

# CANADIAN AGRICULTURAL STRATEGIC PRIORITIES PROGRAM

APPLICANT GUIDE



Agriculture and  
Agri-Food Canada

Agriculture et  
Agroalimentaire Canada

Canada

Canadian Agricultural Strategic Priorities Program - Applicant Guide

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Catalogue No. : A118-52/2019E-PDF

ISBN : 978-0-660-29672-2

AAFC No. : 12896E

Paru également en français sous le titre  
Programme canadien des priorités stratégiques de l'agriculture  
Guide du demandeur

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## Purpose of this guide

The purpose of this applicant guide is to provide you with the eligibility criteria of the Canadian Agricultural Strategic Priorities Program (CASPP) and the step-by-step guidance and instruction to help you complete your application for Agriculture and Agri-Food Canada (AAFC) funding. It is highly recommended that you read the guide before you complete the application screening form.

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## **1.0 Canadian Agriculture Strategic Priorities Program**

CASPP is a \$10 million per year program of non-repayable contribution funding.

This program succeeds the Canadian Agricultural Adaptation Program ending in March 2019.

CASPP is designed to support the Canadian agricultural sector's participation in the Government of Canada's growth and policy objectives, and larger initiatives by investing in the sector's design, development and implementation tools and strategies to respond to and seize on opportunities created by these objectives.

### **1.1 About CASPP**

#### **Program Objective**

CASPP's objective is to facilitate the Canadian agricultural sector's ability to seize opportunities, to respond to new and emerging issues, and to pathfind and pilot solutions to new and ongoing issues in order to remain competitive. In particular, CASPP will consider projects within the following priority areas:

1. Adaptation to new technology
2. Environmental sustainability
3. Strategic planning and capacity building
4. Emerging issues

### **1.2 Eligible applicants**

Eligible applicants under CASPP are:

- not-for-profit organizations including associations, cooperatives and marketing boards; and
- Indigenous groups.

\* Note: normally for-profits are not eligible but may be considered for funding in situations where the benefit will be accrued through the entire sector or significant benefits can be accrued to public safety and/or the public good.

#### **Preference**

Preference will be provided to applications that are in partnership with entities that serve the aims of the project's proposed result.

Partnerships with for-profit organizations are permissible provided the benefit accrues broadly to the sector.

**Note:** Eligible applicants must be legal entities capable of entering into legally binding agreements.

## 1.3 CASPP: Funding Priorities and Eligible Activities

### 1.3.1 Adaptation to New Technology

This priority seeks to invest in projects that move technology closer to commercialization and/or enables the sector to adopt leading technology. It also seeks to overcome the challenge in the agriculture sector to better understand the impact and value of new technology and how it can best be utilized to enable future success.

#### Definition

**Technology:** For the purpose of this program theme, **technology** is a manner of accomplishing an agricultural task using technical or mechanical processes, methods, or knowledge advancement. Examples could include the use of robotics, temperature and/or moisture sensors, aerial images, and GPS technology.

#### Themes supporting the adaptation to new technology priority

CASPP is interested in supporting **adaptation to new technology** under the following themes:

##### 1) Coordinated approaches to adapt and take full advantage of emerging opportunities

Advances in technologies often require coordinated approaches to adapt and take full advantage of emerging opportunities. Potential CASPP projects could include:

- piloting new advances in on-farm and food production systems, development through automation and robotic technology refinement, and exploring the adoption of automation technologies from other sectors (e.g., auto, medical) to the agri-food sector; and/or
- enhancing technology to meet carbon reduction goals of on-farm or processing activities.

##### 2) Test and adopt technology solutions in collaboration with research centres

CASPP can consider projects that adapt and take full advantage of emerging opportunities through partnerships with research centres. Examples of such projects are:

- development of networks to advance technology (on-farm or processing) through collaboration between sector-led organizations, the private sector and researchers;
- development and testing of blockchain technology for traceability and meeting international trading and verification requirements; and/or
- development of common platforms for big data collection and utilization on-farm.

##### 3) Solve technical hurdles that overcome barriers to encourage adoption of new technology in Canadian agriculture

CASPP will consider support of this theme through projects such as:

- demonstration of artificial intelligence concepts and automated farming technologies; and/or

- adoption of technologies that contribute to safety (and a reduction in waste) such as laser based technologies for use in the meat processing sector to speed cutting and increase safety.

#### 4) Develop more value added products

Across the agricultural sector there is a desire to develop more value-added products. This is partly driven by changing tastes (market demands), new market opportunities, and a changing regulatory environment. Traditional crops are seeking avenues to extract additional value potential through new value-added products.

CASPP project examples include:

- value added transformation, such as bioproducts from agricultural fibre and agricultural residue from plants or flax as high value composites;
- application of emerging technologies (e.g., robotics, sensors, artificial intelligence, big data analytics); and/or
- promotion of collaborative initiatives with industry-led projects involving transformative technologies, such as artificial intelligence and blockchain.

### 1.3.2 Environmental Sustainability

This priority seeks to invest in projects that investigate the development, enhancement and/or advancement of environmentally and socially responsible *practices, processes and products*. The challenge for Canadian agriculture is to remain adaptive and proactive in the best methodologies within an environmental sustainability context.

CASPP is interested in supporting **environmental sustainability** under the following themes and project types:

#### 1) Support the development of environmental initiatives, resiliency, and adoption demonstration projects

This theme seeks to build sector capacity to mitigate agricultural greenhouse gas emissions, protect the environment and adapt to climate change by enhancing sustainable growth, while increasing production. Project examples include:

- developing or enhancing greenhouse gases reduction [on-farm] assessment tools, including the accounting of actions taken (e.g., the development of greenhouse gases farm plans);
- testing innovative economic models in carbon capture identification and experimental management within the agricultural sector; and/or
- investigating opportunities for the agriculture sector to provide climate change solutions to other sectors.

## 2) **Complementing environmental sustainability and climate change activities under the Canadian Agricultural Partnership and other programs**

The Canadian Agricultural Partnership's AgriScience Program, and AgriInnovate Program, as well as the Agricultural Clean Technology Program are moving ideas through the innovation continuum. This theme seeks projects that are transiting the innovation continuum and will help deliver the broader benefit of that innovation to a sector and ultimately Canada. Project examples include:

- helping industry adopt practices stemming from new environmental technologies;
- demonstrating the cost/benefit of environmental technologies to the sector; and/or
- supporting the agricultural sector's ability to demonstrate sustainability, including strengthening information collection, measurement and communication on environmental actions taken by the sector and resulting impacts on sustainability.

### **1.3.3 Strategic Development and Capacity Building**

New and emerging sectors face unique barriers, such as a lack of organizational capacity to access program funding. Well organized capacity is required to advance sector strategies and to develop plans to confront changes facing all agricultural sectors (trade, agreements, regulations, consumer choice/preferences). The objective of this theme is to ensure all agriculture sectors in Canada are properly structured to combat present and future challenges that may limit their potential.

#### **Supported themes**

CASPP is able to support **strategic development and capacity building** under the following themes and types of projects:

#### **1) Organizational capacity support**

New and emerging sectors hold the potential to contribute to productivity through means such as providing diversified cropping options, reducing risk and/or rotational benefits. Well-organized capacity is required to advance strategies and to develop plans to deliver on those strategies.

For example, CASPP can provide investment support:

- to new, emerging or small sectors to better organize or to develop strategic plans to build self-sustaining capacity (e.g., determine the 'right' organizational model, priority setting, transition to check-offs or other revenue generating models); and/or
- to established organizations to reformulate and or respond to new industry demands (trade, regulatory).

## 2) Supporting transformation in the agricultural sector

There are opportunities in Canada's agri-food value chain to embrace automation, digitization and other technical advances which in certain cases demands cultural shifts to best comprehend the opportunities linked to digital (big data) agriculture. This theme can help producers accelerate the natural adoption of these new agricultural approaches to enhance their sectors performance and sustainability.

For example, CASPP can support these types of projects:

- transformation of the agricultural sector such as the application of emerging technologies (e.g., robotics, sensors, artificial intelligence, big data analytics);
- collaboration initiatives, including industry-led projects involving transformative technologies, such as artificial intelligence and blockchain systems;
- development of tools for the agricultural sector to properly manage the opportunities and risks associated with big data (e.g., improved information, security/privacy, and information ownership);
- assessment of future labour and skills needs across all skill levels, including sector-specific strategies for skills development; and/or
- development of plans and/or avenues for the agricultural sector to boost and set targets for the participation of traditionally under-represented groups.

## 3) Developing strategic planning initiatives that complement value chain roundtable, agri-food economic table, and other discussions

A variety of different discussions are taking place at the federal, provincial, regional levels to develop strategies, including the identification of challenges, to meet the Government of Canada's ambitions for the agricultural sector and are being positioned as cross-cutting challenges, on topics such as diversity, labour shortages, food safety, and regulatory issues.

For example, CASPP could provide investment support to:

- sector organizations to develop a *long-term competitiveness strategy* that specifically examines and addresses ways and means to respond to the Government of Canada's drive on 'Growing the Economy Through Agri-Food Innovation'; and/or
- help the agricultural sector set targets for representation that is more reflective of the Canadian workforce, including senior leadership positions.

### 1.3.4 Emerging Issues

CASPP is also available to support the agricultural sector in responding to unforeseen circumstances that require an immediate response (e.g., urgent public concerns, international market crisis challenges). These projects typically would touch the entire sector and be deemed as part of an "urgent" industry call supported through both private and public based sector partners in response to an immediate threat to a sector's prosperity.



## 1.4 Scope of Projects

CASPP will only consider investments to projects that are national or sector-wide in scope.

To demonstrate this scope, applicants must make sure that the project:

- involves or is supported by groups or individuals that represent the targeted sector (national or sector-wide); and,
- ultimately benefits the stakeholders of the targeted sector, which includes provision of demonstrable benefit to both public and private participants in the entire sector.

## 1.5 Funding and cost-sharing

### Funding

The maximum AAFC contribution for a project will normally not exceed \$1 million. You can apply for and receive funding for more than one project, but generally speaking, funding will not be more than \$5 million over five years for each applicant.

### Cost-sharing

If approved for funding, eligible project costs will be shared between you and AAFC at a ratio of 50 percent from your organization to 50 percent from AAFC.

AAFC may contribute up to 75 percent of total project costs where it deems that a project is a high priority for a sector or addresses a public safety concern of Canadians and clearly demonstrates the benefits to Canadians through significant levels of support (public and private interests). In exceptional cases, AAFC may contribute greater than 75 percent.

Your source of funding can be comprised of cash contributions from other sources including those from:

- other federal government departments\*
- provincial/territorial governments\*
- municipal governments\*
- Industry and/or Partners such as:
  - industry associations and networks
  - businesses
  - academia

\*Total government funding (other federal departments, provincial/territorial and municipal governments) will generally not exceed 85%.

Note: Should a project be approved, you must provide evidence that all sources of funding are confirmed prior to a contribution agreement (CA) being signed.

## Eligible costs

All costs claimed under the program must fall within the program cost categories and respect all limitations.

Costs incurred prior to the date on which the application is deemed complete and after the project completion date (as established by the program) will not be eligible for reimbursement. Any costs incurred after the proposal is deemed complete, but prior to the signing of a CA by both parties, will be incurred solely at the applicant's risk without any obligation of reimbursement by the program.

Eligible costs under the program are the incremental, relevant, reasonable and essential expenses required to carry out the eligible activities to which they relate as specifically set out in the CA.

Eligible costs include:

- Administrative Costs - your ongoing or core activities and overhead expenses (i.e., fundamental operational activities). These costs will be calculated at a flat rate of 10 percent of total project costs under the CA.
  - **Note:** Capital Assets with a per-item cost of more than \$100,000 will not be included in the calculation of administrative costs.
- Salaries and Benefits - salaries paid to, and benefits paid to or on behalf of staff to execute activities outlined in the project work plan.
- Contracted Services - professional or specialized services for which a contract is entered into, such as: inspection, consultant/expert services, installation, and Canadian Environmental Assessment Act 2012.
- Travel Costs - costs directly related to the project, such as: per diems (accommodations, meals, taxis and incidentals); air, rail and ground transportation (to an out-of-city destination).
- Capital Assets - costs that are tangible assets that are purchased, constructed, developed or otherwise required to complete the project. Expenditures for capital assets should not exceed 25 percent of total project costs.
- Other Direct Project Costs - costs that are for project-related deliverables, such as: shipping, translation, marketing costs related to production of materials/documents/knowledge transfer, and other costs that AAFC deems eligible.

## **Ineligible Costs**

Ineligible costs include, but are not necessarily limited to:

- meetings and conferences (e.g., AGMs, hosting conferences);
- minor assets and capital items not specifically required for the execution of a project;
- building and land purchases;
- normal costs of establishing a commercial operation;
- refundable portion of the GST/HST, value-added taxes, or other items for which a refund or rebate is received;
- hospitality; and
- in-kind contributions.

See [Annex B – Financial Information](#) for additional information on eligible and ineligible costs.

## **Application process and timeline**

Applications will be accepted on a continuous basis during the life of the program, or until funding has been fully committed or until otherwise announced by the program.

You must first complete a [pre-screening summary](#) and email it to AAFC at [aafc.caspp-pcpsa.aac@canada.ca](mailto:aafc.caspp-pcpsa.aac@canada.ca) for review. AAFC will review your pre-screening summary to determine if your project is eligible and a fit for funding under the program. After the review, AAFC will contact you to discuss your project and let you know if you should apply to the program. If yes, AAFC will email you a complete application package.

**Note:** A funding decision will be based on an assessment of the full application package.

For information on how to apply to CASPP, refer to [Annex A: How to Apply](#).

## **2.0 Expected results**

A competitive and market-oriented agriculture, agri-food and agri-based products sector that proactively manages risk through:

- supporting sustainable growth, adaptation and sector prosperity; and/or
- supporting the sector to be more innovative, safer and stronger.

### **3.0 Assessment criteria**

#### **Program Principles**

Applications under the program will be assessed based on the program principles.

The following criteria will be used to assess the application form and supporting documents:

- CASPP objective - how well the project meets the objective of CASPP.
- CASPP Priorities - applications that do not respond to the range of priority areas may be assessed for lower AAFC contributions, require higher industry contributions, or both. Applications that align, to a lesser degree with the priorities will be viewed as lower importance to the department, and may not be considered for funding.
- Benefits to Canada - applications that provide benefits to Canada, including producers, processors, and other stakeholders in areas such as: increased revenues or decreased operating costs in the agricultural sector, increased demand for primary agriculture and/or agri-based inputs or increased employment in the sector.
- Canadian Agriculture Industry Collaboration - applications will be assessed by the degree to which each project involves or is supported by groups or individuals in the Canadian agriculture sector that represent the targeted sector within a national or sector-wide scope, and the ultimate benefits of the stakeholders of the targeted sector.
- Feasibility - the likelihood that the planned results will be achieved within the timeline; the appropriateness of the project budget; and consideration towards the project risks.
- Capacity - the applicant's proven technical, financial and managerial capacity/capability to complete the proposed project.

These program principles must be substantiated, to AAFC's satisfaction.

#### **Additional Information**

AAFC may consult you to obtain clarification on details of your application or additional information, where deemed necessary for assessment. Once the assessment process is complete, you will be sent an approval or a rejection notification letter. If the project is approved for funding, the letter will specify the level of funding awarded and outline any other conditions that may apply. A program representative will then work with you to complete a CA.

Applications under CASPP will be processed on a first come, first served basis. The program reserves the discretion to give precedence to projects that fall within the cited priority areas of the program. The program will render funding decisions in accordance with published departmental service standards.

#### **4.0 Reporting on your Project**

Should you be approved for funding, you will be required to report on finances, performance and results. Other reports may be required at AAFC's discretion.

#### **5.0 Considerations**

##### **5.1 M-30 Act (Quebec organizations only)**

The Province of Quebec's M-30 legislation may apply to Québec based applicants only. It is the *Act Respecting the Ministère du Conseil exécutif* (R.S.Q., c. M-30).

More information on the Act is available online or by contacting the Ministère de l'Agriculture, des Pêcheries et de l'Alimentation (MAPAQ) at [dpci@mapaq.gouv.qc.ca](mailto:dpci@mapaq.gouv.qc.ca).

M-30 applies to various types of Quebec organizations, for example, organizations located in Québec and receiving more than half of their financing from the Government of Québec may be subject to the Act.

All Quebec based organizations will have to address this matter and demonstrate their compliance with the Act during the project assessment process, and prior to entering into a CA.

##### **5.2 Intellectual Property**

The CA will contain an intellectual property clause which will confirm that all title to the intellectual property in any materials created or developed by or for the recipient of contribution funding will vest in the recipient or in a third party, as may be negotiated by the recipient. However, AAFC may, at its sole discretion, include a provision in the CA requiring the recipient to grant, or ensure that third parties grant a non-exclusive, worldwide, perpetual, royalty-free license to the Crown to such material, in whole or in part, in any form or medium, for internal government Fund administration purposes.

## 5.3 Official Languages

### 5.3.1 Language of Service

You are encouraged to communicate with AAFC in the official language of your choice. AAFC reviews and assesses applications and project deliverables in both official languages.

### 5.3.2 Official Languages Considerations

AAFC is committed to enhancing the vitality of the official language minority communities (OLMCs), supporting and assisting their development, and promoting the full recognition and use of both English and French in Canadian society.

When it is determined that projects under this program involve activities related to the development and transfer of knowledge and may have an impact on OLMCs or promote the use of English and French, AAFC will include appropriate linguistic commitments in agreements with your organization and ensure that additional expenses incurred as a result of these commitments are considered eligible for contribution funding.

Activities can include, but are not limited to:

#### Communications

- project web pages and/or project social media account(s) produced and maintained in both official languages;
- project materials offered in both official languages (brochures, kits, handouts, newsletters, reports, etc.);
- directional and educational signs produced in both official languages;
- project-related advertisement in OLMC media (newspapers, radio, social media);
- bilingual coordinator or other contractor hired to help deliver project-related activities in both official languages (e.g. master of ceremony for a project event, workshop facilitator or simultaneous translator); and,
- distribution of invitations in both official languages.

#### Outreach

- one or more OLMCs are included in the project target groups (e.g. as cash partners in project budget or to be invited to project events);
- other groups representing OLMCs are consulted to see if there is any potential for involvement on their end; and,
- travel to or from OLMCs (costs associated with these project activities are included in project budget).

If funded, your organization may be required to publicly acknowledge AAFC's support for the project. In these cases, the department may request that such acknowledgments include text in both official languages.

## 5.4 Environmental Considerations

### A. Is your project on Federal Land?

All projects must comply with the *Canadian Environmental Assessment Act 2012* (CEAA 2012). To help us determine if the CEAA 2012 applies to your project, indicate whether the project is on federal land. Under CEAA 2012, federal land means:

(a) lands that belong to Her Majesty in right of Canada, or that Her Majesty in right of Canada has the power to dispose of, and all waters on and airspace above those lands, other than lands under the administration and control of the Commissioner of Yukon, the Northwest Territories or Nunavut;

(b) the following lands and areas:

- (i) the internal waters of Canada, in any area of the sea not within a province,
- (ii) the territorial sea of Canada, in any area of the sea not within a province,
- (iii) the exclusive economic zone of Canada, and
- (iv) the continental shelf of Canada; and

(c) reserves, surrendered lands and any other lands that are set apart for the use and benefit of a band and that are subject to the *Indian Act*, and all waters on and airspace above those reserves or lands.

### B. Have you **received, initiated, or do you anticipate requiring** any local, provincial, territorial, federal environmental authorizations related to this project (this does not include electrical, hydro or gas permits)?

If a project is on federal land, additional legislative requirements such as permits or authorizations may be needed before a project can begin. AAFC staff will follow-up with you for further details and/or clarification, as required.

Indicate in the application form whether you have or will obtain federal, provincial, territorial or municipal environmental authorizations or permits (e.g. a municipal wastewater discharge authorization). Copies of these authorizations or permits may be required by AAFC during the application assessment.

If you have applied for any of the above-mentioned permits, provide details on whether the project has any environmental effects and/or risks. Positive or negative environmental effects and risks can include those related to air emissions, soil erosion, noise, effluent, waste water, solid waste, odour, construction, rare species and habitat, nearby bodies of water. Any public concerns should also be addressed. AAFC reserves the right to request additional information.

**C. Does the project pose any risks or result in any effects to the environment, including any positive or negative effects on the surrounding environment?**

Environmental effects could include those related to air emissions, noise, effluent, waste water, solid waste, odour, soil erosion during construction, rare species, species habitat, nearby water bodies. Any public concern should also be included.

## **5.5 Consent for Use, Disclosure and Copyright**

Personal information will be treated and disclosed in accordance with the *Privacy Act*. You have the right to access your personal information held by AAFC and to request changes to incorrect personal information by contacting the AAFC Access to Information and Privacy Director at [aafc.atip-aiprp.aac@canada.ca](mailto:aafc.atip-aiprp.aac@canada.ca).

For more information about AAFC's privacy practices, you may refer to the following Personal Information Banks: Public Communications PSU 914 and Outreach Activities PSU 938.

Business information will be disclosed only in accordance with the provisions of the *Access to Information Act*.

Information on the *Privacy Act* and the *Access to Information Act* is available at the following website: <http://laws.justice.gc.ca>. For further information about these Acts please contact the Access to Information and Privacy Director at [aafc.atip-aiprp.aac@canada.ca](mailto:aafc.atip-aiprp.aac@canada.ca).

### **Copyright permission**

AAFC may disclose, reproduce and distribute any part of or the whole of the documentation provided in or with this Application Form, within AAFC and to its authorized third parties, including other Government Departments, for purposes consistent with the receipt, assessment and subsequent treatment of the Application.

## **6.0 After You Apply**

Once an application has been submitted, we will forward you an acknowledgment notice.

You should not consider your application as submitted to the program until you receive this acknowledgement notice; if it is not received within 2 business days, please contact us.

In order to begin the assessment, an application must be deemed complete by AAFC. After an application has been received, AAFC verifies that all required forms and declarations have been completed and that there is sufficient detail in the application for a full assessment. When the application has been deemed complete and ready for assessment, we will provide you with a notice.



Subsequently, a full review and assessment of the application will be carried out by AAFC and, if your application is successful, AAFC will provide a written decision letter which will outline the level of assistance awarded and any other conditions if applicable (e.g., reduced funding or activities).

Even if you are unsuccessful, you will be contacted by AAFC and will receive a rejection notification explaining the reasons for rejection.

Our goal is to:

- respond to general inquiries made to our phone number or email address before the end of the next business day;
- send you an email acknowledging receipt of your application within one business day; and
- Notify you in writing of final approval or rejection within 100 business days of the application being deemed complete.

Please note that even if a project meets all eligibility criteria, the submission of an application creates no obligation on the part of the Minister or of Agriculture and Agri-Food Canada officials to provide funding for the proposed project. The Minister retains discretion to determine, based on other public policy and public interest considerations, whether an application that meets the criteria identified in this Guide will ultimately receive funding.

## **7.0 Contact Us**

For more information CASPP, please contact us by:

E-mail: [aafc.caspp-pcpsa.aac@canada.ca](mailto:aafc.caspp-pcpsa.aac@canada.ca)

Telephone: 1-877-246-4682

TDD/TTY: 613-773-2600

Mail:

Agriculture and Agri-Food Canada  
Canadian Agricultural Strategic Priorities Program  
1341 Baseline Road,  
Tower 7, Floor 8, Room 303  
Ottawa ON K1A 0C5

## 8.0 Lexicon of frequently used terms

The following terms are used in this Applicant Guide and accompanying Annexes:

**Cash contribution** – means an expense requiring a cash outlay, by either the Recipient organization or another Project participant/contributor (such as a partner or other government), during the term of the CA. Specifically, a cash contribution is an expenditure for an eligible project cost incurred and paid for by the Recipient organization, or another project participant. AAFC will only reimburse cash contributions for eligible project costs that are incurred and paid for by the Recipient organization. A cash contribution made by another project participant should be reported as part of the Recipient's Contribution, and must be an eligible project cost.

Note: However, when universities and colleges provide services/goods for a Project (such as employee/researcher time) under a service contract/research agreement, for which the institution is not reimbursed by the Recipient organization or another Project participant/contributor, these services/goods are considered as an in-kind contribution and are not eligible under the program.

**Contribution** – is a transfer payment subject to performance conditions specified in a funding agreement. A contribution is to be accounted for and is subject to audit.

**Fair market value** – means the highest price that would be agreed to in an open and unrestricted market, between knowledgeable, informed and willing parties, acting at arm's length, who are under no compulsion to transact.

**Flat rate** – is a rate that is the same in all cases and that does not vary in proportion with something.

**Per diem** – is an allowance or payment made for each day.

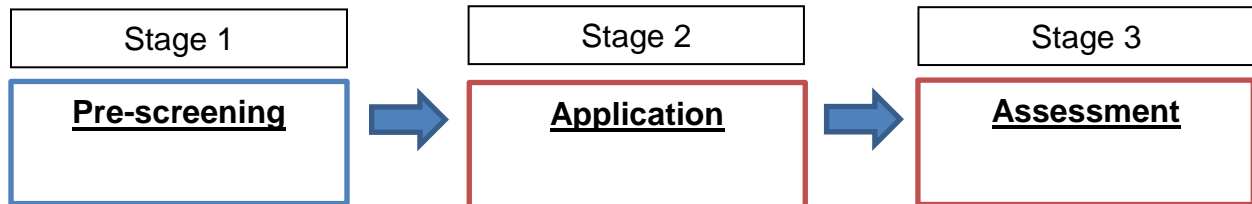
**Recipient** - is an entity that either has been authorized to receive a transfer payment or that has received that transfer payment.

**Transfer payment** - is a monetary payment, or a transfer of goods, services or assets made, on the basis of an appropriation, to a third party, including a Crown corporation, that does not result in the acquisition by the Government of Canada of any goods, services or assets. Transfer payments are categorized as grants, contributions and other transfer payments. Transfer payments do not include investments, loans or loan guarantees.

**Travel status** - occurs when a person, conducting activities approved as part of the project work plan, is more than 50 km away (one way) from their assigned workplace using the most direct, safe and practical route, usually for more than one day.

## Annex A: How to Apply

There is a three-stage application process to the Canadian Agricultural Strategic Priorities Program:



### Stage 1: Pre-screening

In stage one of the application process the applicant must complete an online pre-screening summary. The pre-screening summary will be used to assess eligibility based on the mandatory program criteria. Instructions on how to complete the pre-screening summary are available below.

Applicants whose proposed projects are eligible will be contacted by a program representative to discuss the project and next steps.

Applicants whose proposals that are deemed to meet the priorities of the program will be invited to proceed to stage two of the application process, and will be required to submit a full application. All required documents will be provided to the Applicant via email.

### Stage 2: Application

Applicants that have been invited to submit a full application (stage 2) will have 45 business days to complete the application and supporting documents.

Proposed projects will be assessed based on information provided in both the pre-screening summary and the full application package. As the assessment proceeds, the program may request additional information and supporting documentation from applicants. This additional information and/or supporting documentation will be required within 30 days of the original request.

Note that an invitation to submit a full application does not constitute an offer of funding.

The step-by-step instructions to complete a full application will be provided with the Application form, during stage 2 of the application process.

If your project is deemed eligible and you are invited to complete a full application, these are the additional documents which you will have to provide with your application for it to be deemed complete:

<b>Document name</b>	<b>Description</b>
Executive summary	A brief summary that links proposed activities to the Project objectives and priorities.
A copy of the applicant organization's Certificate of Incorporation or Articles of Incorporation	Certificates and Articles of Incorporation are issued and filed, respectively, by or with provincial, territorial or federal government that document the applicant's status as a legal entity.
Financial statements	<ul style="list-style-type: none"> <li>• The organization's annual financial statements (audited or review engagement) for the past two years or since the date of business start-up where the business is less than two years old;</li> <li>• The latest interim (audited or unaudited) financial statements; and</li> <li>• The most recent annual report or audited financial statements of the parent company or principal owner (if applicable).</li> </ul>

<p>Letters of Financial Support from all organizations providing a cash contribution to the project as per the Budget</p>	<p>Letters outlining <b>confirmed cash contributions to the project</b>, other than the Applicant organization (that is, other industry groups or other government*) must be provided.</p> <p>They must make specific reference to the proposed project and indicate the amount of the cash contribution.</p> <p>The letters must come from a senior executive authorized to sign the letter on behalf of the organization.</p> <p>*On a case-by-case basis, letters outlining pending support may be accepted from other governments.</p>
<p>Project Endorsement Letters/ Letters of Support</p>	<p>Letters of support from organizations indicating they believe there is a need for the proposed project for the sector and expressing hope that the proposed project will be accepted.</p>
<p>Capital Asset Pre-approval</p>	<p>For Capital Costs to be purchased for the Project that are \$10,000 or more.</p>

It is important to ensure that all the documentation is included upon the submission of your online application. Your application must be complete in order to be fully assessed. Please review the application checklist above and ensure that you have included all required documents and have completed all forms accordingly.

**Stage 3: Assessment**

Once an Application has been deemed complete during stage 2 of the application process a program representative will advise the Applicant of their file completeness date. This date will allow the application to proceed to stage 3 of the application process where it will be assessed based on the program principles.

## Stage 1 - Pre-Screening Summary Completion Instructions

### Pre-screening summary - Things to remember

**Save as you go:** The pre-screening summary allows you to create a draft. You can save it and return later to complete or revise it, print it and submit it.

**There are character limits provided:** The answer blocks have a set overall maximum length. Each section displays its maximum number of characters allowed. Spaces and hard returns are counted as characters and add to the total number of characters.

**Review the form before submitting:** Once the pre-screening summary is complete and ready to submit, a thorough review is strongly recommended. Once the form has been submitted (using the “Submit” button), the form is considered final and may not be changed.

**Keep a record of the application:** You can print your application before submitting it by using the “Print” button in the form. You can also save your application onto a desktop or data storage device (e.g. USB flash drive) by using the “Save As” button and naming it accordingly.

### Pre-screening summary – instructions

#### Part I – Applicant Information

##### Legal organization name

Identify the legal name of the applicant, as it appears in legal documents such as letters of incorporation.

##### Operating as name (if used)

Identify if the operating name is the same as the legal name. If the operating name is different, indicate the operating name in the space provided.

##### Organization type

See [section 1.2](#) to determine if you are eligible to apply under this program.

##### Organization website

Enter the organization’s website address.

##### Organization profile

Provide a brief profile of your company and your business including principal area of focus and length of time in business.

##### Primary Contact

Enter the name, telephone number and e-mail address of the of the primary contact person for liaising with AAFC on matters involving the application. The person named should be an authorized official of the organization, who has full authority to bind said organization through funding agreements.

## Part II – Project Information

AAFC will use the information in this section to determine whether or not your project is eligible.

Identify the location of the project, and the project start and end dates.

Identify the priority area(s) and the nature of your project in terms of the program's funding priorities and eligible activities (select from the list provided).

Provide a brief description of the project, in particular the issue, gap, need, demand or opportunity facing the sector which your project aims to address.

Describe how your project will benefit each of the following:

- the agriculture, agri-food and agri-based product sector;
- other stakeholders; and
- Canada.

Provide a short description of each activity within your project and include the cost for each.

Identify if the work will be carried out by your organization or not. If no, who will be carrying out the work on your behalf.

## Part III – Project Costs

See [section 1.5](#) for information on cost sharing and eligible and ineligible costs under this program.

Identify the estimated total project cost.

Identify who will be funding the industry portion of the project and provide a breakdown of the funding from each source in the table provided and indicate if the funding has been secured or if it is pending. Please ensure that the total project funding indicated in this table matches the total estimated project cost you identified above.

Indicate if you have national or sector-wide support for the project and from whom (note that regional only support will not be sufficient).

Indicate if you are able to provide annual audited or review engagement financial statements for last 2 years and interim audited or unaudited financial statements.

## **Annex B: Financial Information**

### **Financial Reporting**

Once your organization enters into a CA with AAFC, you will be required to submit Financial Reports for eligible costs incurred and paid in accordance with the terms and conditions of your CA. Each Financial Report must be certified by an authorized official of your organization and, upon request, you will need to provide supporting documents, such as invoices and proofs of payment, for the eligible costs being reported. AAFC will only issue payments based on expenses deemed to be eligible as per this Annex.

Advances may be made available based on AAFC's assessment of your Project risk, and where the need for the funds is substantiated.

Should your project be approved, please ensure that you have fully understood the financial reporting requirements before signing a CA with AAFC. The term "Recipient" refers to the party who enters into a CA with AAFC.

AAFC's financial reporting process will involve sampling of expenditures. Invoices (where applicable) or other supporting documentation must provide the following details, at a minimum:

- Salaries and Benefits: the time period worked for the Project, the number of hours worked for the Project, the employee's hourly rate (before benefits), the total benefits related to the Project, a brief description of the work done by each employee;
- Contracted Services: a description of the work done, details of the costs, the time period;
- Travel: the destination, time period of travel, # of people travelling, proof of travel, invoices for transportation costs;
- Capital Assets: a description and the cost of each item (must be previously approved if over \$10,000).

### **Timing limitations for costs**

Any costs incurred before April 1, 2019 or after the end date of your CA are ineligible.

If your Project is approved, AAFC may consider costs incurred during the review period, on or after April 1, 2019, to be eligible. However, only eligible costs incurred after an application package has been deemed complete by AAFC will be considered.

It is very important that you understand that if costs are incurred before a CA is signed by both parties, you assume the risk of not being reimbursed in the event a CA is never executed.



## Cost categories

The following Cost Categories provide details on costs and requirements that will be necessary at the application stage and the financial reporting stage, should your application be approved and a CA signed.

### 1.0 Administrative Costs

Administrative costs will be calculated automatically at a flat rate of 10%, based on the total activity costs\* in the CA budget. This flat rate will cover costs of project management and administrative staff salaries (managing and reporting), use of office accommodations, use of office equipment and use of office materials.

These administrative costs will be subject to the cost-sharing ratio of the Project. Should your Project be approved, the 10% flat rate will be applied to your actual eligible costs\* when you submit your Financial Reports.

\*Capital asset costs for items with a value of \$100,000 or more are excluded from the 10% flat rate calculation.

The following list identifies costs that are included in the flat rate. These costs cannot be charged under Salaries and Benefits, Contracted Services or Other Direct Project Costs.

The costs include, but are not limited to the following:

<b>Administrative cost items</b>	
<b>Eligible cost items</b>	<b>Limitations/ineligible costs</b>
<p><b>Project management and administration salaries and benefits:</b></p> <ul style="list-style-type: none"> <li>salaries, including contracted services, for project management and administration staff who perform tasks such as pay the Project related invoices, negotiate service contracts, manage the Project budget, and/or prepare any financial and/or performance/progress reports for the Project</li> <li>benefits for project management and administration staff, such as Mandatory Employment Related Costs (MERCs), Employment Insurance (EI), Canada Pension Plan (CPP), Quebec Pension Plan (QPP), vacation pay, statutory holidays</li> </ul>	<p>Administrative costs related to the following are not eligible:</p> <ul style="list-style-type: none"> <li>audit fees related to the organization's financial statements</li> <li>bank fees</li> <li>insurance (fire, theft, liability)</li> <li>membership fees</li> <li>legal fees</li> <li>property taxes</li> </ul>

**Administrative office supplies and expenses:**

- basic telephone fees (including fax lines) and cell phones
- hydro
- materials and office supplies (such as pens, pencils, paper, envelopes, cleaning supplies, subscriptions)
- monthly internet fees
- postage and courier fees
- office equipment (like computers, printers, photocopiers)
- office administrative space (that is, rent for administrative space) and related utilities, maintenance
- use of administrative information technology (IT) products and services, including maintenance
- other overhead type expenditures relating to the organization's office

## 2.0 Cost Categories

Other costs beyond Administrative costs must fall under one of these categories:

- Salaries and Benefits
- Contracted Services
- Travel
- Capital Assets
- Other Direct Project Costs

<b>Salaries and Benefits</b>	
<b>Eligible cost items</b>	<b>Limitations/ineligible costs</b>
<p>Salaries and benefits directly related to completing the activities in the Work Plan, other than those covered under Administrative costs.</p> <p>Timesheets:</p> <ul style="list-style-type: none"> <li>○ <b>will not</b> be required for an employee who is 100% devoted to the Project</li> <li>○ <b>will not</b> be required for people under contract</li> <li>○ <b>are</b> required for an employee of the recipient organization who share their time between Project specific work and organizational work</li> </ul>	<ul style="list-style-type: none"> <li>• benefits will be considered up to 25%, and include the employer’s portion of CPP, QPP; EI; group insurance, vacation pay and pension benefits, statutory holidays, etc.</li> <li>• losses to investments or pensions due to stock fluctuations or other unforeseen events are not eligible</li> <li>• performance pay (such as a bonuses), severance pay and retiree settlements are not eligible</li> <li>• discretionary employee benefits (for example, parking at employer’s location, gym membership fees, daycare costs, etc.) are not eligible</li> <li>• relocation costs for employees hired for the Project are not eligible</li> <li>• for Provincial, Territorial and Municipal government employees, only incremental salaries/benefits are eligible (full-time employee salaries/benefits are not eligible); other restrictions may apply</li> </ul>

<b>Contracted Services</b>	
<b>Eligible cost items</b>	<b>Limitations/ineligible costs</b>
<p>Professional or specialized services for which a contract is entered into, such as:</p> <ul style="list-style-type: none"> <li>• consultant/expert services</li> <li>• science co-ordination services</li> </ul>	<ul style="list-style-type: none"> <li>• all services, including research work, should be established under a contract</li> <li>• Recipients must use a fair and competitive or otherwise justifiable and generally accepted sound business process that results in competent and</li> </ul>

	<p>qualified contractors working on the Project activities</p> <ul style="list-style-type: none"><li>• all such contracts should include a description of the work, due date(s) for deliverables, detailed budgets, and payment terms</li><li>• overhead costs cannot exceed 15% of total other eligible costs invoiced</li><li>• contracts for project management and administration services may be used, however, these costs will be considered Administrative costs (in other words, they are included in the 10% flat rate and are not eligible for additional reimbursement)</li><li>• hospitality costs incurred by a service providers, Partners or Other Government are not eligible</li></ul> <p><b>Refer to the <a href="#">Contracted Services section</a> below for more information</b></p>
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**Travel (based on the AAFC Directive – subject to periodic revisions)**

Eligible cost items	Limitations/ineligible costs
<p>Travel costs directly related to the Project, such as:</p> <ul style="list-style-type: none"> <li>• accommodations, meals, local or in-city transportation (buses, taxis, vehicle rentals, etc.), ground transportation (including parking, transportation to and from the public carrier terminal), and incidentals up to the authorized per diem amounts</li> <li>• transportation (e.g., air, train)</li> </ul> <p>Travel costs are eligible for:</p> <ul style="list-style-type: none"> <li>• personnel travelling for Project activities, who are on travel status (see ‘Lexicon of frequently used terms’)</li> <li>• visitors to Canada for the purpose of Project activities</li> </ul> <p>Note: transportation costs incurred for Project activities are eligible, even if the individual is not on travel status.</p>	<ul style="list-style-type: none"> <li>• only economy airfare for travel is eligible; bookings should be made as far in advance as possible; seat selection and baggage costs are eligible (upgrades are not eligible)</li> <li>• if a higher class is purchased, proof of the flight’s economy rate must be obtained for reimbursement purposes</li> <li>• for transportation by private vehicle (e.g., personal or fleet), a rate of up to \$0.55 per km will be accepted, regardless of the province or territory</li> <li>• travel insurance (such as medical, accident, cancellation) is not eligible</li> <li>• non-essential options for rental vehicles (such as GPS and roadside assistance) are not eligible</li> <li>• travel and accommodation expenditures for federal government employees are not eligible</li> </ul> <p><b>Refer to the <a href="#">Travel Costs</a> below for more information</b></p>

**Capital Assets (based on the AAFC Directive – subject to periodic revisions)**

Eligible cost items	Limitations/ineligible costs
<p>Capital Assets are tangible assets that are purchased, constructed, developed or otherwise acquired and:</p> <ul style="list-style-type: none"> <li>• are required for the execution of the Project</li> <li>• have a useful life extending beyond one year and are intended to be used on a continuous basis</li> <li>• are not intended for resale during the life of the Project</li> <li>• require AAFC pre-approval for capital asset purchases over \$10,000</li> <li>• include the purchase price plus other acquisition costs, such as installation</li> </ul>	<ul style="list-style-type: none"> <li>• the purchase of land or buildings is not eligible</li> <li>• the purchase or lease of private/personal vehicles is not eligible</li> <li>• assets and capital items not specifically required for the execution of the Project are not eligible</li> <li>• each capital cost estimated at \$10,000 or more to be included in the Project budget must be accompanied by a pre-approval form at the time of application</li> <li>• pre-approval by AAFC applies regardless of how the purchase is cost-shared between AAFC and other sources</li> </ul>

<p>costs, freight charges, transportation insurance costs, duties, and the non-refundable portion of provincial sales taxes, GST\HST or other value-added taxes</p> <p>Examples specific to this program:</p> <ul style="list-style-type: none"> <li>• equipment</li> <li>• computers and specialized software</li> <li>• prototypes</li> </ul>	<p><b>Refer to the <a href="#">Capital Assets section</a> below for more information</b></p>
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<b>Other Direct Project Costs</b>	
<b>Eligible cost items</b>	<b>Limitations/ineligible costs</b>
<ul style="list-style-type: none"> <li>• shipping</li> <li>• translation</li> <li>• conference or registration fees</li> <li>• knowledge transfer associated costs</li> <li>• stipends</li> </ul>	<ul style="list-style-type: none"> <li>• any Canadian government related fees such as visas, patents, etc. are not eligible</li> <li>• hospitality costs are not eligible under this program</li> <li>• Costs associated with the hosting of conferences or AGMs are not eligible</li> </ul>

Other ineligible costs include, but are not limited to:

- in-kind contributions
- normal costs of establishing a commercial operation
- costs for activities that are deemed to be part of normal business practice for any Recipient
- costs for activities intended to directly influence/lobby governments
- costs related to marketing activities and business promotion
- refundable portion of the GST/HST, value added taxes, or other items for which a refund or rebate is received
- hospitality costs, even if incurred by a service provider, Partner or Other Government
- depreciation charges for capital assets
- other costs not specifically required for the Project

### **3.0 Contracted Services**

#### **Requirements**

1. Costs incurred by contractors, which are reimbursed by the Recipient or a Partner, must be reported under the “Contracted Services” category. The invoices must contain sufficient detail to establish the nature of the expenses and alignment with the contract signed.
2. Overhead costs under contract
  - overhead cannot exceed 15% of the total eligible costs invoiced by the University or service provider
  - overhead is calculated as an additional 15% cost on goods/services (e.g., \$10,000 cost of services x 0.15 = \$1,500; for a total invoice, including overhead, of \$11,500)

- overhead costs are indirect expenditures incurred by a University or service provider, which are required for the activities, but are not specifically identified as Project activity costs; these costs relate to the use of the organization’s resources, which may include, but are not limited to:
    - information technology support
    - internet, telephone
    - use of photocopiers, fax machines, and other office equipment
    - use of existing workstations, including furnishings and equipment (for example, computers or scanners)
    - normal office software (not including software specifically required to conduct Project activities)
    - memberships and subscriptions
    - staff recruitment and training
    - routine laboratory and field equipment maintenance (such as oil changes)
    - building occupancy and operating costs (that is, the use of the workspace)
    - facilities maintenance
    - administrative support (such as accounting, payroll administration, meetings)
3. Down payments or advance payments in contracts
- down payments or advance payments due to contractual obligations may be reported in the period in which the funds are disbursed
4. Contracts
- should be rigorous enough to ensure that payments will be subject to costing details and timing of incurred costs
  - to assist with the verification of expenditures, Recipients may be required to share with AAFC, a copy of service contracts for work conducted under the Project

## **Guidance**

For many approved Projects, a significant portion of the work will be completed, under contract, by Universities or other organizations on behalf of the Recipient. To better ensure that the work is aligned with the requirements of the CA, it is recommended that the following points be considered before putting in place a contract/agreement with a service provider:

- the Recipient is not an agent of Her Majesty the Queen or the Government of Canada
- the Recipient is fully responsible for funds disbursed, including costs paid to service providers (such as Universities)
- it is the responsibility of the Recipient to ensure that both the Recipient and AAFC are only paying for eligible costs for the Project
- work required to complete the Project is considered to be work under contract, if it is not work performed by your organization
- as the CA is an agreement between the Recipient and AAFC, and not with any other organization (such as service providers), there should be no reference to “the Minister”, “AAFC”, “Her Majesty the Queen” or “the Crown” anywhere in your contract/agreement between the Recipient and any other party who performs work for the Project

- while the CA lists requirements, terms and conditions that the Recipient must follow, it should not be used as a template for the Recipient's contracts/agreements with other parties
- there is a difference between an agreement to fund a Recipient and an agreement to allow a Recipient to further distribute funds to other ultimate Recipients. To be clear, the CA is an agreement between AAFC and the Recipient. AAFC has no legal obligation to the Recipient's service provider; therefore, accountability for the Project and its activities rests with the Recipient.
- AAFC may only undertake a Recipient audit with the Recipient, as per the agreement, not with the service provider; again, the service provider is the Recipient's responsibility
- it is recommended that the Recipient keep written procedures of their contracting or procurement practices and of the process regarding validation of expenses (such as sampling) of other service providers; these documents may be helpful in satisfying an auditor that the practices of the Recipient are clear, understood and followed by their employees
- sampling done by the Recipient to verify details of a service provider's invoice should be done on a risk-based approach (as an example, a 10% sampling of details of costs on an invoice)

**What to include in a contract or agreement\***

The terms of written contracts between the Recipient and service providers who conduct work on behalf of the Recipient should address the following:

- specific details of the work being done, who is doing the work and what will be delivered
- clear milestones and timelines for the completion of the work
- detailed breakdown of the budgeted costs (such as hourly/daily rates for salaries and number of positions, list of required supplies and related costs)
- invoicing details, including when invoices are to be submitted and the level of detail they should contain to ensure that the costs invoiced can be verified by the Recipient for eligibility and reasonableness
- the sampling process to be used to confirm costs; it is recommended that the Recipient establish a sampling process based on risk
- reporting requirements (such as financial, progress and performance reporting)
- the right to access all Project related documentation
- other responsibilities agreed upon between parties, including financial roles and contact information
- the provisions, as deemed appropriate, for oversight such as reviews and audits to be conducted by the Recipient and the right of the Recipient to provide copies of any review, evaluation or audit reports to third-parties

\*Note, in all cases, we recommend that the Recipient seek the advice of legal counsel to ensure that all contracts/agreements are appropriate.

Proof of payment may also be requested for expenditures incurred by the Recipient.

As noted above, the responsibility for verifying services contractor's invoices lies with the Recipient, and should be done on a sampling basis.

AAFC may request additional information, to verify the eligibility or reasonableness of the costs.



## 4.0 Travel Costs

The following requirements are based on an internal AAFC Directive, which is subject to revision, periodically.

### Requirements

1. Per diems will contribute to covering the costs for accommodations, meals, local or in-city transportation (buses, taxis, vehicle rentals, etc.), ground transportation (including parking, transportation to and from the public carrier terminal), entry documents (including non-Canadian visas), vaccinations and incidentals (personal phone calls, laundry, gratuities, currency exchange fees, etc.) for individual travel.
2. Recipients may:
  - a. claim the established per diem; or
  - b. claim an amount less than the established per diem (based on actual costs).

Whether using option (a) or option (b), individual invoices and proofs of payment for the incurred travel costs will not be required when travel costs are sampled. However, Recipients are obliged to keep all invoices and proof of payment, as per the terms of their CA. Proof of travel will be required (for example, boarding passes, hotel invoice(s), trip report).

If using option (a) per diems are payable for every day on travel status as follows:

- i. day trip within Canada with no overnight stay: \$70 CAD/day
  - ii. day trip outside Canada with no overnight stay: \$100 CAD/day
  - iii. travel within Canada with an overnight stay: \$300 CAD/day
  - iv. travel outside Canada with an overnight stay: \$425 CAD/day
3. Costs for air, rail and ground transportation (to an out-of-city destination) for individual travel are eligible, as follows:
    - a. Air: Economy rate (not Premium Economy, Business or First Class)
    - b. Private vehicle: kilometric rates (at a rate of up to \$0.55 per km), as well as costs for parking at the destination
    - c. Rental vehicle: the cost for a mid-size vehicle (or the cost of a larger vehicle, based upon factors such as, but not limited to, safety, the needs of the traveler, and the bulk or weight of goods transported), gas, and parking at the destination

When transportation costs are sampled, invoices/receipts and proof of payment, as well as proof of travel, will be required.

## 5.0 Capital Assets

The following requirements are based on an internal AAFC Directive, which is subject to revision, periodically.

### Requirements

1. All capital assets required for a Project must be eligible under program criteria.

### Purchase of Capital Assets over \$10,000

2. All capital asset purchases over \$10,000 must be pre-approved by the Program using an AAFC form intended for that purpose.
3. The pre-approval process for acquisitions over \$10,000 will consider:
  - alignment with program and Project objectives
  - the necessity and the cost of the asset as well as timing of the purchase (i.e., beginning vs. the end of the CA)
  - the residual value of the asset at the end of the CA
  - the possibility of resale (i.e., presence of a market for specified equipment)
  - the future need of the asset for the sector or recipient
  - the benefits of transferring the asset to another organization
  - the retention/disposition mechanism for the asset
4. Capital asset pre-approvals must include a rationale for the purchase and proposed retention or disposal.
5. This pre-approval requirement applies to any capital asset in a Project's budget, including those purchased by the Recipient, a service provider (e.g., a university) working on the Project, or a Partner listed as part of a Recipient's contribution.
6. Pre-approval is required for any capital asset purchase made by a Recipient, which is intended to enhance capacity in another agriculture, agri-food and agri-based sector (for example, by modifying or retrofitting a piece of equipment that would benefit another industry). Pre-approval for such purchases will consider the purchase cost, the residual value, retrofitting costs and the usefulness of the asset at the end of the CA term.
7. Where several similar or related assets are purchased within a Project, the cumulative cost of these assets should be considered as one and require pre-approval, if over \$10,000.
8. Materials purchased with the intention of building a capital asset (such as a prototype) must be pre-approved if the total value of materials exceeds \$10,000.
9. AAFC reserves the right to address capital asset requests on a case by case basis, when required.

### **Purchase of Capital Assets over \$100,000**

10. Capital assets costing more than \$100,000 that are required to achieve Project outcomes should normally be leased, where possible and appropriate. Proposed leasing costs should be included in the application budget and must be pre-approved by the Program before they will be deemed eligible.
11. Capital asset purchases over \$100,000 will normally be considered when the Applicant includes the proposed acquisitions in the application budget. Applicants are required to submit in their application a rationale for the proposed purchases and outline future plans for retention or disposal. These purchases, including proposed retention or disposal, will be reviewed by the Program during assessment and will require AAFC approval.
12. Capital asset purchases over \$100,000 that are not approved at the time of Project approval may be considered at a later date, in exceptional cases, and will require approval by AAFC.

### **Retention or Disposal of Capital Assets**

13. Capital asset purchases with a residual value of under \$25,000 at the end of the CA will normally be retained by the Recipient, service provider or partner, but will still require pre-approval by AAFC.
14. Where disposal of the asset is required, the residual value of the asset will be returned to AAFC or will be offset on the final claim or holdback, taking into account the cost-sharing ratio for the Project and the asset being disposed.
15. The Recipient will be required to provide an estimate of fair value for the proposed assets (at the end of the CA) using a method agreeable to both the Recipient and AAFC. The Canada Revenue Agency (CRA) provides an acceptable depreciation model to determine the decrease in the value of an asset through age, use, and deterioration over time. Information on classes of depreciable property and rates are available on the [CRA website](#).
16. AAFC reserves the right to require disposal of an asset if the Project or Project activity is ended prematurely, or is terminated by default, regardless of the disposal or retention plan approved at the time of pre-approval.