

ing Counselling Assistance to Small Enterprises (CASE), management training for owners and operators, and information for business people. Financial assistance is provided in the form of loans of up to fifteen year terms, interim (bridge) financing, loan guarantees, and equity financing.

Under the FBDB Act, the Bank is restricted with regard to the total funds it may borrow to finance its operations. Until 1980, the limit was ten times its capital, to a maximum amount of \$2.2 billion in outstanding loans. In June 1980, an amendment to the Act increased the limit to twelve times the capital. The interest rates charged by the FBDB are similar to those of commercial institutions, but both fixed and floating rates are available. Security for the loans is generally a mortgage on the fixed assets of the business and/or a floating charge on other assets. In the case of equity financing, the Bank usually purchases common or preferred shares, or acquires the right to buy such shares in the future, and often assumes a seat on the company's board of directors. It does not, however, become involved in a corporation's day to day operations.

It is important to keep the very substantial size of this program in perspective in order to appreciate its regional development potential (See Table 10-3). During 1980-81, the Bank authorized \$484 million in loans and \$13.6 million in equity investments, compared with DREE expenditures under the Regional Development Incentives Act of just 24 per cent of this amount — \$117.8 million—in 1980-81. In fact, the potential contribution of the FBDB to regional development has been reflected in the past by the assignment to the Bank's board of directors of a representative of the Department of Regional Economic Expansion.

Table 10-3
Federal Business Development Bank
Regional Operations 1980-81

Region	Loans Authorized	% of Total Loans	Equity Investment	% of Total Equity
Atlantic	\$ 39,767,000	8.2	\$ 1,933,000	14.2
Quebec	113,231,000	23.4	4,304,000	31.6
Ontario	145,122,000	30.0	3,358,000	24.7
Prairie and Northern B.C. and Yukon	79,343,000	16.4	1,494,000	11.0
	<u>106,576,000</u>	22.0	<u>2,528,000</u>	18.6
Total	\$ 484,039,000	100.0	\$ 13,617,000	100.0

The European Economic Community has also used financial aid to facilitate regional development. The European Investment Bank (EIB) was established in 1958 under the Treaty of Rome, "in part to finance projects to link member countries more closely together, and only in part as a mechanism to facilitate the mobility of development capital to poorer areas — not at subsidized rates, but with the requirement that its own funds be raised on the