economically viable communities.

The initial capitalization of SIDIT was \$50 million from the Province of British Columbia along with a mandate to stimulate and facilitate through loan/investment and grants the realization of positive, long lasting and measurable benefits within the southern interior of British Columbia. To this end the organization provides investment in ten prioritized areas of the economy. These areas include Energy, Forestry, Mining, Olympic Opportunities, Agriculture, Transportation, Small Business, Tourism, Pine Beetle Recovery, and Economic Development.

According to its most recent Annual Report¹, since inception the organization has grown its business significantly and has broadened its offerings to effect a more substantive and far reaching impact. From its original \$50 million, the Southern Interior Development Initiative Trust had by March 31, 2016 committed \$43 million and invested \$39.3 million into business ventures in the Southern Interior as well as funded \$10.4 million in non-repayable grants and education awards. Over its ten-year history the organization has participated in 97 grant projects, and 105 loans and investment projects representing 2,609 in new jobs. The investment of \$43 million in loan and equity investments has attracted an additional \$102 million into the Southern Interior region representing a leverage of \$2.38 for every \$1 invested by the Southern Interior Development Initiative Trust.

¹ Southern Interior Development Initiative Trust Annual Report 2016 (Draft).



CONTEXTUAL FACTORS SHAPING SIDIT PROGRAMMING AND THE ORGANIZATION'S IMPACTS

“The optimal pathway to regional prosperity will be one that recognizes global forces and trends, addresses sustainable economic development opportunities, and takes into account the key advantages of the region and its people.”

The essential foundation of any development funding institution such as the Southern Interior Development Initiative Trust is that it be credible, excellent and relevant. The challenge of being relevant implies a proper understanding of the organization and its activities from the perspective of multiple contextual lenses. In this case (the Southern Interior Development Initiative Trust) those key contextual lenses include social, demographic, financial and economic context and circumstance in which the institution operates. They also include the definitional aspects of development. Clearly SIDIT requires this awareness and understanding in its strategic planning and day to day operational decision making if the institution is to be effective and successful in making informed decisions about the identification, design, and effective delivery of selected funding programs today and into the future. For our purposes this awareness is especially essential to a proper understanding of and appreciation for SIDIT's operational impacts. In other words beyond the sheer magnitude of change are these ripples of impact generated through operational efforts relevant and appropriate within the context that they are observed.

... context is so important .. that without it, “data is meaningless, irrelevant and even dangerous.”

The narrative below provides a generalized overview or profile of the Southern Interior with an emphasis on key demographic, social and economic characteristics. The intent of this narrative is to provide a better understanding of how context may and should influence the interpretation of impact.

3.1 THE ROLE OF DEVELOPMENT FINANCE INSTITUTIONS

In both the economies of developed and developing nations, usually though not always in response to some disturbing development impeding aspects of globalization, it has become quite common for national and regional governments to establish their own development finance institutions (DFIs). This is not a new phenomenon nor one borne out of recent global events. In fact sub-regional and national development financial institutions have been around since the early 1960's as a response to the ever challenging prospect of ensuring regional growth and development premised on both a strong private sector and engaged/involved civil society.

In Canada we typically think of the Business Development Bank as a DFI, though in recent year's its mandate has changed somewhat and arguably this morphing of mandate has moved it somewhat away from the typical function of a development financial institution. Internationally we think of the International Finance Corporation (IFC) and European Bank for Reconstruction and Development (EBRD). There are many similarities between these development models and the four Trusts established by the British Columbia, though far and away the Southern Interior Development Initiative Trust is the most similar.

For the most part DFIs are created for political reasons, but serve to address the economic and financial development challenges related to private sector growth and sustainability. The political

mandate or priority ensures more robust regional development; the creation of jobs; the promotion of innovation and regional prosperity; and building better infrastructure.

Generally, DFIs seek to maximize profit and development impact through “additionality”. Therefore, by design these institutions are most successful when they work in coordination with private sector lenders such as banks, private equity funds and investors, and various other provincial and regional funding and development agencies by adopting a complementary role rather than competing with them. There is also obvious value in working with existing development and educational institutions and authorities. This complementary/coordination approach maximizes their strengths and impacts. And thus partnerships and leverage are essential attributes of success.

These are important insights for a better understanding of SIDIT’s mandate, objectives and guiding principles on the one hand and the analysis and interpretation of impacts on the other.

3.2 IMPLICATIONS OF SIDIT’S SOCIO-ECONOMIC CONTEXT

As noted previously the SIDIT Service Region broadly comprises the Thompson- Okanagan Development Region (which includes the Columbia-Shuswap, Thompson-Nicola, North Okanagan, Central Okanagan, and Okanagan-Similkameen regional districts), the Kootenay Development Region (which includes the Kootenay Boundary, Central Kootenay, and East Kootenay regional districts), and Hope, located in the Fraser Valley Regional District.¹

According to an Environmental Scan prepared by Urban Futures in February 2015² the Southern Interior had a population of 682,604 or approximately 16% of the BC population. Compared to the province as a whole, the population is significantly older on average (57 vs 51 years).

Despite some similarities, by most measures there is a lack of homogeneity of demographic character across the Southern Interior. In fact, in terms of demographic character the region shows significant variability geographically as illustrated by a number of key measures. Consider by way of example a single observation that the population is predominantly urban within the Thompson Okanagan Development Region and significantly less so within the Kootenay Development Region³; and in terms of absolute numbers population growth between the two is notably unequal,

¹ Because this geographic designation is not congruent with any readily predefined statistical catch basin the collection and analysis of comprehensive historical economic, social and demographic information for the SIDIT Service Region is difficult at best to properly compile. Further inasmuch as this data collection effort goes beyond the immediate scope of this assignment we have chosen to gather and assess information made available to us through SIDIT’s recently completed environmental scan (February 2015 by Urban Futures) together with the collection and analysis of some modest amounts of readily available sub-regional information. That said while the amount of information available is limited our intent is to convey the importance of context to certain aspects of impact assessment and in respect to that objective the information available is sufficient for that purpose.

² Demographic and Economic Profile Southern Interior Development Initiative Trust Region. Urban Futures. February 2015.

³ We have chosen to convey certain points by using published information available for BC’s Development Regions regardless that these regions are not identical to those designated by SIDIT. The difference is not unimportant if the intent is statistical analysis. However our intent is to use the information to confirm some manner of regional variability and in this regard there is sufficient geographic, and by implication economic and demographic similarity, that the observations have legitimacy.

i.e. 1.1% year over year within the Okanagan Region and only 0.7% within the Kootenay Region. Further even within sub-regions there is significant variability. By way of example the percentage of the population aged 65+ years within selected regional districts within the Thompson- Okanagan Development Region is 27.5% in the Okanagan-Similkameen; 21.5% in the North Okanagan; and 19.0% in the Central Okanagan⁴.

Globally, nationally and provincially we know that educational attainment in the labour force is linked (direct correlation) with improved productivity as well as increased purchasing power. In 2011 educational attainment of the labour force aged 25-54 in Thompson Okanagan Development Region was 61.5% and 63.2% in the Kootenay Development Region. The percent of the 19 to 64 age population dependent on income assistance was 2.1% in the Kootenays and 2.5% in Thompson Okanagan Development Region. Because social and demographic variability impacts the character and quality of regional growth and growth prospects⁵ it necessarily affects the character of SIDIT’s activities and the performance arising therefrom. Clearly then this variability must be taken into consideration in assessing impact.

Total regional employment according to Urban Futures has fluctuated over the period 2007 to 2014 though it has, for the most part, consistently exceeded that of BC. Alternatively according to Urban Futures unemployment rates at 6.5% in 2014 within the service region exceeded that of the province (6.0%). In terms of confirming the variability within the Southern Interior it is interesting to note in the Thompson Okanagan Development Region the unemployment rate was 9.2% in 2012 (8.6% in 2014) while in the Kootenay Development Region it was 7.2% (7.3 % in 2014) versus (6.5 % and 6.0% in BC for those years). Clearly there is a significant economic difference between a region witnessing 9.2% in unemployment versus one with 7.2% and we would expect that SIDITs efforts and impacts to reflect these differences in one way or another.

Collectively the proportion of the population within the Southern Interior that is of working age (ages 15 to 64) is smaller than that of the rest of BC (63.3% compared to 68.5%) and labour force participation rates are also lower: 63.5% versus 65% for that of the province and 66.1% nationally.

Up to early 2016 and certainly over the period of interest for this study, there was some definitive concern with regional skills shortage. The trend toward an older population due to an out-migration of younger residents (in the 2008 to 2012 period this was made more acute by the migration of workers to Alberta’s oil patch); a trend toward smaller family size; an in-migration of older workers and/or retirees; or a combination of all of these factors had significant implications to the adequacy of the regional labour force and by implication to sustainable regional growth and prosperity across the entire service region. That said it is uncertain, though unlikely, whether the skills or talent shortage was felt with equal measure throughout the Southern Interior, in terms of both the skills required and the numbers of workers. In the absence of this equality we would expect: (1) the transition from funding application to approval to vary by sector and region if for no other reason than problems with skilled workers were more acute in certain sectors or certain locations; and (2) utilization of “employment” as a metric for some aspects of funding to be less important than other metrics that might measure capital investment and productivity enhancement.

⁴ There is a similar though less substantial variation within the Kootenay Development Region.

⁵ From a development funding perspective demographic variability impacts the array, scale, and viability of potential development funding opportunities. Given consistent programming across the entire region some demographic variations may logically result in a preponderance of certain types of activities or initiatives focusing on one geographic location versus another. For example if one area has a population with more College ready citizens we might logically expect more applications for educational grants; rendering such metrics as funding per capita as at best irrelevant or at worse misleading.

Within the region generally the largest proportion of employment is in the trade (retail and wholesale) sector, which accounted for 15.9 percent of total regional employment. The next largest employment sector is health care/social assistance (14.3%) followed by accommodation/food service (9.1%).

Again considerable regional variation is evident.

By way of example in terms of employment by sector, the services producing sector represents more than three-quarters of all employment in the Thompson Okanagan Development Region, led by healthcare and social assistance (12.2%), accommodation and food services (7.5%), educational services (6.7%), finance, insurance, real estate and leasing (6.3%), and professional, scientific and technical services (6.1). More specifically over the past two decades the Thompson Okanagan Development Region has moved away from its historic reliance on forestry and mining to include a diverse mix of industries. The region is a popular tourist and retirement destination, which has spawned significant investment and construction activity over a number of years. It is BC's premiere agriculture, viticulture, and wine production centre and has a growing number of high tech, aviation and diversified manufacturing businesses. It is also home to a number of emerging industries including film production. As well while the location of BC's largest coal fields and a significant association with BC's mining industry, in aggregate the Kootenay Development Region comprises quite a diverse array of activities in and/or associated with coal mining, primary metal manufacturing (lead and zinc), logging, forest products manufacturing, hydroelectricity generation, tourism, and agriculture.

The implications of significantly differing sectoral representations on assessing impact are quite straightforward. Utilization of provincial norms to confirm regional or sub-regional comparative advantage (location quotient) and diversification opportunities can be utilized to better understand funding impacts including providing some substance to an understanding of best value for dollar.

	Total Employment	% Distribution
British Columbia - All industries	2,310.60	
Goods-producing sector	450.5	19.50
Agriculture	23.2	1.00
Forestry, fishing, mining, quarrying, oil and gas ¹	46.8	2.03
Utilities	14.1	0.61
Construction	195.6	8.47
Manufacturing	170.8	7.39
Services-producing sector	1,860.10	80.50
Wholesale and retail trade	351.8	15.23
Transportation and warehousing	152.5	6.60

	Total Employment	% Distribution
Finance, insurance, real estate, rental and leasing	130.4	5.64
Professional, scientific and technical services	185.5	8.03
Business, building and other support services ²	94.1	4.07
Educational services	161.1	6.97
Health care and social assistance	288.8	12.50
Information, culture and recreation	116.1	5.02
Accommodation and food services	182.5	7.90
Other services (except public administration)	101.2	4.38
Public administration	96.2	4.16

Source Statistics Canada

Funding approvals within the context of those industries showing the greatest promise/growth over the period in which the impact assessment is addressing might be especially useful:

British Columbia's Top 25 Growth Industries (average annual GDP growth 1997-2014, %)	
Software Publishers	15.7
Waste Management/Remediation	8.9
Computer Systems, Design, Service	7.7
Pharmaceutical and Medical Manufacturing	7.5
Gambling Industries	6.8
Other Misc. Manufacturing	6.7
Equipment/Machine Repair, Household Maintenance.	6.4
Design, R&D, Technical Services	5.9
Veneer, Plywood & Engineering, Wood Manufacturing	5.5
Oil and Gas Extraction	5.3

British Columbia's Top 25 Growth Industries
(average annual GDP growth 1997-2014, %)

Misc. Manufacturing	5.3
Aquaculture	5.2
Other Wood Mnfg (Millwork, Pallets)	5.1
Computer and Related Equipment Manufacturing	4.6
Rail Transportation	4.5
Investigations and Security Services	4.2
Residential Construction	3.8
Tech and Trade Schools, Language & Fine Arts	3.7
Municipal and Regional Public Administration	3.6
Motion Picture Production & Distribution	3.5
Truck Transportation	3.3
Other Furniture Related Products Manufacturing	2.8
Pipeline Transport of Natural Gas	2.8
Couriers and Messengers	2.8
Warehousing and Storage	2.7

Source: Statistics Canada
and Business Council
of British Columbia

Urban Futures asserted there were 142,926 business locations throughout the Southern Interior in December 2013. Of those, 78 percent were located in the Thompson- Okanagan Development Region (111,438), with the remaining 22 percent being located in the Kootenay Development Region (31,488). Also of important note, eighty percent of all enterprise locations in the SIDIT region had an indeterminate number of employees (113,971 establishments) reinforcing the perception of a preponderance of small businesses, which not coincidentally is indicated in the emphasis of SIDIT's sectoral funding activity.

Aggregate presence (business location) will likely dictate emphasis and in turn the numbers and magnitude of impacts (economic, social and fiscal). The character of these enterprises (small and micro) would suggest opportunity for more substantive social impacts than purely economic.

All of these disparate factors that make up the Service Region profile of the Southern Interior Development Initiative Trust affect SIDIT's programming effectiveness, i.e. the relevance of programming and the potential for maximal success. This is the framework from which SIDIT's efforts aspire to build on, leverage and influence.

3.3 IMPLICATIONS OF DYNAMIC ECONOMIC CHANGE

Canadian growth and economic well-being is significantly influenced by global forces and these past number of years have been difficult. From a socio-economic development perspective these past five years (2011 to 2016) in Canada, British Columbia and within the Southern Interior can best be described as a highly volatile and uncertain experience beginning with a wave of post-recession optimism and rapid growth as global markets rebounded from the 2008 financial crisis; a disappointing and especially concerning anemic mid-term plateau dominated by low oil prices (global supply overhang and stubborn commodity-price slump) exacerbated by stagnating international growth; and ending with a moderately promising and somewhat cautiously optimistic outlook led by British Columbia's sustained prosperity¹ across various diverse industry sectors, though the progress of global recovery remains fragile.

In short the past five years suggest that economic uncertainty is not a short term phenomenon but a regular occurrence that the Southern Interior Development Initiative Trust must continually cope with as it endeavors to maximize its development agenda within the Southern Interior

For the private sector a time of such enormous economic volatility and uncertainty typically means a time of enormous risk, often necessitating a rescheduling of plans, a retrenching of operations and/or a time of cost cutting and refinancing. And for financial markets and financial intermediaries it is a time where typically they lay low. Yet for organizations such as the Southern Interior Development Initiative Trust, uncertain economic times are usually times of considerable activity - where incrementality of development efforts becomes more pronounced and arguably more important; where support to new enterprise initiatives or innovation demands attention; and where community grants for infrastructure, economic development and civil society initiatives become more urgent and necessary.

Recent economic gyrations and challenges are clearly not inconsequential. Further these challenges have not been inconsequential to those enterprises, citizens and communities within the Southern Interior. Arguably SIDIT's operational impacts while statistically similar if contrasted with efforts undertaken in a more stable economic environment are within this context more significant, more valuable and more noteworthy. Given that the organization has continued to work effectively, some "weighting" should be considered in assessing impact. Certainly context has a role to play in assessing impact.

¹ According to the Conference Board of Canada B.C.'s economy will outpace all other provinces in 2016, posting real GDP growth between 2.7 and 3.3 per cent. Housing, tourism and other non-resource sectors are expected to lead the surge. Like the previous year (2015) much of the growth is expected to be led by the services sector. The low Canadian dollar helped fuel a record setting year for tourism in 2015 while strong job growth has household spending in British Columbia continuing higher. Even British Columbia's manufacturing sector, which posted only modest growth overall to date despite a number of years of comparative price advantages, saw strong gains in an array of areas from computer equipment to transportation and machinery.

4

SYNOPSIS OF SIDIT ACTIVITIES AND CUMULATIVE PROGRESS TO DATE

It has been a little over ten years since inception and over this relatively short time frame the Southern Interior Development Initiative Trust has recorded considerable progress and a number of visible successes in its efforts to date. But after ten years it is also an opportune time to consider the following:

1. “what social and economic difference has SIDIT made to those enterprises, clients and communities to whom it seeks to serve;
2. how significant and far reaching were these impacts; and,
3. how consistent are these impacts in terms of SIDIT’s mandate, principles, objectives and plans.”

4.1 AN IDENTIFICATION AND REVIEW OF SELECTED SOCIAL AND QUALITATIVE IMPACTS ARISING PURSUANT TO SIDIT ACTIVITIES

In order to gain a better understanding of the breadth and depth of social and qualitative impacts arising pursuant to SIDIT’s efforts and activities, Urban Matters Inc./Lochaven Management Consultants Ltd. (the Consultant) undertook a combination of both primary and secondary research. For the most part sufficient documented information exists to adequately provide for a clear articulation of social and qualitative impacts, i.e. within Annual Reports, Strategic Plans, SIDIT’s Environmental Scan, various provincial, community and regional profiles and analyses, and within specific project listings/descriptions.

Nonetheless it was felt there was value in seeking direct primary input and greater clarity of impacts arising specifically through SIDIT’s Educational Grants Program. The rationale for this individual primary investigation was premised on the program being distinctly the most socially oriented; not insignificant (representing approximately 6,600 participants and an aggregate investment of \$5.4 million (2016)); having a multi year track record; and acknowledgement that education and labour force readiness are fundamental to sustainable community development and all that it implies.

In the instance of primary investigations into the impacts arising through SIDIT’s Educational Grants Program, the approach consisted of direct one on one interviews with a specific focus on gathering objective feedback and comments on the application, use and value of SIDIT’s efforts. While coverage was limited, for consistency a survey instrument was designed for use in the investigations (Appendix One). This instrument was designed to broadly capture impressions, thoughts and opinions, as well as important factual information. For the most part the process required respondents to provide answers to pre-defined questions. In many cases these responses required clarification and/or further investigation and thus were often supplemented with additional discussion to ensure as much pertinent¹ information as possible was collected. In all cases, each interview subject was assured of the confidentiality of the information collected. Purposely focus group discussions were not undertaken so as to ensure all responses were open and frank.

The identification of interview subjects came from information provided to the Consultant by the Southern Interior Development Initiative Trust.

¹ It wasn’t our intention or interest to explore the myriad of factors associated with program design or delivery, though more often than not discussions tended to segue into matters less about impact and more about the structure, mandate and conditions of delivery. Certainly these considerations may have implications to impact but were not within the terms of this assignment, i.e. the assessment of results not process.

4.1.1 IMPACTS ARISING FROM SIDIT EDUCATIONAL GRANTS

“ Hundreds of studies in many different countries and time periods have confirmed that better-educated individuals earn higher wages, experience less unemployment, and work in more prestigious occupations than their less-educated counterparts.”

Since 2006 the Southern Interior Development Initiative Trust has introduced and maintained a system of collecting information based on certain pre-identified metrics within its broad mandate to support, via various granting and funding mechanisms, community and regional prosperity; enterprise innovation; and educational success (labour force readiness). This information is typically detailed in Annual Reports.

The information collected and presented offers an interesting insight into the impact of SIDIT’s activities and provides a basis for ongoing evaluation.

As a starting point, over the period 2009 to 2016 the Southern Interior Development Initiative Trust provided a total of 6,639 grants to students through five post-secondary institutions including: College of the Rockies, Selkirk College, Okanagan College, University of British Columbia Okanagan and Thompson Rivers University. In aggregate \$5.4 million has been provided to students by way of grants since 2009. SIDIT educational grants have ranged in size from \$500 to \$2,500, though funding levels have recently been reduced².

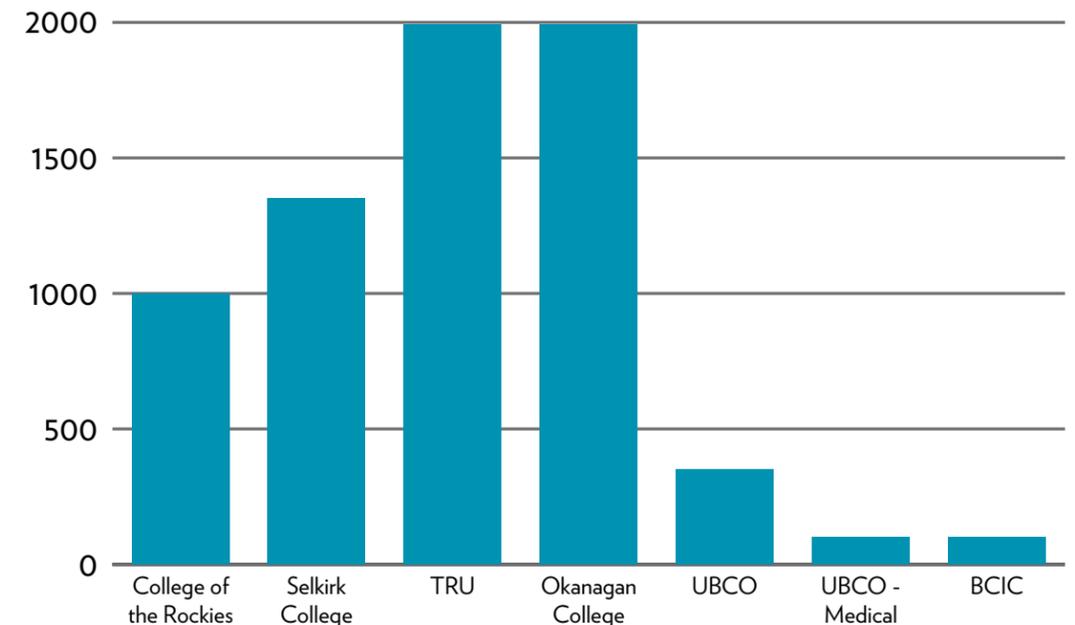
The following chart details granting activity by year and by institution. In terms of the regional dispersion of funding, students within the Thompson Okanagan sub-region received in aggregate \$3,837,250 (70.5% in allocations and \$7.49/capita) while those students within the Columbia Kootenay sub-region received in aggregate \$1,601,00 (29.5% in allocations and \$9.96/capita).

Numbers of Students Funded By the Southern Interior Development Initiative Trust									
	2009	2010	2011	2012	2013	2014	2015	2016	Total
College of the Rockies	142	183	187	107	106	100	123	84	1032
Selkirk College	284	362	450	74	58	44	38	36	1346
TRU	493	558	590	58	65	58	62	81	1965
Okanagan College	582	593	468	102	50	50	50	75	1970

² While individual funding levels were not examined in terms of the implications of changes to impact, this matter was raised on several occasions as adversely affecting overall impact.

Numbers of Students Funded By the Southern Interior Development Initiative Trust									
	2009	2010	2011	2012	2013	2014	2015	2016	Total
UBCO	0	0	0	29	50	50	40	65	234
UBCO - Medical	0	0	0	10	10	10	5	5	40
BCIC	0	6	9	11	10	10	5	1	52
	1501	1702	1704	391	349	322	323	347	6639

DISBURSEMENT OF SIDIT EDUCATIONAL GRANTS BY INSTITUTION



In respect to assessing the importance, validity and impact of educational grants to students, the following points bear noting:

- There is a substantive body of research to confirm that funding per student is positively correlated with improved or higher student and community outcomes. By way of example bachelor’s degree recipients typically earn \$500,000 more in present value over their lifetime compared to high school graduates and a skilled labour force returns to a community economic benefits many times over than one lacking skilled resources.³
- Most students finance their postsecondary education in different ways. However, importantly

³ The Role of Student Loans and Grants in College Access. Sandy Baum, Ph.D., Professor of Economics. 2003

funding by way of grants appears to matter more for some students than for others.⁴

- Recent economic times have proven difficult for many families and students. It is clear that financial aid that reduces the cost and future burden of education on individual students is an essential investment for any region interested in achieving some level of desirable and sustainable economic prosperity.
- Over the past twenty years, student debt has risen rapidly and is the second largest category of consumer debt. With the rise in student debt, and the deep recession, defaults and delinquencies have also increased sharply. This is not a platform from which sustainable national, provincial nor community development can be premised.
- The high levels of student debt are also serving to perpetuate and even worsen economic inequality, undercutting the opportunity and social mobility that higher education has long promised.

“Any student would prefer to receive grant aid, rather than have to borrow to finance college education. For some potential students, particularly those from low-income and underrepresented groups, the prospect of borrowing likely discourages enrollment.”

From a strictly aggregate investment perspective the Southern Interior Development Initiative Trust is making a difference to young students by supporting their efforts to pursue post-secondary education. That said in terms of impact the following should be noted:

- There is logic to support the contention that there is a direct correlation between the availability of grants/loans and a student’s post-secondary attendance. That said there is uncertainty as to how significant that correlation is, considering the size and terms of financial assistance and the status of individual students in terms of need, i.e. just because a grant is made available does not necessarily imply the grant represents the difference between a “go” or “no go” decision. Clearly size, terms and timing play an important role. Further it is unclear if the purpose of the grant is to “make things easier” or to “make things possible”. From the information we have available we are unable to say specifically whether the numbers or size or terms or dispersion were adequately enabling. For that we are obliged to consider the inputs of grantors (Colleges/Universities) and grant recipients (students).
- As evidenced by absolute numbers, SIDIT’s educational grants were exceeding popular between 2009 and 2011. However while aggregate funding remained consistent the number of authorized educational grants fell off sharply in 2012 – 2016. While economic conditions were highly volatile, skills (talent) shortages remained problematic throughout that time frame. Typically we would expect this to be an

⁴ “Given the limited availability of grant aid, students whose families are not in a position to finance their educations are forced to choose among alternatives, all of which involve considerable amounts of sacrifice and compromise. The only way to diminish their reliance on loans is to enroll less than full-time and/or to work long hours while in school.” IBID

occasion when more people go back to school and thus the drop off in numbers (especially at Selkirk College, TRU and OUC) seems inconsistent. That said in terms of aggregate investment by the Southern Interior Development Initiative Trust in this important initiative, funding remained similar year over year and thus we would expect the decline in numbers reflected more funding terms and amounts than interest.

Pursuant to the survey undertaken with selected educational institutions and a number of student beneficiaries, the following were noted/quoted:

SYNOPSIS OF THE SURVEY RESULTS: Most institutions advised that they were extremely grateful for the SIDIT grants; the administration and timing of the grants are considered very good and the impact of the grants are high for all institutions, their students, and their communities.... The grants help each institution by, in some cases, incentivising a student who may be on the fence to attend school there.

SELECTED QUOTES:

“These grants demonstrate leadership in the region. They show people are supporting the students, which “acts as a catalyst for other donors to help students in these times,” (UBCO).

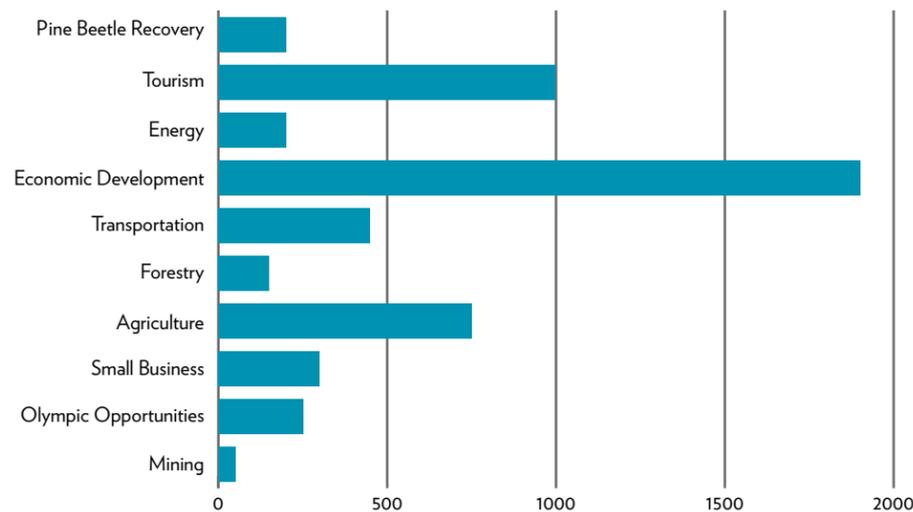
SIDIT grants “target students who otherwise would not be able to attend,” (Selkirk).

“I would not have been able to attend school without SIDIT’s generous support.”

4.1.2 IMPACTS ARISING FROM SIDIT’S FUNDING OF COMMUNITY GRANTS

According to the most recent (2016) operational summary of the Southern Interior Development Initiative Trust, since inception 97 grants have been approved and disbursed representing slightly in excess of \$5.0 million in contributions from SIDIT and \$53.08 million in leveraged amounts from other parties. Importantly it is the dispersion of funds and jobs by sector that is especially noteworthy. See the following:

COMMUNITY GRANTS DISBURSEMENT BY SECTOR

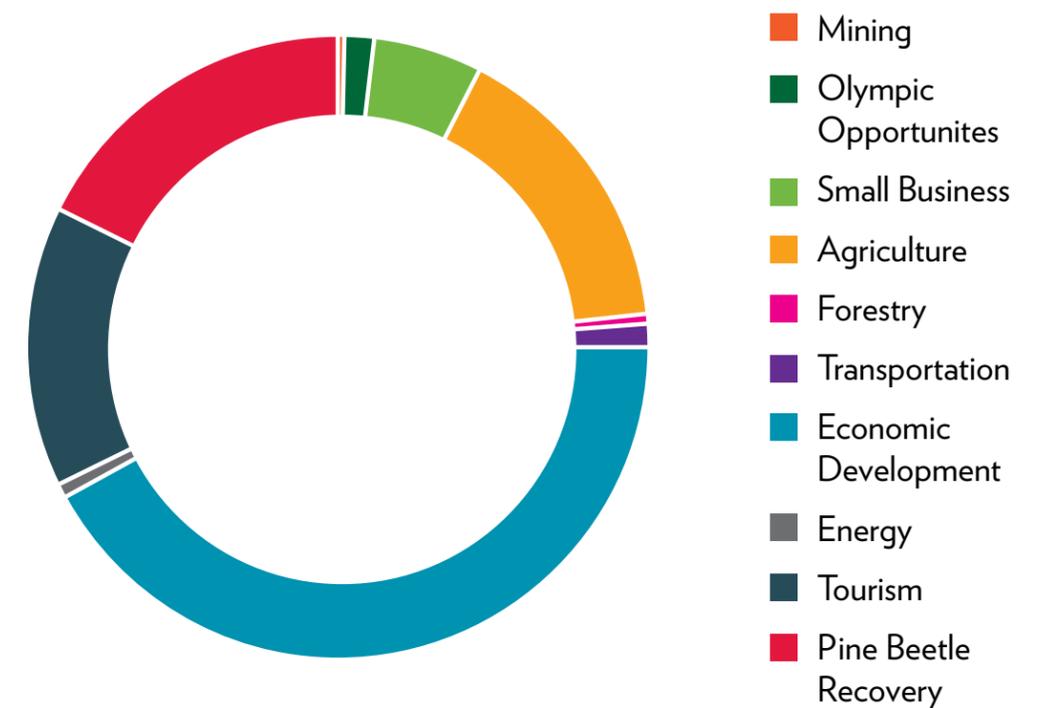


By a significant margin grants issued by the Southern Interior Development Initiative Trust have mostly supported economic development initiatives. The range of these initiatives in terms of focus and scope is quite impressive and diverse: from Christina Lake Ecological Centre for the Arts to Okanagan Research and Innovation Centre; from Kootenay Aboriginal Business Advocacy Services to The Village of Kaslo Fiber Broadband Initiative; from Kootenay Region Association for Community Living to Selkirk College Studio 80 Revitalization; from Sun Peaks Education Society to Lake Country Food Assistance Society and so forth. What particularly stands out, and is mentioned specifically within SIDIT’s Annual Reports is the financial support provided to Accelerate Okanagan (AO) / BCIC; Kootenay Rockies Innovation Council (KRIC) / BCIC; Kootenay Association for Science (KAST) / BCIC; and Kamloops Innovation Centre (KIC) / BCIC which have collectively benefitted the region by way of 508 jobs created, attracted \$80.2 million in new private investment, and leveraged approximately \$21 million in other investment. While the magnitude of causality as a consequence of SIDIT financial participation might be up for discussion given the multiple partners within each agency, there is sufficient merit to confirm that the Southern Interior Development Initiative Trust has played an important role in fostering innovation.

In respect to other sectors of contribution the Southern Interior Development Initiative Trust continues to stress the importance of and support for the development of tourism within the region and to support some of the more innovative aspects of local agriculture, e.g. UBCO Biotechnology Resources and TRU Centre for Innovation in Ranching.

Clearly the emphasis of SIDIT’s funding of community grants is one that seeks to support by way of investment the building of regional economic foundations premised on the innovative, original and advanced aspects of development. This emphasis on investing for the future also comes with measurable benefits today, e.g. broad sectoral dispersion of new jobs (1,071)

COMMUNITY GRANTS IMPACT - JOBS BY SECTOR



4.2 AN IDENTIFICATION AND REVIEW OF SELECTED INCOME, EMPLOYMENT AND ECONOMIC (QUANTITATIVE) IMPACTS ARISING PURSUANT TO SIDIT ACTIVITIES (2016)

“Ten years later (2016), with 98 grant projects, and 105 loans and investment projects funded, creating 2,609 jobs, a total of \$49.8 million has been disbursed. SIDIT is proud to have sustained its initial funding allocation of \$50 million to support strategic investments in economic development projects ... This is indeed a good news story for SIDIT” ...

Beyond an assessment of the qualitative impacts arising pursuant to SIDIT programming as presented and discussed above, another important purpose of this investigation, arguably the preeminent purpose, was to consider quantifiable outcomes and outputs, i.e. provide a focus on the program's quantitative results. To this end the following notes delineate specific sectoral, locational, economic, employment and financial impacts as well provide insights into the causality of specific delivery methodologies.

On an ongoing basis the Southern Interior Development Initiative Trust tracks a number of performance and impact metrics. These metrics are reported annually. The more relevant are included, discussed and analyzed below.

The key to the assessment and analyses that follow is the isolation and measurement of incremental activity.

4.2.1 LOCATIONAL AND SECTORAL IMPACTS

The following two tables and accompanying charts lay out some of the details in respect to the breadth and scope of SIDIT's funding⁵ performance since inception with the years 2011 (cumulative) and 2016 (cumulative) set out for comparison purposes. In considering year over year activity in funding and especially lending, despite an emphasis on balancing risk and guarding organizational sustainability, funding performance and results have been exceedingly robust since inception.

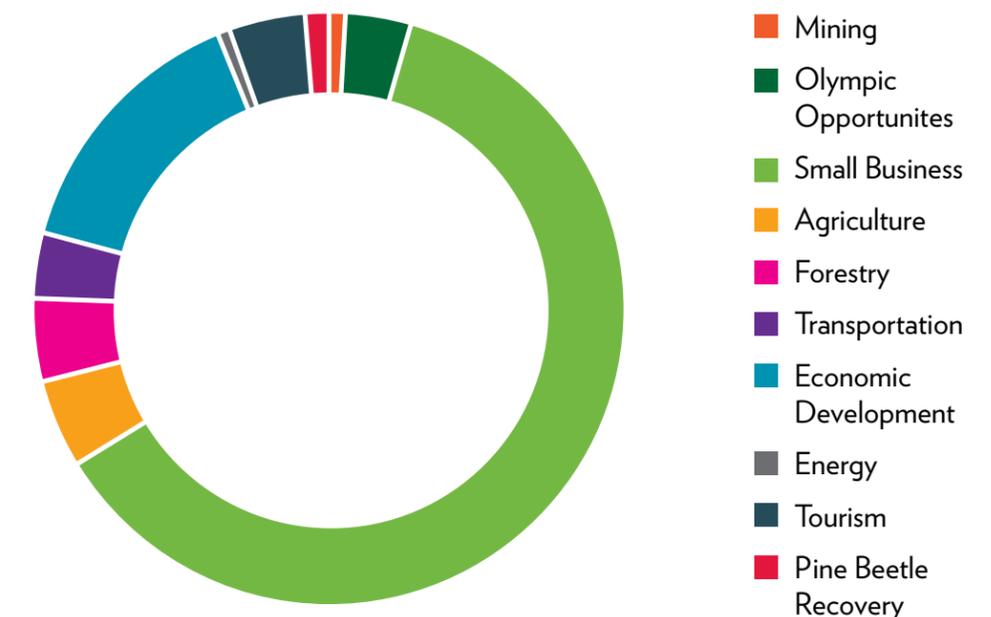
The first table below delineates SIDIT Loan and Grant Funding By Sector. Importantly sectoral classifications refer to sectoral priorities as defined within the Southern Interior Development Initiative Trust Act. These categorizations do not match nor relate to any standard industrial classifications (SIC) and as such it is impossible to make statistically valid cross sector comparisons with common SIC reference points, i.e. whether the sectoral trends in funding are consistent with the province and nationally and/or whether these trends match variously defined or forecasted sectoral growth trends and opportunities⁶. Nonetheless there are a number of observations of note.

⁵ Some of the statistics collected do not separate out the distributions of loan funding versus loan and grant funding. Total loan funding disbursed to March 31, 2016 was \$ 39,279,648 and total loan and grant funding to March 31, 2016 totalled \$ 49,758,717 a difference of \$ 10,479,069.

⁶ The value in comparative cross sectoral analyses, especially in respect to funding/lending outside the framework of SIDIT sectoral categorizations, is that it can be used to ascertain or assess the relevance of lending activities to the region's sustainable prosperity agenda or economic realities and comparative advantage by matching lending activities with the community, regional and/or provincial sectoral strengths and priorities as indicated by economic development agencies and authorities; and/or match/assess efforts in respect to the circumstances and prospects of particularly important sectoral characteristics and trends regionally, provincially, nationally and globally. By way of example advanced industries represent a merger between technology and manufacturing. From 1980 to 2013 advanced industries expanded at a rate of 5.4 percent annually—30 percent faster than the economy as a whole. The sector has an output growth rate 2.3 times higher than in the rest of the economy. Advanced services led the post-recession surge, and created 65 percent of the new jobs. Advanced industries also provide extremely high-quality economic opportunities for workers. While we know from discussion that SIDIT has been extremely active in this marketplace the absence of common categorization precludes a full and accurate understanding of exactly how impactful SIDIT is.

SIDIT Loans and Grant Funding By Sector				
Sector	Funding By sector to March 31, 2011 \$	Funding By sector to March 31, 2016 \$	% allocation by sector in 2016	% growth over past 5 yrs
Mining	150,000	447,848	0.90	298.6
Olympic Opportunities	50,000	1,780,000	3.58	3,560.0
Small Business	15,984,677	30,719,819	61.74	192.2
Agriculture	695,439	2,439,316	4.90	350.8
Forestry	2,674,319	2,217,964	4.46	82.9
Transportation	436,000	1,741,000	3.50	399.3
Economic Development	714,233	7,376,741	14.83	1,032.8
Energy	157,380	310,898	0.62	197.5
Tourism	768,877	2,144,196	4.31	278.9
Pine Beetle Recovery	499,676	580,935	1.17	116.3
	22,130,601	49,758,717	100.0	

SIDIT LOANS AND GRANT FUNDING BY SECTOR



Loan and grant funding to enterprises categorized as small business remain the major emphasis of loan funding efforts by the Southern Interior Development Initiative Trust (61.7%), followed by economic development (14.8%) and distantly third, agriculture (4.9%). In aggregate terms small business loans have increased the most significantly since inception and especially so since fiscal year end 2011 (\$14.7 million) though in terms of meaningful relative growth, economic development enterprises have garnered the most attention (1032.8%) since 2011. In terms of sectoral evolution there seems to be a flattening of interest (applications and/or approvals) within the forestry sector though there is substantive growth evident in tourism, economic development, Olympic opportunities, and transportation.

Regional Distribution of SIDIT Funding (Loans and Grants)				
Region	To March 31, 2011 Funding	To March 31, 2016 Funding	Per capita Funding	% Growth in Funding over past 5 yrs
	\$	\$	\$	
East Kootenay	\$803,625	\$2,915,837	51.44	362.8
Central Kootenay	\$100,000	\$1,478,936	25.31	1,478.9
Kootenay Boundary	\$1,342,964	\$4,844,100	155.57	360.7
Okanagan Similkameen	\$930,674	\$5,256,147	65.10	564.8
Central Okanagan	\$12,886,054	\$24,398,651	135.67	189.3
North Okanagan	\$1,605,589	\$5,493,520	67.62	342.1
Columbia Shuswap Combined	\$754,680			201.6
Columbia Shuswap-K		\$300,176	20.76	
Columbia Shuswap-TO		\$1,221,363	33.87	
Thompson Nicola	\$758,801	\$2,732,734	21.27	360.1
Fraser Valley	0	\$1,117,253	187.18	

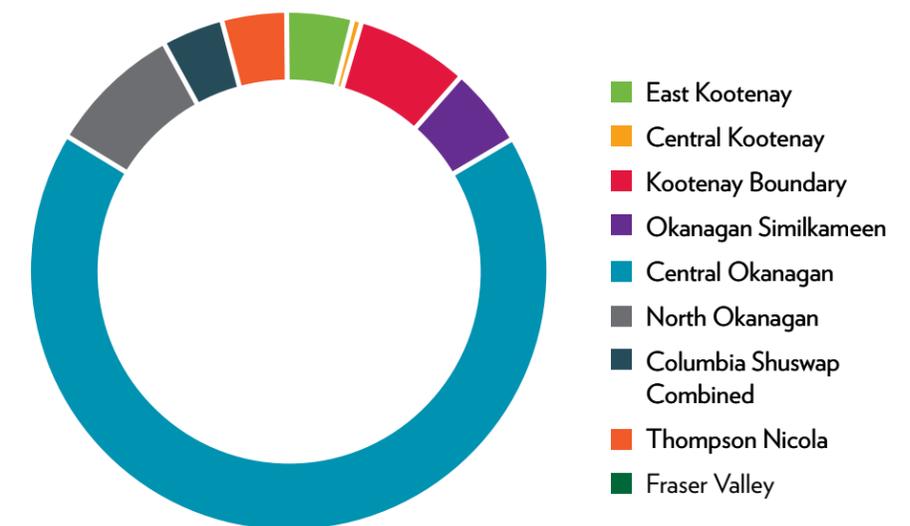
In terms of the locational distribution of funding, as detailed in the table above the aggregate majority of loan funding to 2016 is concentrated in the Central Okanagan (49%) followed by the North Okanagan (11.0%) and Okanagan Similkameen (10.5%) respectively.

On a per capita basis the distribution of funding by location is as expected, given regional populations and prospects. That said, the use of per capita metrics while seemingly representative of some fair offering, is misleading in other ways as it does not take into account opportunity, comparative advantage, need nor context which as discussed previously can vary quite significantly within the broader region – that is it might be equal but not equitable; and it might be equal but not as effective as it might be. Nonetheless a broad dispersion of benefits is consistent with the

mandate and guiding principles of the organization.

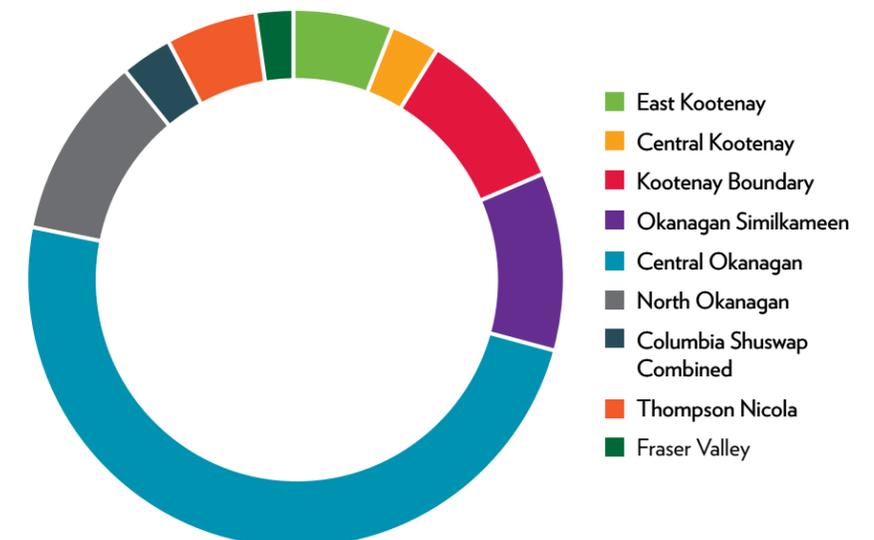
As is evident in the chart below, aggregate activity by the Southern Interior Development Initiative Trust to 2011 was heavily weighted towards the Central Okanagan.

REGIONAL DISTRIBUTION OF SIDIT FUNDING 2011



While the regional distribution of funding didn't change significantly in absolute terms in 2016, the period between 2011 and 2016 indicates a readjustment of sorts with greater proportionate shares being evidenced within the North Okanagan and Okanagan Similkameen. There was also some proportionate/relative growth in funding in Central and East Kootenay regions, albeit in aggregate terms these numbers are modest.

REGIONAL DISTRIBUTION OF SIDIT FUNDING 2016

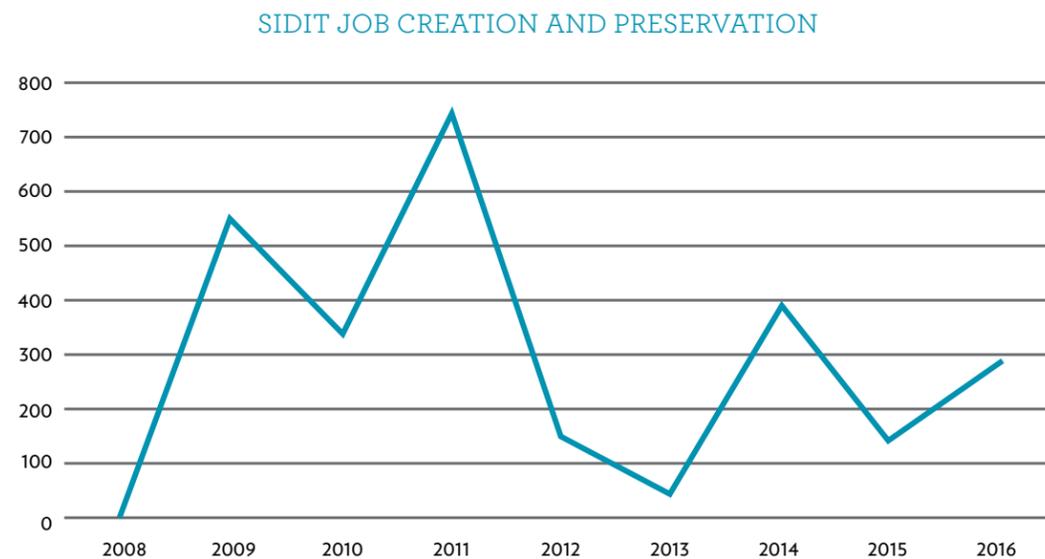


It should be further pointed out that the influence of CBT efforts (Columbia Basin Trust) likely impact the overall level of grant funding support by region (especially amongst those areas within SIDIT's eastern borders) and in so doing distort the evaluation thereof. Nonetheless individual communities gain with the presence of both Trusts though the issues of causality and incrementality are especially difficult to ascertain the more non-traditional players there are in the game.

4.2.2 JOB CREATION AND PRESERVATION

According to the most recent Annual Report of the Southern Interior Development Initiative Trust⁷ since inception the organization through its funding efforts has contributed to the creation and preservation of 2,657 short and long term jobs.

2008	2009	2010	2011	2012	2013	2014	2015	2016
10	542	341	722	151	63	394	147	287



Of note:

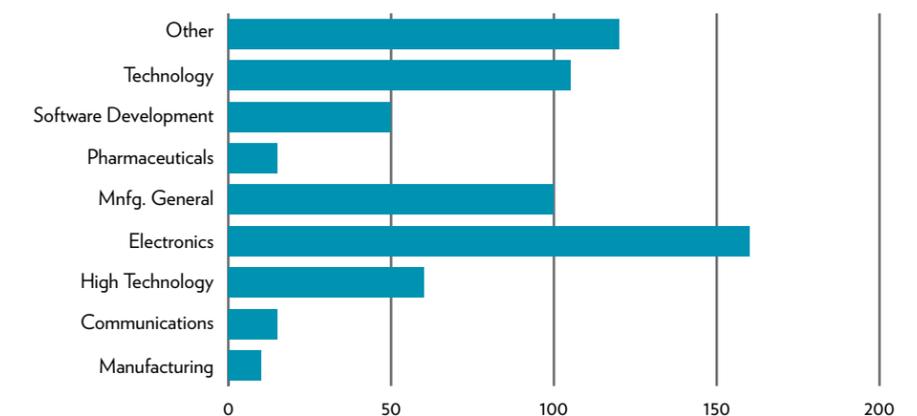
- In terms of granting activities, the most significant job creation return occurred with a \$50,000 grant to the Southern Interior Beetle Action Coalition in June 2010 which was expected to result in 180 jobs (\$278/job);
- In terms of locational dispersion of employment generated through granting efforts since inception there were 4 jobs documented in Central Kootenay; 266 jobs in Central Okanagan; 48.6 jobs in the Columbia Shuswap; 113 in East

⁷ Southern Interior Development Initiative Trust. Annual Report 2016 (Draft)

Kootenay; 1 in the Fraser Valley; 77 in Kootenay Boundary; 16 in the North Okanagan; 143.5 in Okanagan Similkameen; and 86.5 in Thompson Nicola;

- In terms of locational dispersion of employment generated through lending since inception there were 23 jobs documented in Central Kootenay; 799 jobs in Central Okanagan; 14 jobs in the Columbia Shuswap; 135 in East Kootenay; 19 in the Fraser Valley; 176 in Kootenay Boundary; 172 in the North Okanagan; 113 in Okanagan Similkameen; and 86 in Thompson Nicola;
- In terms of sectoral dispersion of employment generated through lending since inception there were 45 in agriculture; 28 in energy; 172 in forestry; 10 in mining; 23 in Olympic opportunities; 10 in pine beetle recovery; 619 in small business (disaggregated in the chart below); 110 in tourism; and 22 in transportation.

DISTRIBUTION OF SIDIT LOANS - SMALL BUSINESS



- In terms of sectoral dispersion of employment generated through grants since inception there were 22 in agriculture; 36.5 in economic development; 2 in energy and 26 in tourism.

In respect to an analysis of these employment impacts there are several observations of note:

- The majority of job creation/preservation occurred in 2009, 2010 and 2011 (a total of 1,605 or 60.4% of the total). This is not unexpected given the impetus of post 2008 economic growth nor was the disappointing performance in 2013 unexpected as commodity prices tanked. That said the relative stability of 2014 to 2016 is notable given the uncertainty of the times and suggests that SIDIT's role has been especially important in supporting a stable and prosperous economic development climate within the Southern Interior;
- SIDIT's recorded cost per job based on lending activities averaged \$27,985 throughout its tenure to date. While costs to create jobs vary by sector, by position, by role, by company size and so forth estimates by many private sector agencies suggest \$70,000 to \$90,000 is a good rule of thumb for the cost to create one job (entry level). As such SIDIT's contributed performance is especially significant;
- While job creation and preservation is a valuable impact to measure and monitor, in and of itself it lacks a qualitative connotation and thus there is little understanding of the type and quality of jobs that are created or preserved. It is possible based on the focus of funding activities and documented support to innovative initiatives and enterprises (technology, high tech, pharmaceuticals, electronics) and support to the catalysts of

innovation (Accelerate Okanagan, Kootenay Association for Science Kootenay-Rockies innovation Council, Kamloops Innovation Center) that one could presuppose and rightfully expect that SIDIT's contributions to regional employment does directly and indirectly comprise a number of higher quality, higher paid employment positions and in so doing is providing a substantive socially beneficial connotation to its efforts on this regard.

4.2.3 LOAN FUNDING AND LEVERAGED IMPACTS

Total SIDIT loans disbursed since inception (to March 31, 2016) total \$39,279,648 for projects totaling \$145,187,833. In terms of assessing the economic and employment impacts of these activities, as with the effort completed in 2011 we (the Consultant) chose to utilize the methodology of an input-output approach as illustrated in the diagram below.



Wherein:

DIRECT ECONOMIC EFFECTS are the changes in local business activity (output, incomes and jobs) that are directly generated through the business activities of loan/equity recipients.

INDIRECT BUSINESS IMPACTS encompass business growth (output, incomes and jobs) resulting from changes in sales for suppliers to the directly-affected businesses (including trade and services at the retail, wholesale and producer levels).

INDUCED BUSINESS IMPACTS include those further shifts in spending as a consequence of the change in workers and payroll of directly and indirectly affected businesses. This leads to further business growth (output, incomes and jobs) throughout the local economy. These induced impacts most typically occur in retail and other local-serving industry categories such as personal services, education, and health care.

The total impact of any given activity is then calculated by adding direct, indirect and induced impacts.

While there are doubtless an array of methods by which impact might be measured and assessed, and in that regard we have utilized multiple lenses in respect to other obvious impacts such as selected social impacts accruing from educational grant funding, we chose this method of assessing economic, income and employment impacts for a number of key reasons: (1) it is logical, transparent and defensible; (2) it is the most accurate and most relevant for the task at hand; and, (3) it allows for a ready comparative analysis between current performance and that measured in 2011. Of course there are certain shortcomings inherent in utilizing this methodology especially those assumptions in respect to selected proxies and multipliers. However, these matters can be statistically accommodated.

4.2.3.1 SURVEY SAMPLES AND DATA COLLECTION

In order to estimate the economic, employment and income impacts of SIDIT lending efforts, the analysis below used an array of information sources and materials including but not restricted to the following: (1) various studies, reports, and presentations including similar DFI impact reviews, the 2011 Impact Assessment undertaken by Lochaven Management Consultants Ltd and various Annual Reports of the Southern Interior Development Initiative Trust up to and including the Southern Interior Development Initiative Trust Annual Report 2016 (draft); and, (2) information made available to the Consultant from SIDITs Operational and Client files. Collectively this data provided a sufficient platform from which to confidently estimate the relationship between SIDIT's lending efforts and income and employment impacts within the Southern Interior.

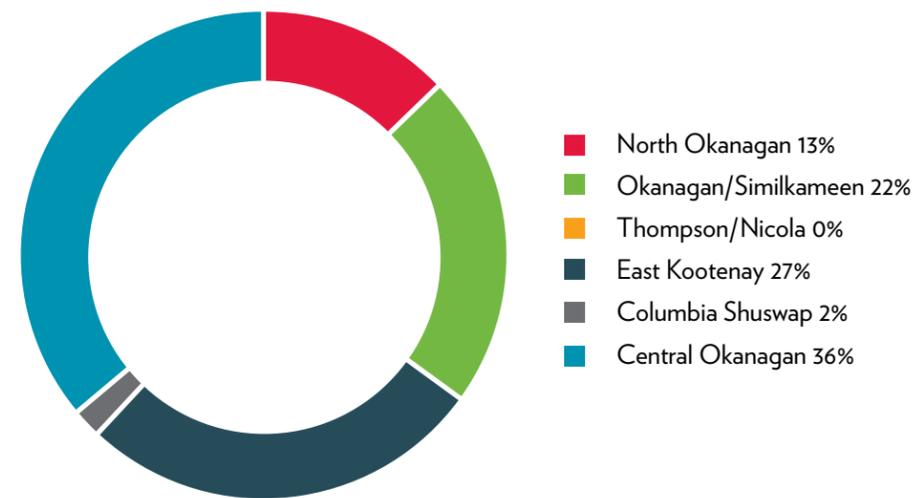
In aggregate the Consultant reviewed thirty active files. Four of the thirty did not have full financial statements and further analysis of these files was not possible. In aggregate the loan value of these thirty files totaled \$14,978,856 (32.3%) of the total project value of \$46,348,654. Total SIDIT loans disbursed since inception is \$ 39,279,648 for projects totaling \$ 145,187,833.

COMPANY	Region	Cost of Total Project	Loan Disbursement	Industry	Cost of Sales	Advertising & Promo	Consulting Fees	Director Fees	Product R&D	Professional Fees	Travel / Enter		General / Admin	Rent	Misc.	Meals	Training	Software	Wages (Salaries) / Benefits	Dues / Fees	Tech Service	Mgt Fees	Marketing / Programs	TOTALS (Salaries/Wages)	TOTAL (All Other - less salaries)
Company #1	Central Okanagan	\$1,659,250	\$700,000	Technology	\$484,766.89					\$126,117.60			\$107,013.86	\$41,873.09	\$1,287.96				\$1,625,408.87	\$95.00				\$1,751,526.47	\$761,154.40
Company #2	East Kootenay	\$300,000	\$150,000	Technology						\$2,787.00			\$42,935.00	\$790.00										\$2,787.00	\$46,512.00
Company #3	Central Okanagan	\$2,150,000	\$1,041,608	Manufacturing	NO DATA																			\$-	\$-
Company #4	Central Okanagan	\$500,000	\$100,000	Technology					\$637,020.00				\$246,690.00										\$559,111.00	\$-	\$1,442,821.00
Company #5	Central Okanagan	\$248,000	\$107,380	Energy	NO DATA																			\$-	\$-
Company #6	Central Okanagan	\$170,000	\$75,000	Agriculture									\$35,898.00	\$61,182.00					\$16,542.00	\$2,477.00		\$115,000.00		\$131,542.00	\$214,557.00
Company #7	East Kootenay	\$4,853,954	\$750,000	Tourism	NO DATA																			\$-	\$-
Company #8	East Kootenay	\$4,600,000	\$900,000					\$668.00		\$11,842.00			\$421,962.00		\$51,713.00	\$37,145.00			\$2,203,682.00					\$2,216,192.00	\$523,330.00
Company #9	Okanagan Similkameen	\$465,000	\$160,000	Manufacturing	\$4,235.66	\$4,354.01				\$775.00			\$17,607.28	\$3,809.52					\$1,950.76	\$483.24			\$2,839.06	\$2,725.76	\$34,103.77
Company #10	Fraser Valley	\$1,380,000	\$500,000	Transportation		\$226,565.00				\$187,905.00			\$669,430.00	\$99,677.00						\$108,382.00		\$191,675.00		\$379,580.00	\$1,483,634.00
Company #11	Central Okanagan	\$1,095,000	\$545,000	Transportation																				\$-	\$-
Company #12	Okanagan Similkameen	\$2,000,000	\$900,000	Agriculture									\$36.13											\$-	\$36.13
Company #13	Okanagan Similkameen	\$401,000	\$200,000	Agriculture						\$2,545.00			\$10,774.00	\$6,000.00					\$16,556.00				\$411.00	\$19,101.00	\$19,730.00
Company #14	Central Okanagan	\$290,000	\$150,000	Energy		\$864.09				\$2,120.00	\$249.01		\$12,420.22	\$3,405.00					\$67,935.22	\$5,617.62			\$350.00	\$70,055.22	\$25,025.94
Company #15	Central Okanagan	\$950,000	\$500,000	Technology		\$4,802.68	\$23,179.58			\$55,593.81			\$103,104.51	\$41,315.60	\$35,956.29		\$500.00	\$4,310.42	\$330,664.97	\$576.51			\$1,002.00	\$409,438.36	\$270,341.40
Company #16	East Kootenay	\$3,025,000	\$764,866	Agriculture	\$527,785.18	\$34,546.36				\$16,700.68			\$313,890.01	\$46,058.66			\$315.00		\$693,949.82					\$710,650.50	\$939,295.89
Company #17	Central Okanagan	\$1,350,250	\$361,015	Transportation					\$114,814.05				\$64,598.78											\$-	\$179,412.83
Company #18	Central Okanagan	\$1,350,000	\$310,682							\$23,091.99			\$74,285.05						\$583,808.97					\$606,900.96	\$97,377.04
Company #19	Central Okanagan	\$1,935,000	\$931,116	Manufacturing		\$3,497.00							\$471,252.00	\$355,803.00					\$517,554.00	\$22,275.00				\$517,554.00	\$852,827.00
Company #20	North Okanagan	\$2,750,000	\$1,000,000			\$91,713.00				\$4,173.00			\$1,236,109.00	\$135,501.00					\$1,012,539.00					\$1,016,712.00	\$1,467,496.00
Company #21	Fraser Valley	\$400,000	\$200,000	Technology		\$1,290.00							\$17,376.00	\$14,705.00				\$1,331.00	\$17,136.00	\$996.00				\$17,136.00	\$36,541.00
Company #22	East Kootenay	\$249,400	\$126,600		\$48,823.19					\$7,235.68			\$50,025.97	\$23,800.03	\$5,382.11				\$100,492.24	\$186.00			\$307.91	\$107,727.92	\$135,760.89
Company #23	Okanagan Similkameen	\$6,160,000	\$1,575,000	Olympic Ops.		\$52,521.50	\$322,390.00						\$755,514.00	\$781,105.00			\$15,821.25		\$2,417,332.00				\$8,782.00	\$2,739,722.00	\$1,934,133.75
Company #24	Okanagan Similkameen	\$1,100,000	\$500,000	Technology		\$17,487.00	\$350.00						\$185,427.00	\$122,842.00					\$41,840.00		\$50,000.00			\$92,190.00	\$376,106.00
Company #25	East Kootenay	\$2,095,000	\$1,000,000	Tourism						\$49,175.00			\$2,325,046.00	\$22,115.00					\$105,530.00			\$459,209.00		\$611,914.00	\$2,855,545.00
Company #26	North Okanagan	\$1,637,800	\$855,589	Technology		\$1,398.50							\$164,073.00	\$55,874.00					\$362,208.00					\$362,208.00	\$221,345.50
Company #27	East Kootenay	\$414,000	\$75,000	Technology		\$23,506.00				\$38,365.00			\$111,155.00	\$10,109.00					\$134,750.00	\$1,943.00				\$173,115.00	\$185,078.00
Company #28	Central Okanagan	\$550,000	\$-	Technology	NO DATA																			\$-	\$-
Company #29	Columbia Shuswap	\$1,800,000	\$300,000	Forestry		\$689.00							\$26,844.00											\$-	\$30,164.00
Company #30	Central Okanagan	\$470,000	\$200,000	Technology									\$17,460.00	\$10,217.00					\$16,666.00					\$16,666.00	\$27,677.00
		\$46,348,654	\$14,978,856	\$-	\$1,065,611	\$463,234	\$345,920	\$668	\$751,834	\$528,427	\$3,723		\$7,478,927	\$1,836,182	\$94,339	\$37,145	\$16,636	\$5,641	\$10,264,546	\$143,031	\$-	\$815,884	\$572,803	\$11,955,444.19	\$14,160,006

A notable aspect of SIDIT lending is the focus on the enterprise growth/expansion phase (50% target and 45% allocation); followed by later/mature stages (30% target and 33% allocation); early stage (15% target and 19% allocation); and finally start up phase (5% target and 3% allocation). Understandably this is in part a risk and portfolio balance related decision. Nonetheless this approach confirms the importance and relative weight of potential impacts arising pursuant to those enterprises within the growth/expansion phase.

The following chart presents the geographic distribution of client files (survey sample) reviewed. As is shown the majority of files related to enterprises located within the Central Okanagan and less so but significantly in the Okanagan Similkameen and East Kootenay. Notably there was an absence of active client files representing enterprises located within the Thompson Nicola. While locational information provides a broader perspective to the interpretation of calculated impacts within this part of the report the absence of 100% coverage does not unduly distort the results nor their interpretation.

REGIONAL LENDING IMPACTS 2016



4.2.3.2 INCOME, EMPLOYMENT AND ECONOMIC IMPACTS

Direct, Indirect And Induced Impacts Of The Southern Interior Development Initiative Trust's Lending Activity – Cumulative to 2011 and Cumulative to 2016			
	1st Order Direct Impacts	Indirect And Induced Impacts	Total Impact
Regional GDP 2011 (revised)	\$91.41 million ⁹	\$27.43 million	\$118.85 million
Regional GDP 2016	\$145.18 million	\$53.72 million ¹⁰	\$198.9 million
Regional GDP 2016 (all funding) ⁸	\$193.23 million	\$71.49 million ¹¹	\$264.72 million
Employment 2011 (revised)	963 jobs	297 jobs	1,260 jobs
Employment 2016	1,537 jobs	571 jobs ¹³	2,108 jobs
Employment 2016 (all funding) ¹²	2,609 jobs	965 jobs ¹⁴	3,574 jobs

Looking first at direct impacts the collective information indicates that the Southern Interior Development Initiative Trust's lending activities added (directly and leveraged in terms of additional lending efforts) a total of \$145.18 million to SIDIT's Service Region (Southern Interior). This

⁸ This includes all grants and is calculated based on an estimate of leveraged amounts as published in the Southern Interior Development Initiative Trust Annual Report 2016 (Draft). Importantly the matter of causality is assumed though this might be a contentious assumption to some regardless that it can be fairly argued that it is rational and reasonable given the array of initiatives supported and the focus of the various proponent organizations. Nonetheless there is likely some overestimation that the reader should be made aware of. On the other side of the coin, in respect to educational grants no leverage is included while arguably some causality might be justified and the full impact is therefore underestimated.

⁹ IBID

¹⁰ There is some disparity between the amounts recorded in the previous impact assessment and the amounts evidenced in SIDIT's Operational Tables to March 31, 2016. These differences are likely a combination of timing issues between approvals and disbursements and may also include files that were adjusted or modified after submission. Because the issue here within the context of this stage of the analysis is less a matter of comparison and more a matter of assessing exact impacts, we have chosen for these calculations to use those numbers specified within the current Operational Tables.

¹¹ Given the size and diversity of the Service Region it is difficult to define an exact income multiplier as in some cases the area is quite rural and thus considerable leakages are expected to accrue while some other areas are relatively urban and more economically sophisticated and thus not likely to experience as much leakage. In this regard we are looking at a measure somewhere between 1.15 and 1.45. Given the preponderance of lending/equity investments within the Central Okanagan in 2011 utilized a measure in the order 1.30. In 2016 there is clearly an increased economic sophistication within the Service Region and thus we are suggesting the measure is more likely in the order of 1.35 to 1.40. Again we expect that this measure likely errs on the side of being overly conservative.

¹² IBID

¹³ We have chosen an average of \$80,000 to \$100,000 cost per job for all sectors as a reasonable proxy for determining the impacts of SIDIT funding on indirect and induced job creation. Employment multipliers are sector specific and assuming an average across multiple sectors is not to imply that there isn't notable differences. That said this approach is reasonable given the character and structure of SIDIT's Service Region economy and the emphasis of SIDIT's lending and funding decisions (quality jobs in growing sectors). At this cost per job (\$94,000) an average employment multiplier of 1.37 is generated.

¹⁴ IBID

represented a net increase of \$53.7¹⁵ million since March 31, 2011. This lending/investment activity was recorded as contributing 1,537 jobs up 574 jobs (59.6%) versus the 963¹⁶ recorded for the period ending March 31, 2011. In respect to total funding, SIDIT added (directly and leveraged in terms of additional funding efforts) a total of \$193.23 million to SIDIT's Service Region. This represented a net increase of \$101.82 million since 2011. This total funding activity was recorded as contributing 2,609 jobs up 1,646 jobs from 963 jobs reported for the period ending March 31, 2011.

Taking into consideration those indirect and induced impacts affirms the significant role the Southern Interior Development Initiative Trust has played in the Southern Interior of British Columbia.

Through its lending activities the Southern Interior Development Initiative Trust has contributed a total impact of \$198.9 million to regional GDP and 2,108 jobs. In respect to SIDIT's total funding efforts it has contributed \$264.72 million to regional GDP and 3,574 jobs. These are not inconsequential contributions to a region where economic prosperity takes hard work and considerable effort; and especially so during a time of dynamic economic change and uncertainty.

4.2.4 SUSTAINABILITY OF IMPACTS

Beyond assessing the scope, breadth and magnitude of absolute impact that the Southern Interior Development Initiative Trust has contributed, facilitated and/or leveraged within the region, another important part of the exercise is the matter of sustainability, i.e. the type and magnitude of additional impacts accruing tomorrow as a consequence decisions made today. The importance of sustainability lies in the understanding that while SIDIT's efforts offer immediate or relatively immediate impacts, there is also a stream of ongoing impacts that will continue to benefit the region.

In respect to calculating the magnitude of sustainable impacts we have chosen to focus on SIDIT's active clients (Survey Sample 2016 presented above). The rationale of identification and aggregation holds that because these enterprises once underway will as a consequence of their ongoing operations provide a flow of economic/income returns within the region these ongoing impacts represent the sustainable outcomes arising through SIDIT's initial support. Of course it is near impossible to calculate the actual value of these impacts arising as a direct consequence of SIDIT's interventions, i.e. can causality be confirmed and if so what might be the weight assigned to SIDIT's contributions? Nonetheless they are impacts worth noting and in respect to attribution perhaps the matter is less important than the mere acceptance that SIDIT played a role in fostering those positive results.

The following table is presented to provide some level of insight into the ongoing impacts of SIDIT's 26 selected active client files. The absence of information on other clients (e.g. those that have repaid their loans) makes it impossible to take this matter further.

¹⁵ There is a modest difference between this figure and that calculated in 2011 (1,194) which was likely the result of combining the efforts of loans and granting efforts. We have chosen to separate these numbers out for a more accurate comparison.

¹⁶ Again there is a modest difference between this figure and that calculated in 2011 (\$86.38 million) which was likely the result of combining the efforts of loans and granting efforts. Moving forward in our comparative analysis we have chosen to use this more accurate number - \$91,419,579.

	1st Order Direct Impacts	Indirect And Induced Impacts	Total Yearly Sustained Impacts
Regional GDP 2016 (ongoing) ¹⁷	\$22,316,847	\$8,257,233	\$30,574,080

Nonetheless as noted, this discussion is to illustrate the point in respect to sustainability not to delineate impacts exactly nor to attempt to ascribe causality exactly, other than to suggest that there is a relationship (SIDIT and the enterprise) the consequences (economic, social, financial) of which have resulted in a stream of benefits accruing to the Southern Interior.

¹⁷ This is based on 26 active client files.



CONCLUDING THOUGHTS AND OBSERVATIONS

The past ten years have been tumultuous and challenging to say the least. Yet on a number of levels it can be affirmed that the Southern Interior Development Initiative Trust has continued to have a positive and significant social, economic and employment impact within the Southern Interior. SIDIT programming has broadened in scope and reach. The organization has matured and stabilized. Operationally, funding programs have resulted in the creation of new enterprises and/or strengthening of others; the creation of new jobs and/or the preservation of others; the facilitation of important and innovative community initiatives; the promotion and support of new graduates and a more highly educated regional workforce, and increased regional growth and prosperity.

The absence of an initial baseline makes these impacts no less substantive or important though the relative weight of the impacts and the role SIDIT has played in the process can not be fully appreciated. Regardless, what we have been able to measure is very real and very positive. These positive impacts serve to emphasize the relevance, credibility and value of SIDIT programming.

For the most part SIDIT has continued to build on its past successes by maintaining a relatively diverse yet balanced sectoral and locational portfolio; promoting and fostering sub-regional inclusion and the benefits that accrue therefrom; seeking out and building on entrepreneurial ingenuity and commitment; leveraging partnerships and funding; facilitating synergistic development applications within the region; and in the midst of this proactive stance remembering to ensure organizational and operational sustainability.

APPENDIX 1: SURVEY INSTRUMENT

GRANTING INSTITUTIONS INTERVIEW FORMAT

Hi my name is _____ and I'm working with Urban Matters to conduct an impact assessment for SIDIT educational grants. We are hoping to gather information today about how the SIDIT grants help both your institution and the students who receive the grants and qualitatively assess the overall impact of these grants. The interview should not take more than half of an hour. It will not be recorded but I will be taking notes. Although we are trying to get an overall, general sense of the grant impacts, is it OK if I quote you for any reason in my report? If not you can remain anonymous...

1. How many years has INSTITUTION been receiving SIDIT grants?
2. Has the granting amount or administration changed in that time? If yes positives/negatives.
3. Is there anything you would like changed about the SIDIT granting (amount, timing, admin, etc)?
4. How have the grants helped the institution (viability, attraction...) the student (education, wages...) the community (lower population outflow...)
5. Do you have data/reports on the students who have received the grants
6. What do you find is the most useful aspect of the SIDIT grants (in comparison to other grants received by INSTITUTION) What do you (as an institution) achieve with those funds?
7. Are the SIDIT grants more or less helpful to your students than other grants they can access? How could they be more impactful?
8. What is the impact of the grants as in would recipient students have gone to INSTITUTION without it? (scale of 1-10/ gather general level of helpfulness)
9. Do you have any other comments you would like to share about the SIDIT education grants specifically?
10. Do you have data/reports on the students who have received the grants that you can share with me?

College of the Rockies	Lois Murray	murray@cotr.bc.ca. 250 489-8264
Okanagan College	Kathy Butler	2507625445 4775 kbutler@okanagan.bc.ca
Selkirk College	Gary Leier	250.365.7292 Ext. 21221
TRU	Christopher Seguin	250-574-0474. cseguin@tru.ca
UBCO	Adrienne Skinner	250.807.9924 adrienne.skinner@ubc.ca

