

Sustainable Canadian Agricultural Partnership On-Farm Value-Added Program Terms and Conditions

1.0 PURPOSE

The purpose of the Sustainable Canadian Agricultural Partnership On-Farm Value-Added Program (the “Program”) is to support diversification and growth through investments in projects to support primary producers in adding value to their agricultural products to grow sales, expand production capacity, explore market opportunities, and create jobs in Alberta.

The Program has two streams that are assessed on eligibility criteria and merit.

Stream A (maximum grant \$50,000)

Stream B (maximum grant \$250,000)

Applicants will select either Stream A or B at time of application and may apply only once per Program fiscal year (April 1st to March 31st). Successful applicants must enter into a grant agreement to receive Program funding. Terms of the agreement can be viewed at: www.alberta.ca/on-farm-value-added-program

2.0 DEFINITIONS

2.1 **Definitions** - In these Program Terms and Conditions:

Agricultural Product: means a plant or plant product, a meat or meat product, or a product, including any food or drink, wholly or partly derived from an animal and/or a plant.

Applicant: means a person who submits an Application.

Application: means an application for funding under the Program.

Eligible Activity: means parts of the Project that are approved under the Program.

Eligible Applicant: means an Applicant that has been approved to participate in the Program.

Eligible Capital Expenses: means capital expenses that are eligible for funding under the Program.

Eligible Expenses: means Eligible Capital Expenses and Eligible Non-Capital Expenses.

Eligible Non-Capital Expenses: means non-capital expenses that are eligible for funding under the Program.

Federal Crown: means His Majesty in Right of Canada.

Funding List: means the document that includes a list of activities and expenses that are eligible for funding under this Program, as posted on the Program Website.

Grant: means funds payable to an Eligible Applicant under this Program.

Grant Agreement: means

a) For Grant awards up to \$50,000, an approval letter from the Minister to the

Eligible Applicant, and

- b) For Grant awards over \$50,000, a long-form grant agreement between the Minister and the Eligible Applicant.

Minister: means the Minister of Agriculture and Irrigation and his authorized representative(s).

New Market: means a new marketing channel in a domestic and/or international marketplace.

New Product: means a product that is new to a marketplace (domestic and/or international), or a product that was previously in a marketplace but now consists of a significant reformulation of ingredients, in the sole discretion of the Minister, resulting in new labelling, packaging, etc.

Primary Producer: means an individual or a corporation registered in Alberta that is responsible for the day-to-day management and work of a crop, bee, or livestock operation.

Processor: means bio-industrial processor or food processor that is in the business of changing an Agricultural Product into a Value-Added Product, and either:

- a) Operates one or more processing facilities that are registered by federal or provincial inspection authorities, and that markets its Value-Added Product(s) through wholesale distribution channels to arm's length customers (e.g., to retail or to food service) and does not sell exclusively through an on-premises or single company owned retail outlet, or
- b) Contracts to have Agricultural Product(s) processed or packaged on its behalf at a facility that is registered by federal or provincial inspection authorities, and that markets its Value-Added Product(s) through wholesale distribution channels to arm's length customers (e.g., to retail or to food service) and does not sell exclusively through an on-premises or single company owned retail outlet.

Program: means the Sustainable Canadian Agricultural Partnership On-Farm Value-added Program.

Program Application Form: means the application form for the Program, as posted on the Program Website.

Program Terms and Conditions: means these terms and conditions.

Program Website: means the Minister's website for this Program, at:

[On-Farm Value-Added Program | Alberta.ca](https://www.alberta.ca/on-farm-value-added-program).

Project: means an Applicant's proposed activities under the Program, as described in the Application.

Project Start Date: means the anticipated start date for the Project, as stated in the Application.

Project Term: means the period from January 1, 2024 through March 15, 2025.

Provincial Crown: means His Majesty in Right of Alberta.

Stream: means Stream A or Stream B of this Program, as described at section 1.0.

Sustainable Canadian Agricultural Partnership (Sustainable CAP): means the Federal-Provincial-Territorial Sustainable Canadian Agricultural Partnership.

Value-Added Product: means an Agricultural Product that has been transformed or upgraded into a new or upgraded value-added product through manipulation or enhancement through physical, chemical, or thermal means. Products that have been merely cleaned, bagged, sorted, handled, or stored are not to be considered as “Value-Added Products” for the purposes of this Program.

3.0 ELIGIBILITY

3.1 Eligible Applicants

3.1.1 To be an Eligible Applicant, an Applicant must:

- a) be a Primary Producer,
- b) be an individual or a corporation registered in Alberta that is operating in Alberta, or that can establish to the satisfaction of the Minister that it will operate in Alberta,
- c) be responsible for input costs for crops, bees, or livestock,
- d) produce at least \$25,000 worth of commercial agriculture production annually,
- e) not be a landlord whose only interest in the crop, bee, or cattle operation is ownership of the land, and,
- f) demonstrate intentions to add value past harvest or slaughter of the Agricultural Product.

3.1.2 The Minister may approve an Indigenous applicant as an Eligible Applicant even though the applicant does not meet the requirements under section 3.1.1(a) or (b). The Program is committed to supporting the success of Indigenous business in the agriculture and food sector. It is understood that Indigenous businesses may have distinct characteristics reflective of regulatory, operational, cultural, and other factors affecting their business history and operation. The Program aims for flexibility in its delivery to reduce barriers and ensure its accessibility. In this provision, “Indigenous” means First Nations, Inuit, or Métis.

3.1.3 The following are not eligible to apply to the Program:

- a) Processors,
- b) industry organizations,
- c) applied research organizations,
- d) post-secondary institutions,
- e) federal, provincial, and municipal governments, agencies and institutions, and similar organizations funded in whole or in part by the government,
- f) retail businesses, restaurants and food establishments, and
- g) any other person deemed by the Minister to be ineligible.

3.1.4 An Applicant is ineligible for this Program if it has an active application to the Value-Added Program or Emerging Opportunities Program for the same expenses or for activities that, in the Minister’s view, will result in outcomes that are substantially the same.

3.2 Eligible Activities

3.2.1 To be an Eligible Activity, a Project activity must:

- a) be in respect of a Value-Added Product that the Applicant produces (or will produce) in Alberta,
- b) be a type of activity listed in the Funding List,
- c) result in the marketing of the Eligible Applicant's Agricultural Product(s) through wholesale distribution channels to arm's length customers (e.g., to retail or to food service) and not for sale exclusively through an on-premises or single company owned retail outlet, and
- d) if the Application is in Stream A, have a Project Start Date that is no more than 90 calendar days after the date of the Application.

3.2.2 The following may not be an Eligible Activity:

- a) activities related to cleaning, bagging, sorting, handling and/or storing of primary products,
- b) construction of walls, floors, ceilings, or ancillary buildings,
- c) labels and packaging design that is not in relation to New Products or for New Markets (e.g., stock keeping unit replacement with a retailer/wholesaler, a package size change, or a price comparison or price competition strategy),
- d) advertising,
- e) promotions (e.g., coupons, rebates, product giveaways, t-shirts, stickers, coasters, buttons, pins),
- f) activities associated with aquaculture, aquaponics, or seafood processing, with the exception of activities related to the international marketing of fish and seafood products which are eligible and may be included in an application,
- g) activities that provide support for province-specific branding, promotion or marketing activities that are detrimental to another province or territory, and
- h) any other activity deemed by the Minister to be ineligible.

4.0 CONDUCT OF ELIGIBLE ACTIVITY

4.1 Eligible Activities must be completed by the end of the Project Term. Where an Eligible Activity involves buying equipment, the Eligible Activity will be deemed complete when the equipment is in the Eligible Applicant's possession.

4.2 Except for items permanently affixed to land sold by the Eligible Applicant, equipment for which the Eligible Applicant received payment under the Program must, during the Project Term and for at least three (3) years afterwards, remain owned by the Eligible Applicant.

5.0 ELIGIBLE EXPENSES

5.1 To be approved as an Eligible Expense, an expense must have been incurred by, invoiced to, and paid by, the Eligible Applicant during the Project Term.

5.2 The expenses identified in the Funding List are eligible to be an Eligible Expense.

5.3 The following may not be an Eligible Expense:

- a) travel expenses not in compliance with the Sustainable CAP Travel Expense Policy,
- b) expenses not incurred by the Eligible Applicant in carrying out the Eligible Activity,
- c) expenses associated with activities that are ineligible for the Program, including: purchase or construction of real property or structural works, activities associated with aquaculture, aquaponics, or seafood processing, and activities that provide province-specific branding, promotion or marketing activities that are detrimental to another province or territory,
- d) shipping costs for equipment,
- e) costs of lease of office furniture, space, and equipment,
- f) fixtures that are not an Eligible Capital Expense,
- g) costs of equipment for storage purposes, not directly related to the Eligible Activity,
- h) costs associated with the building such as plumbing, framing, flooring, electrical and insulation,
- i) on-going business operational activities and overhead expenses (such as salaries, normal consulting and contracting expenses, legal costs, sales commissions, warehousing, maintenance costs, utilities, and photocopying),
- j) staff or consulting expenses for product sale activities, or in market representation for existing products,
- k) advertising expenses (including radio, social media, vehicle wraps, billboards, signage),
- l) sponsorship,
- m) donation of product,
- n) listing fees, distribution fees or shelf stocking fees,
- o) website hosting, domain registration or ongoing website maintenance,
- p) vehicles of any kind (e.g. trucks, fork lifts, refrigerated trucks),
- q) expenses related to non-specific activities, such as those marked “miscellaneous”,
- r) Goods and Services Tax (GST),
- s) costs incurred outside of the Project Term, as determined by the Minister, and
- t) any other expense deemed ineligible by the Minister.

6.0 GRANT AGREEMENT

6.1 The Minister shall pay a Grant to the Eligible Applicant subject to the terms and conditions in the Grant Agreement, which shall provide for, among other things:

- a) the maximum amount of the Grant,
- b) matters involving Eligible Expenses, including the criteria for an Eligible Expense, the submission of claims for Eligible Expenses, and the processes by the Minister may verify that claimed expenses are Eligible Expenses and that the Eligible Applicant incurred and paid the Eligible Expenses, and the Minister’s ability to determine the amount of an Eligible Expense,

- c) reporting by the Eligible Applicant on matters including the status of the Eligible Activity and expenditure of the Grant,
- d) the ability for the Minister to audit, evaluate or inspect the conduct of the Eligible Activity or compliance with the Grant Agreement, and
- e) default by the Eligible Applicant and repayment of the Grant.

6.2 If there is a conflict or inconsistency between a provision of these Program Terms and Conditions and the Grant Agreement, the latter shall take precedence.

7.0 APPLICATION REVIEW

7.1 Applications will be processed and assessed based on meeting the minimum eligibility requirements and the following assessment criteria:

- a) the extent to which the Project aligns with the following outcomes:
 - i. create jobs in Alberta,
 - ii. support growth of the Applicant's business by increasing sales,
 - iii. support investment (total Project investment relative to the grant request in the Application),
 - iv. increase the Applicant's production capacity, and
 - v. any other metric or desired Program outcome directed by the Minister,
- b) the extent to which the Application demonstrates the Applicant's capacity and readiness to execute the Project based on:
 - i. available financial resources to complete the Project,
 - ii. necessary experience and skills (in-house team and third party expertise to manage, lead and execute the Project), and
 - iii. detailed Project timelines that are realistic and attainable, and
- c) if the Applicant received grants under the Program for past projects, the degree to which the Applicant successfully achieved the anticipated business impacts identified by the Applicant in its applications for those past projects.

7.2 Applications for projects having a funding request under \$1,000 will not be accepted.

8.0 APPLICATION PROCESS

8.1 There is limited funding in the Program. Applications will be considered for approval on a case-by-case basis, not "first come, first served". Applications will be evaluated and recommended for approval according to the eligibility criteria and funding constraints.

8.2 Stream A Applications must include:

- a) a completed Program Application Form, signed by an authorized representative, and all documents required to be submitted pursuant to that form,
- b) quotations or invoices for expenses over \$10,000, and any additional supplementary documentation requested by the Minister.

8.3 Stream B Applications must include:

- a) a completed Program Application Form, signed by an authorized representative, and all documents required to be submitted pursuant to that form,
- b) documents to demonstrate that the Applicant has the necessary capacity (including financial and other resources) to complete the activities included in the

Application (e.g., quotations or invoices for expenses over \$10,000, business plan, letters of support to justify market demand, status of financing for Project, market studies, etc.), and

c) any additional supplementary documentation requested by the Minister.

8.4 Applications must be signed by a properly authorized representative. The Minister may require evidence of authorization. Designates are not permitted to sign Applications unless they have Power of Attorney (submitted with the Application). Personal representatives may sign on behalf of estates.

8.5 Applications must be delivered to the Minister at:

SCAP.ValueAddedPrograms@gov.ab.ca

or to:

Value-Added Program
Trade, Investment, and Food Safety Division
Agriculture and Irrigation
#301, 7000 - 113 Street
Edmonton AB T6H 5T6

8.6 Applications must be received by the Minister (or, if sent by mail, postmarked by) on or before the date specified on the Program Website.

8.7 Submission of an Application does not entitle an Applicant to funding under the Program.

9.0 FUNDING LEVELS

9.1 The Program provides grants on a cost-shared basis to cover Eligible Expenses for Eligible Activities up to the following maximums, subject to the Eligible Applicant's reaching acceptable milestones and providing the required reports:

Stream A maximum project funding \$50,000 per Eligible Activity.
Stream B maximum project funding \$250,000 per Eligible Activity.

9.2 The cost-share requirements are:

- a) Eligible Capital Expenses shall be cost-shared at 25% grant and 75% Applicant, and
- b) Eligible Non-Capital Expenses shall be cost-shared at 50% grant and 50% Applicant up to a maximum total amount of \$50,000. The \$50,000 maximum includes a \$5,000 maximum for travel expenses.

9.3 Funding received through any other Sustainable CAP programs may not be used toward the cost-share requirements of the Program.

9.4 The Grant will be paid on a reimbursement basis, based on the Eligible Expenses claimed by the Eligible Applicant, and approved by the Minister.

- 9.5 Eligible Activities and Eligible Expenses qualify only once for payment under the Program.
- 9.6 Funding received through other federal, provincial, and municipal governments cannot exceed 100% of the Eligible Expenses paid under the Program. The amount of the Grant shall be adjusted so that the total government funding for Eligible Expenses does not exceed 100% of these expenses.

10.0 FALSE OR MISLEADING INFORMATION

- 10.1 An Applicant who provides false or misleading information under this Program forgoes all rights to benefits from this Program.

11.0 MINISTERIAL GRANTS REGULATION

- 11.1 Payments under this Program are grants subject to the *Ministerial Grants Regulation* (AR 215/2022), as may be amended, or replaced from time to time. In addition to complying with the Grant Agreement, a successful Applicant must comply with the Regulation.

12.0 CHANGES TO THE PROGRAM

- 12.1 The Minister may change or terminate the Program at any time without notice. Any revisions to the Program, the Program Application Form, the Program Terms and Conditions and/or Funding List will be posted on the Program Website.
- 12.2 Applications are subject to the Program Terms and Conditions and Funding List as posted on the Program Website as of the date that the Application was received by the Minister.

13.0 MINISTERIAL DISCRETION

- 13.1 The Minister has the absolute discretion to determine the eligibility of any Applicant or Project under the Program. Notwithstanding anything in these Program Terms and Conditions, the Minister has the absolute discretion to not approve any Application. The decision of the Minister is final.