



Aboriginal Business Start Up & Expansion Program

Frequently Asked Questions

1. *What is the ABSEP program?*

Aiming to address barriers to financing The Aboriginal Business Start-up & Expansion Program (ABSEP), provides business financing and grants to qualified aboriginal individuals and businesses. Financing, including term loans and working capital, is tailored to meet business needs and applications will be considered for full project financing, partial financing or leveraging to complement other financing or funding. Funding for ABSEP is provided through the Aboriginal Economic Development Fund by the Ministry of Aboriginal Affairs. Information on the AEDF is found at www.ontario.ca/aboriginaleconomy.

2. *Who is eligible?*

Status Indians, living on or off reserve; Aboriginal businesses (51% majority owned); and economic development corporations owned by a First Nation which are engaged in a for-profit business activity in Ontario are eligible.

Applications relating to farm and agribusiness are welcomed from applicants across Ontario. As well, applications relating to all business sectors are welcomed from applicants in Central Ontario including the GTA, South Central, Eastern and Southeastern Ontario. Non-Status Indians, Inuit and Metis are eligible, however, they are being serviced by Two Rivers CDC <http://www.tworivers.ca/> and the Metis Voyageur Development Fund <http://www.mvdf.ca/>

To be eligible, applicants must demonstrate that ABSEP financing is required and that other sources of financing have been exhausted.

3. *What are the maximum amounts of loan and contribution?*

\$220,000 (\$200,000 loan and \$20,000 grant)

4. *What projects are eligible?*

Business start-up, business expansion and business acquisition costs. Projects must demonstrate viability, the ability of the business to pay all of its expenses including loan payments and generate a profit for the owner. Applicants must demonstrate the project benefits, their need for financing, financial and managerial capability, and a sound financial plan.

5. *What types of Costs are eligible?*

Eligible costs may include, but are not limited to; professional fees, research and development, new product development, and market expansion. Capital to support the growth of the business is eligible if it is to be used to increase production capacity, productivity, profitability, market reach, product development, or for working capital. Acquisition of an existing business with the potential to benefit Aboriginal people is eligible. All eligible expenses must be incurred between the project start and end dates.

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6. *What must I contribute?*

Generally, a minimum 10% cash equity is required.

7. *How do I apply?*

For an application call 1-800-363-0329 or email: info@indianag.on.ca

8. *What is the application process?*

Once your application is received you will be contacted and additional information about your project may be sought. When all information is obtained, your application will be screened for eligibility and then presented for evaluation and assessment.

9. *What documentation is required?*

At the application stage, evidence of Aboriginal ancestry and other personal and project data is required. At the evaluation stage, evidence of equity and a business plan is needed which should include a resume, demonstrated market potential and business viability.

10. *How is the grant administered?*

It is applied directly to the loan to either reduce the term and/or interest paid on the loan.

11. *What is the interest rate?*

This will be confirmed at the time of approval on a case by case basis.

12. *Can this program be used to replace existing equipment?*

No. Projects must demonstrate the assets to be purchased will expand or enhance operations.

13. *If I need assistance to complete the required documentation, where can I go?*

IAPO staff can assist and /or check with your local EDO office.

14. *When do my loan payments commence?*

This will depend on the loan terms and amortization schedule set up when your loan is approved. Typically loan payments commence one month after you receive your loan.

15. *Am I required to do anything else?*

In addition to making regular loan payments, you will be required to submit annual status reports and annual financial statements. Any publicity about the project must include recognition of the AEDF program. All records of project expenditures must be retained.

**For more information about ABSEP contact:
Indian Agricultural Program of Ontario
220 North St., Stirling, Ontario K0K 3E0
1-800-363-0329 info@indianag.on.ca**

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