



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



The Agricultural Flexibility Fund

www.agr.gc.ca/agriflexibility

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Canada 



Background

- The Agricultural Flexibility Fund is a five-year (2009-2014), \$500 million program.
- It will facilitate the implementation of new initiatives, both federally and in partnership with provinces, territories and industry.
- This program has the aim of helping to improve the sector's competitiveness and to help the sector adapt to pressures by funding non-business risk management measures.

Three key priority areas

- AgriFlexibility supports initiatives in three key priority areas:
 - Investments to help reduce production costs or improve environmental sustainability for the sector
 - Investments in value-chain innovation or sectoral adaptation
 - Investments to address emerging opportunities and challenges for the sector



Investments to help reduce the cost of production or improve environmental sustainability for the sector

For example...

- Expand adoption of management practices and technologies that result in lasting reduction of costs of production (e.g., long-term increase in farm profitability)
- Expand adoption of management practices and technologies that result in reduced environmental footprint (e.g., long-term improvements to environmental sustainability in the areas of soil, water and air quality)

Investments in value-chain innovation and sectoral adaptation

For example...

- Increase the available supply of high-quality Canadian-made agri-food and bio-products both domestically and internationally (e.g., in the medium to long-term, commercialization of new agri-food and bio-products)
- Encourage proactive adaptation to changing market conditions that result in viable businesses (e.g., medium and long-term development and achievement of business goals)

Investments to address emerging opportunities and challenges for the sector

For example...

- Expand or recapture market access for Canadian food and agriculture products and increased market demand for Canadian food and agriculture products (e.g., short, medium and long-term growth)
- Enable the provision of new technology to transform commodities into new value-added or bioproduct market opportunities (e.g., short, medium, and long term increase in agriculture net value-added)

What is an initiative?

- Initiatives undertaken by the Fund can be either one-time investments for a specific purpose, or multi-year initiatives. Multi-year initiatives must end within the life of the Fund.
- Initiatives are defined as an activity, or set of activities undertaken with a common purpose to achieve a desired outcome. In some cases, the set of activities might otherwise be known as a program.

Main criteria to determine eligibility

- AgriFlexibility funding will be guided by key principles:
 - Be non-Business Risk Management (BRM)
 - Complement *Growing Forward* initiatives and policy directions
 - Be consistent with Canada's trade interest and international obligations

Additional criteria

- Be compatible with at least one of the three key priority areas
- Be incremental initiatives
 - Not duplicate, overlap or displace Growing Forward or other existing PT programming
- Have no other available source of funds in another AAFC program
- Not displace existing or planned private sector investment
- Not distort the competitive advantage of one province or territory over another (e.g., no “buy local” campaigns) or one sector over another
- Implementable in a timely manner
- Be a time-limited initiative that can be completed by March 31, 2014

Prioritization of proposals

- The funding level will be considered on a case by case basis.
- Preference will be given to proposals that demonstrate a collaborative approach and which:
 - promote private sector involvement and investment;
 - While an industry contribution of 50 percent of total eligible proposal costs is the target; preference will be given to proposals with industry contributions of 25 percent or more.
 - help to address regional needs in the sector;
 - demonstrate economic viability and longer term self-sufficiency, where the nature of the proposal warrants;
 - reduce the costs of production for producers and processors and make a positive long-term contribution to the overall competitiveness of the sector;
 - ensure benefits across the value chain; or
 - do not require a level of investment that would be disproportionate to the size of the agriculture sector in a given province or territory.

Who is eligible?

- Eligible recipients may include:
 - individuals;
 - partnerships;
 - universities and colleges;
 - cooperatives;
 - marketing boards;
 - non-profit organizations; and
 - for profit companies.
- Any of these eligible recipients, with the exception of individuals, may act as initial recipients and provide funding to other eligible recipients.

How to apply for funding?

- Relevant information and documents about AgriFlexibility are available on the Fund's website at:
 - www.agr.gc.ca/agriflexibility
- The proposal form and guide are available on the website for download.
 - A Word version of the proposal form is on the website
 - A WordPerfect version of the proposal form is available on request
- Proposals may be submitted at any time or until all AgriFlexibility funding has been committed
 - Initially letters of intent were available as a tool to assist in determining eligibility
 - As of September 21, 2009 - Letters of intent will no longer be accepted
- When proposals are submitted they enter the review process that includes assessment by the AgriFlexibility team and departmental subject experts
 - Where more information is required an AgriFlexibility officer will contact the applicant
 - Follow the departmental service standards that are presently under review and will be published in the near future

Eligible Expenses

- A full listing is available in the Industry Proposal Guide
 - cost of goods, services and all related shipping and transportation costs
 - incremental cost of services, such as salaries and benefits, specific per diem fees, or actual project or program disbursements;
 - costs of consultants, technical advisors, and inspectors necessary for the project;
 - incremental costs for rental or lease of facilities, equipment or machinery;
 - purchase or construction costs of specific infrastructure needed under a project, up to \$250,000
 - purchase of capital items, such as computers, office equipment, equipment and construction costs for buildings, on-farm and post-farm infrastructure, plant upgrades, and land if they are specifically required to execute a project up to \$250,000
 - translation of public information, including those related to compliance with the *Official Languages Act*;
 - costs of project recipient audits;
 - costs of work related to compliance with the *Canadian Environmental Assessment Act* may be eligible

Examples of Ineligible Expenses

- Capital costs not specifically required for the execution of the project
- Costs related to regular ongoing operational and managerial activities
- Costs being reimbursed under an existing federal, provincial or territorial program
- Activities which support industry efforts to lobby or influence governments
- Activities that go beyond March 31, 2014
- Interest-rate subsidies or other types of input subsidies
- Refundable portion of the Goods and Services Tax, value-added taxes, or other items for which a refund or rebate is received
- Income assistance or other direct income support payments

Additional information

- Benefit to the sector - Sectoral benefit is a key to AgriFlexibility
 - Proposals need to clearly demonstrate the benefit to the sector
- Repayable contributions:
 - Contributions to for-profit business (including farmers)
 - Repayable within 9 years of completion
- In-kind contributions
 - In-kind contribution has to be incremental to be eligible
 - The proponent submitting the proposal may include in-kind contributions in their budget and their value can count towards the proponent's contribution to eligible project costs.
 - In-kind contributions from project partners other than the proponent may also be considered, taking into account factors such as the ratio of in-kind to monetary support, the ability to verify the value of the in-kind contributions, and the public good benefits of the proposal.
- A submission of a proposal form creates no obligation on the part of AAFC to provide funding

Additional information

- If a project is accepted, a contribution agreement that sets out terms and conditions for funding will be entered into and will specify proponent's obligation, for example:
 - comply with AgriFlexibility's objectives, principles and criteria
 - develop and implement a performance management framework and reporting system to measure the performance of the proposal
 - provide progress reports on a regular basis including a performance report summarizing reach, results achieved and resources expended
 - grant AAFC the right to conduct an audit on the approved activities, if required
 - provide appropriate recognition for the federal government's financial assistance
 - ensure that AgriFlexibility funding will not be used to pay federal employees or to reimburse costs incurred by them collaborating on a proposal
- Costs incurred before the signing of a contribution agreement, unless authorized by AgriFlexibility, are not eligible for reimbursement

Three Initiatives announced to date

- The Livestock Auction Traceability Initiative (3 years; \$20 million)
 - LATI will provide contributions to assist in the alteration of animal handling structures which will enhance animal movement recording/reporting capacity at sites where animals from different herds commingle
 - Eligible recipients represent existing commingling sites such as assembly yards, privately-operated community pastures and fairs and exhibitions and auction marts
 - Applications and more detailed information on the program, such as eligible activities and costs, will be available in the near future and posted online
 - AAFC is currently working with its provincial and territorial counterparts to find the best way to deliver this new initiative

Three Initiatives announced to date

- Agri-Processing Initiative (5 years; \$50 million)
 - Provides repayable funding for agri-based processing projects that involve the adoption of new technologies and processes essential to sustaining and improving the sector's position in today's global marketplace.
 - Companies and co-operatives incorporated in Canada that meet the following criteria are eligible to apply:
 - are predominantly engaged in the physical or chemical transformation of raw agricultural commodities or ingredients;
 - have operating manufacturing facilities in Canada; and
 - have reported employment expenses for at least one year immediately prior to application.
 - API may provide a repayable contribution of up to \$2 million per project, or up to 50% of eligible costs, whichever is less.
 - The application process for API involves two steps:
 - submission of an API Project Summary for initial screening purposes
 - followed by submission of an API Funding Proposal.
 - 1-877-246-4682 or api@agr.gc.ca

Three Initiatives announced to date

- The Canada Brand Initiative (5 years; \$32 million)
 - The Canada Brand Initiative will provide contributions to fund market analysis, advertising campaigns and public opinion research that will promote Canada's safe, top quality agriculture.
 - Will work in lockstep with industry as a springboard to complement the successes already achieved in key markets.
 - Will help Canadian farmers put the maple leaf brand on the top quality products that are Canadian grown and increase sales around the world.

How are provinces and territories involved?

- Provinces and Territories are invited to put forward proposals
- For participating Provinces and Territories, funding will be cost-shared at a 60:40 ratio with federal government

More questions....

- How is the \$500 million split per fiscal year?
 - \$65 million for this fiscal year
 - \$125 million for fiscal years (2010-2013), and
 - \$60 million for 2013-2014.