

# Traceability Foundations Initiative



Building strong foundations  
for traceability in Ontario

## Application Guidebook Version 1.1

This Guidebook will assist Applicants in completing the Application Form.

To obtain the current version of the Application Guidebook please visit [www.ontario.ca/traceability](http://www.ontario.ca/traceability)

**Applications will be accepted after 9:00 a.m. on August 8, 2011 until September 16, 2011 at 5:00 p.m. E.S.T.**

### **Applications may be submitted:**

by email to [TFI.omafra@ontario.ca](mailto:TFI.omafra@ontario.ca)

by fax at (519) 826-4332

in hard copy to:

Traceability Foundations Initiative  
Ontario Ministry of Agriculture, Food and Rural Affairs  
1 Stone Road West, 5<sup>th</sup> Floor  
Guelph, ON N1G 4Y2

**Ontario Ministry of Agriculture, Food and Rural Affairs (OMAFRA) staff are available to provide assistance to Applicants in developing their proposed project details or applications.**

Canada 

 Ontario

# TRACEABILITY FOUNDATIONS INITIATIVE

The Traceability Foundations Initiative (TFI) is a \$21.5 million, three-year joint Federal:Provincial funding program that may provide up to 75 per cent cost-share funding to Sector Organizations and Value Chains to support voluntary, industry-led information sharing networks that will enhance agri-food traceability. Approved projects may be eligible for up to a maximum of \$5 million in funding per project.

## What is Traceability?

Traceability is the ability to trace products and their associated attributes backwards and forwards through the agri-food chain. A full traceability system requires the collection, storage and sharing of three key pieces of information:

- **Premises Identification** – unique identification of all locations where agri-food activities occur
- **Product Identification** of animals, plants or food products as individuals, lots or batches; and
- **Movement Recording** of identified products between identified premises.

# TABLE OF CONTENTS

Part A: Program Information.....	4
Glossary of Terms.....	4
Objectives .....	6
Who May Apply? .....	6
Eligible Projects.....	8
Application Process.....	9
Funding .....	9
Part B: Completing an Application Form .....	11
Tell us about yourself.....	11
Tell us about your proposed project.....	12
Sector Organization Applicants Only .....	12
Value Chain Applicants Only.....	13
Tell us about your organizational capacity and how you will manage your proposed project.....	13
Tell us about your existing information system.....	14
Tell us about the benefits and outcomes of your proposed project.....	15
Tell us how you will manage challenges and risks.....	16
Tell us how you plan to carry out your proposed project.....	16
Tell us about the costs of your proposed project .....	16
Tell us how you plan to finance your proposed project .....	17
General Company Information, Confidentiality, Consent and Final Checklist.....	17
Part C: Submitting an Application.....	18
Part D: Additional Resources .....	18
Part E: Selection Process.....	18
Sector Organization Evaluation Criteria .....	18
Value Chain Evaluation Criteria .....	19
Part F: Approved Projects .....	19
Mock Traceability Exercise .....	19
Reporting Requirements .....	19
Claim Reimbursement.....	20
Part G: Other Information .....	20
Schedule 1: Project Plan Examples .....	21
Schedule 2: Mock Traceability Exercise.....	22
Schedule 3: Performance Measurement.....	23
Schedule 4: Premises Identification: Registering your agri-food premises .....	25

## Part A: PROGRAM INFORMATION

### Glossary of Terms:

**For the purpose of the Traceability Foundations Initiative, the following terms are defined:**

**Agricultural activities:** means activities involving the raising of livestock and the production of crops including harvesting, sorting, grading and minimal processing steps such as washing, packing, trimming, and/or grading.

**Agri-based activities:** means all activities involved along the chain from production through to retail sale related to the production, processing, storing, shipping, distributing and retailing of agriculturally produced products that are not intended for human consumption (e.g. corn grown for ethanol production).

**Agri-food activities:** means all activities involved along the chain from production through to retail related to the production, processing, storing, shipping, distributing and retailing of food (e.g. corn grown, processed, packaged and sold to consumers).

**Co-applicant:** means an Organization or Value Chain Partner, other than the Lead Applicant, that participates in the project and receives funding from the Traceability Foundations Initiative through, the Lead Applicant.

**Contribution Agreement:** means the agreement a Lead Applicant will enter into on behalf of itself and the Co-applicants with OMAFRA describing the terms and conditions under which the applicants' specific project for Traceability Foundations Initiative will be funded.

**Eligible Expenditures and Activities:** means the expenditures or activities paid by the Lead Applicant or a Value Chain Partner to improve information sharing and traceability that are eligible for reimbursement by OMAFRA for a specified project under the Contribution Agreement.

**Food and beverage processing activities:** means activities related to the processing, modification, transformation, wholesaling/distributing, transporting or storing of food or beverage products.

**GS1:** refers to Global Standards One, a not-for-profit, industry-led organization that develops, promotes and maintains global standards for the identification of goods, services, locations and related e-commerce communication. GS1 Canada is the national member of this international organization.

**Ineligible Expenditures and Activities:** means the expenditures or activities paid by the Lead Applicant or a Value Chain Partner to improve information sharing and traceability that are not eligible for reimbursement by OMAFRA for a specified project under the Contribution Agreement.

**Lead Applicant:** means a business, association or other legal entity applying to the Traceability Foundations Initiative on behalf of itself and other legal entities. The Lead Applicant is responsible for completing all documentation related to the project application, and, for approved projects, is the recipient of project funds, acts as the main contact/liaison with OMAFRA and is the party primarily legally responsible for meeting all terms and conditions of the contribution agreement.

**Member:** means an individual, business or organization that meets and fulfills the criteria for membership within a Sector or regional organization or association.

**Mock Traceability Exercise:** means a process conducted by the Applicant(s) to evaluate their ability to trace, identify and contain infected or unsafe animals, plants, or products within a 48 hour period.

**OMAFRA:** means the Ontario Ministry of Agriculture, Food and Rural Affairs, representing the Minister of Agriculture, Food and Rural Affairs.

**Premises:** means a parcel of land defined by a legal land description or, in its absence, by geographical coordinates, on which one or more agri-food or agri-based activities take place.

**Premises identification/Premises ID:** means the establishment of the exact geographical location of a premises, its characterization (e.g. description of activities and relevant contact information) and subsequent allocation of a unique identifier to national/international standards.

**RFID:** means Radio-frequency Identification. The use of an object, such as a tag, that is applied to, or incorporated into, a product or animals, for the purpose of identification and tracking using radio waves.

**Sector:** means a categorization within Ontario's agriculture and food industry that involves grouping of businesses conducting similar activities. Sectors may be commodity (e.g. cattle, sheep, greenhouse) or activity (e.g. meat processing, food packaging, ethanol production) based.

**Sector Organization:** means a not-for-profit, incorporated association or other recognized legal entity that represents members in a sector.

**Supply Chain:** means a system of businesses whose activities transform natural resources, raw materials and components into a finished product that is delivered to the end customer.

**Traceability System:** means a comprehensive system that includes standards, agreements, procedures, equipment and/or a network designed to collect, keep and share information needed to track identified products moving through and between identified premises.

**Traceability Foundations Initiative:** means the Traceability Foundations Initiative, which is a \$21.5 million three-year joint Federal-Provincial cost shared funding program.

**Value Chain:** means a collection of businesses ranging from primary producers through logistics providers, processors, distributors and retailers that progressively create value for the final consumer in a specific market segment.

**Value Chain Partner:** means an individual business within an identified Value Chain with a specific role or responsibility in the production, movement, processing, storage, distribution or sale of product associated with the Value Chain.

## OBJECTIVES

The Traceability Foundations Initiative may provide up to 75 per cent cost-share funding for the agriculture, agri-food and agri-based industry to support selected information sharing projects that implement or enhance traceability systems within a Sector or a Value Chain. Successful applicants may be eligible for up to a maximum of \$5 million in Traceability Foundations Initiative funding for projects that meet the Traceability Foundations Initiative’s criteria.

The objectives of the Traceability Foundations Initiative are to:

- enhance information sharing and increase adoption of sustainable voluntary traceability systems that are developed to national/international standards across a Sector or along a Value Chain
- assist participants to increase market access, substantiate product claims, or generate economic benefits for participants
- increase capacity to trace animals, agri-food or agri-based products and their associated attributes
- increase the ability of Sectors and Value Chains to execute emergency response (e.g. food recall) procedures when required

## WHO MAY APPLY?

Projects will fall under one of two categories depending on the type of applicants listed on the application form:

### SECTOR ORGANIZATION PROJECTS

#### **Sector Applicants**

#### **Eligible Sector Organization Lead Applicants include:**

- Provincial organizations representing member-producers who are directly involved in Agricultural, Agri-food and Agri-based Activities (within Ontario)
- Food and Beverage industry organizations representing members-processors who are directly involved in Food Processing Activities (within Ontario)

#### **The following businesses can participate in projects (but cannot act as Lead Applicants):**

- Members directly involved in Agricultural Activities or Food and Beverage Processing Activities (i.e. producers, processors)
- Alcoholic Beverage Processors (e.g. wine)
- Retail food operations
- Food service operations (e.g. restaurants)
- Agricultural input suppliers (e.g. feed suppliers, fertilizer suppliers, pesticide suppliers, etc.)
- Packaging manufacturers
- Traceability service providers to the association (e.g. software company)
- Traceability equipment suppliers
- Transportation provider

### **Ineligible Applicants include:**

- National Sector Organizations and non-Ontario based members of these organizations
- Tobacco Product producers/manufacturers
- Pet food facilities
- Health and/or nutrition supplement processors
- Fish farmers and processors

### **Eligible Sector Lead Applicants must have the following:**

- a Canada Revenue Agency Business Number (HST number)
- an account at a chartered Canadian Bank
- representation by a registered not-for-profit, incorporated association or other recognized legal entity

Eligible Sector Lead Applicants must be capable of entering into legally binding contracts.

## **VALUE CHAIN PROJECTS**

### **Value Chain Applicants**

Value Chain Lead Applicants will need to identify all the Value Chain Partners participating in the proposed project.

The identified Value Chain must include at least three Value Chain Partners within two or more of the following areas:

- Inputs
- Production
- Processing
- Distribution/warehouse
- Retail
- Transportation providers

The Lead Applicant must have its head office located in Ontario, and operate within the province of Ontario (i.e. Ontario farm, retailer or processor).

### **Eligible Value Chain Applicants include:**

- Producers directly involved in growing or producing agricultural crops including harvesting, sorting, grading, washing or packing
- Producers raising livestock or poultry
- Operations directly involved in the co-mingling, movement or storage and warehousing of livestock or poultry, agricultural and related products along the chain (e.g. transportation companies)
- Processors directly involved in the modification, processing, or transformation of food products
- Retail food operations
- Food service operations (e.g. restaurants)
- Agricultural input suppliers (e.g. feed suppliers, fertilizer suppliers, pesticide suppliers)
- Traceability equipment suppliers
- Transportation providers
- Packaging manufacturers

### **Ineligible Value Chain Applicants include:**

- Partners who are not a fundamental part of the Value Chain
- Pet food facilities
- Equipment suppliers
- Health and/or nutrition supplement processors
- Fish farmers and processors
- Tobacco Product producers/manufacturers

### **Eligible Value Chain Lead Applicants must have the following:**

- a Canada Revenue Agency Business Number (HST number),  
OR
- a Farm Business Registration (FBR) number or an Exemption Certificate  
AND
- an account at a chartered Canadian Bank

First Nations Applicants operating on reservation land may furnish a letter from the Indian Agriculture Program of Ontario (IAPO) verifying their business operation and a bank account at a chartered Canadian bank.

## **ELIGIBLE PROJECTS**

Projects selected for funding through the Traceability Foundations Initiative will support the design and implementation of information sharing networks across Sector Organizations and Value Chains within the agriculture, agri-food and agri-based Sectors, leading to effective full traceability systems that include premises identification, animal/product identification and movement recording. These projects will: develop/enhance information networks using technology solutions that meets identified business needs and achieves measurable economic benefits; increase adoption of sustainable voluntary traceability systems developed to national or international standards; and strengthen agri-food/agri-based traceability through industry-led development of systems.

### **What types of information sharing projects will OMAFRA consider for funding?**

The Traceability Foundations Initiative may support any type of information sharing project that results in clearly identifiable and measurable benefits to each of the Value Chain Partners. In no particular order, these may include but are not limited to:

- improved economic benefits through increased access to markets or sales of value added products
- increased supply chain efficiencies through better inventory and quality control, product scheduling and shipping
- improved business decision making through enhanced access to timely and accurate business critical information
- enhanced economic protection through better ability to identify, isolate and control contaminated products, quality control issues or diseased animals or plants

## CONTACT INFORMATION

Additional advice on developing project plans/details or on completing the application form is available from the OMAFRA toll free at 1-877-424-1300, by email at:

[TFI.omafra@ontario.ca](mailto:TFI.omafra@ontario.ca) and on our website at [www.ontario.ca/traceability](http://www.ontario.ca/traceability) .

## APPLICATION PROCESS

### How to Apply

In order to be considered for funding under the Traceability Foundations Initiative, Applicants must complete an Application Form that includes but is not limited to: details on the proposed project, work plan, budget and sources of funding, outcomes, and project expenditures over the duration of the project based on identified activities. **Please take notice that** insufficient information in the Application Form may result in the application being deemed ineligible for funding.

The Application Form must be submitted before the application closing deadline with the following documents:

- Any additional pages that may be necessary to complete the sections in the Application Form
- Signed “General Company Information, Confidentiality, Consent, and Final Checklist” (found in Section 12 of the Application Form) by the Lead Applicant listed on the Application Form;
- Any letters confirming cash and in-kind contributions where appropriate
- A list of all other federal or provincial government programs/funding sources that are or may be providing funding for related projects to one or more of the lead applicant, co-applicants or partners applying for the Traceability Foundations Initiative funding.

Subject to operational contingencies, Applications will be reviewed and processed for decision by OMAFRA within 45 business days of the application closing deadline and receiving all required application information. OMAFRA reserves the right to solely determine an Applicant’s eligibility for Traceability Foundations Initiative funding.

Approved projects that will be acquiring goods, supplies, equipment or consulting services that are Eligible Expenditures and Activities that exceed \$25,000.00 and that will be seeking reimbursement through Traceability Foundations Initiative as part of the project costs, will be required to conduct a competitive procurement process which includes three written quotes for services. Further details will be outlined to selected Applicants in their Contribution Agreement.

## FUNDING

Applications submitted to Traceability Foundations Initiative will be subject to a competitive approval process. The Government of Ontario (OMAFRA) reserves the right to rank prospective projects prior to selection and to award or deny funding accordingly. Funding may be allocated at the full amount requested or at a reduced level based on project assessment and approval at OMAFRA’s sole discretion. Applicants may request up to a maximum of \$5 million for Eligible Expenditures and Activities under Traceability Foundations Initiative. OMAFRA will solely determine the eligibility of proposed expenditures or activities listed in the application. Total funding for an approved project cannot exceed 75 per cent of the Eligible Costs identified in the Application Form.

Total cost-share funding for the project will be based directly on the total costs indicated in the application. Once an application has been approved, the maximum cost of the project cannot be changed. Selected Applicants may request amendments to their projects, but the associated costs will be subject to prior approval by OMAFRA.

Costs incurred for the project starting from March 15, 2011 may be eligible, however they are incurred at an applicant's own risk until the applicant's proposed project has been approved and the Contribution Agreement has been signed and by both parties and returned to OMAFRA.

Expenditures and Activities must occur within the duration of the Traceability Foundations Initiative. The last date to submit claims under Traceability Foundations Initiative will be December 15, 2013.

**Take further notice that** OMAFRA will reserve the right to obtain information for the purposes of assessment, evaluating, verifying, auditing and enforcing the application and payments made under Traceability Foundations Initiative under the terms and conditions of a contribution agreement.

### **Eligible Expenditures and Activities include:**

- Consultant services for project planning and plan/system development.
- Research and pilot testing of solutions to identify premises or products or record movements or capture and share information within and between facilities.
- Information technology infrastructure, equipment, or software costs associated with developing/maintaining the linkages needed to facilitate sharing of/access to information collected by individual members within a sector or partners within a value chain. Note: expenditures that result only in facility level collection/storage of information without further information sharing are not eligible for funding under Traceability Foundations Initiative.
- Minor capital/structural modification to accommodate the installation of equipment or infrastructure associated directly with the project.
- Information service provider/technical advisor costs.
- In-kind costs directly related to the development and implementation of the project up to 50 percent of the total claim that is eligible.
- Total in-kind contribution funding requests cannot exceed 50 percent of the maximum eligible costs of a project funded under Traceability Foundations Initiative.
- First time training costs associated with new equipment purchases or procedures related directly to the implementation of the project.
- Internal communications costs related to the project including but not limited to training materials, videos, brochures, website development etc.
- First time costs related to traceability implementation (e.g. first time registration with GS1 for unique company prefix number).
- Project costs related to supporting/managing the information system (e.g. dedicated project staff, Information service provider). Note: this support is limited to the duration of the project only; the applicant must submit a plan for sustainability of the project once project funding has ended.
- Other activities as deemed eligible prior to being incurred based on project assessment by OMAFRA.

### **Ineligible Expenditures and Activities include:**

- All project-related expenses incurred prior to March 15, 2011.
- Costs associated with day-to-day operations of a business or organization.
- Costs that have been covered by another provincial, federal, or municipal cost-sharing or grant program (e.g. Food Safety and Traceability Initiative, Livestock Auction Traceability Initiative, or Canadian Industry Traceability Infrastructure Program, OMAFRA Transfer Payment Agreement etc.).

- HST, value-added tax, or other items for which a refund or rebate is received.
- Ongoing costs of traceability (e.g. purchase of tags, renewal fee of GS1 etc.).
- Costs to meet regulatory requirements.
- Market research (e.g. product, sector, customer).
- Cost incurred by Value Chain Partners located outside of Canada.
- Costs associated with the planning and creation of a value chain (e.g. partner facilitation/coordination, agreements, business planning, etc.)
- Scientific testing.
- Food and beverage product research and development.
- Expansion of production capacity.
- Development of national databases for Sector associations.
- Expenditures that result only in facility level collection/storage of information without further information sharing are not eligible for funding under the Traceability Foundations Initiative.

## Part B: COMPLETING AN APPLICATION FORM

**Take notice that** failure to complete an Application Form fully or accurately will result in delays in application processing, review and approvals and could result in an application being deemed ineligible for funding. Please read each section of the Application Form carefully and refer to this part of the Guidebook for help. In the event of an omission, error or inconsistency as between this Guidebook and the Application Form, the later prevails. Further assistance if required can be obtained from OMAFRA toll free at 1-877-424-1300 or by email at [TFI.omafra@ontario.ca](mailto:TFI.omafra@ontario.ca).

### Section 1 - Tell us about yourself

#### Contact Information

Indicate your preferred method and language of communication.

Check off whether the Lead Applicant is a Sector Organization or Value Chain Partner. See Part A: Program Information – “Who may Apply?” and “Glossary of Terms” in this Guidebook for additional information on eligible applicants.

Provide complete and accurate contact information.

For a Sector Organization Project, a Lead Applicant must supply their Canada Revenue Agency Number (HST number).

Please list the names of all OMAFRA staff that you have had discussions with concerning your application and/or project.

Once Section 1 of the Application Form is completed, Sector Organization applicants will also need to complete Section 3.

For projects with a Value Chain Partner as the Lead Applicant, read Part A of the Guidebook thoroughly to determine if the Value Chain meets the Traceability Foundations Initiative eligibility criteria.

A Value Chain Partner Lead Applicant must supply a Canada Revenue Agency Number (HST Number). If you do not have an HST number, please provide your Farm Business Registration Number (FBR) provided by Ontario Federation of Agriculture, Christian Farmers Federation of Ontario or National Farmers Union in

Ontario (as assigned by Agricorp) or your Indian Agriculture Program of Ontario (IAPO) letter. Failure to do so will result in rejection of the application.

Please list the legal names, contact information and type of business for all Co-applicants. List additional Co-applicants on a separate sheet if necessary.

Once Section 1 is complete, Value Chain Partners will also need to fill out Section 4 of the application form.

## Section 2 - Tell us about your proposed project

### **Title of Proposed Project**

The title of the project entered here will be the name of the project referred to by OMAFRA.

### **Project Description**

The project description should summarize the project including, but not limited to:

- Brief project overview (What is the purpose of the project?)
- Rationale for the project (Why is it needed?)
- What are the risks being addressed by the project?
- What are the opportunities being addressed by the project?
- What are the anticipated project outcomes?
- What will be the potential impacts as a result of the project? Who would be impacted most?
- What information will be shared to reach those outcomes?
- What role will information sharing play in the project?
- How will the project develop or enhance traceability to national/international standards?
- How it will contribute to improved emergency management?
- How will you share project successes and ensure ongoing support from members or partners?
- How will you sustain the project after the Traceability Foundations Initiative funding ends?

Include flow charts and diagrams as appropriate to illustrate the traceability system and/or information sharing networks.

## Section 3 - Sector Organization Applicants Only

### **Sector Information**

Indicate the total membership of your organization and the anticipated number of members that will be participating in the proposed project.

Describe how you will influence member participation to ensure the success of the proposed project:

- How will you market the proposed project?
- How will you communicate successes with project participants?
- How will your organization demonstrate leadership to influence member participation?

Indicate how and at what times/frequency you will measure member participation in the proposed project:

- How will you show increasing progress towards your participation goal?

## Section 4 - Value Chain Applicants Only

### Value Chains

Value Chain Lead Applicants will need to identify all the Value Chain Partners participating in the proposed project. Refer to the Who May Apply and Glossary of Terms in Part A of this Guidebook to ensure your application meets the definition of a Value Chain and Value Chain Partners.

Provide an overview of your Value Chain:

- Is it an existing Value Chain, or one that is being developed?
- How are the Value Chain Partners creating added value for themselves or the purchaser(s) of their products?
- What is the market advantage of this partnership?
- How is the existing Value Chain managed or how will the new Value Chain managed?
- How are advantages achieved by the Value Chain shared amongst partners?

Identify all partners in the Value Chain and what their roles and/or responsibilities are within the Value Chain:

- How and what does each operation contribute?
- How do your interactions with these partners differ from your regular business interactions?

Check off the remaining boxes that apply to your Value Chain (length of Value Chain partnerships, yearly sales and total number of employees at all facilities).

## Section 5 - Tell us about your organizational capacity and how you will manage your proposed project

### Organizational Capacity, Project Team and Resources

Describe your project team and your resources (current or proposed) that will allow you to successfully complete the proposed project and sustain it over time. This may include, but is not limited to:

- Overall organizational capacity to carry out the project
- Experience with similar activities
- Examples of past project successes that demonstrate your ability to undertake this project
- Project management expertise
- Traceability system knowledge and experience
- Expertise/proven ability in managing complex IM/IT projects
- Financial management experience
- Administrative capabilities
- Resources (human/technical)
- Participation of industry/traceability experts or IT/IM consultant firms
- Industry or government contacts
- Sustainability of the system
- Cost effectiveness of the system

Describe how you will maintain the system after the funding program ends.  
Describe how you will ensure financial sustainability after the funding program ends.

## **Communications**

Provide a brief explanation of how you will communicate with your members or Value Chain Partners to encourage participation and ensure success in meeting the proposed project outcomes:

- What role will communications play in the success of your project?
- What type of communication will be used?
- What will be the frequency of communication?
- How will communication take place within the project?

## **Premises Identification**

Value Chain and Sector members participating in the project will need to have a validated premises identification number supplied through the Ontario Agri-food Premises Registry.

Describe how you will ensure that all members and Value Chain Partners participating in the proposed project have a validated Premises Identification number and how frequently you will measure progress.

## **Mock Traceability Exercise**

Indicate how you will conduct a successful Mock Traceability Exercise that demonstrates the system's capabilities to trace, identify and contain all infected or unsafe animals, plants or products within 48 hours. Explain how you will measure this and the documentation that you will provide as proof of a successful Mock Traceability Exercise.

Refer to Schedule 2 of this Guidebook for more information on the Mock Traceability Exercise.

# **Section 6 - Tell us about your existing information system**

## **Existing Information System**

Prior to the proposed project what does your current information system include or involve:

- What information sharing networks have been created (if any)?
- What technologies, hardware and software components make up the current system? How is the system being managed (internally, by a service provider etc.)?
- What information is being shared between members/partners? How is it shared? How frequently?
- What permissions/restrictions on access to information are there in place? How are these managed and monitored?
- What is the capacity of the system to identify, track and trace animals, plants or products forward and backward through the system? How have you assessed this capacity?
- What standards does your current system adhere to?
- What capabilities does the system have for responding to an emergency when required?

Include flow charts and diagrams as appropriate to illustrate the system or information sharing.

## Section 7 - Tell us about the benefits and outcomes of your proposed project

### Project Objectives

List the 3 major business objectives of your proposed project.

Describe the expected benefits (e.g. targets to be realized) as result of the proposed project. Benefits identified should be short term (e.g. achievable and measurable during the course of the project). Consider the following:

- The economic value the project will bring to the Value Chain and/or Sector through:
  - incremental sales
  - new market access
  - cost savings
- What improvements to emergency management capacity the project will support:
  - improved identification and containment of risks
  - enhanced modeling and planning for emergency simulations
  - Improved efficiency and effectiveness of emergency response
  - More rapid recovery through zoning and targeting of recovery efforts

What are the expected longer term benefits of the project (e.g. beyond the duration of the project) and how will they be measured?

### Economic Benefits

Provide a detailed description of each economic benefit to be achieved through the proposed project. Details could include:

- Why was this identified as an economic benefit?
- How have you determined that this will be a benefit?
- What will this economic benefit achieve for the Sector or Value Chain?

Describe how you will measure economic benefits. Sources of information could include:

- Sales reports
- Cost analysis
- Production records
- Production volumes and efficiencies
- Increased economic protection for the Value Chain or Sector

Describe how the proposed project will benefit the Province of Ontario, such as:

- Enhanced Emergency Management capacity
- Job creation
- Increased Industry investment

## Section 8 - Tell us how you will manage challenges and risks

Describe any anticipated challenges or risks that may influence the success of the project in meeting its outcomes. Describe how likely the challenge or risk is to occur and what plans or measures will be taken to mitigate them. Focus on risks that are likely to happen, what impact that may have on the proposed project success and how you will eliminate, reduce or accept the risk. Be sure to consider risks associated with financing, staffing, organizational change, technology, timelines etc.

## Section 9 - Tell us how you plan to carry out your proposed project

Refer to Guidebook Schedule 1 – Eligible Projects for example project plans

### **Project Work Plan**

The following information should be included in the Project Work Plan:

- List each activity associated with your proposed project (remember to include your Mock Traceability Exercise as an activity).
- Provide a brief description of what each activity entails.
- Provide a Start and End Date for each activity. Dates should be listed in chronological order and reflect realistic timelines and milestones for project activities.
- Expected results from each activity (e.g. what will be produced, change in process, advances in technology, improvement to information sharing, partnership, etc.).

Costs for each activity are to be detailed separately in Section 10 of the Application Form.

## Section 10 - Tell us about the costs of your proposed project

There are two tables that must be completed in this section:

### **Projected Budget Table**

List all eligible and ineligible costs that are associated with the proposed project (See Part A: Program Information – “Funding” in this Guidebook for a list of Eligible Expenditures and Activities and Ineligible Expenditures and Activities).

Including costs that are not covered as an Eligible Expenditures and Activities under the Traceability Foundations Initiative helps OMAFRA to assess the true value of the proposed project and will also assist in developing future funding initiatives.

### **Quarterly Projected Expenditures by Fiscal Year Table**

Complete the table indicating when costs will be incurred. Costs should be broken down by quarter for the duration of the proposed project.

## **Other government funding**

You must disclose all other federal and/or provincial funding received or that will be received that relates to the proposed project (e.g. funding provided through the Food Safety and Traceability Initiative, Livestock Auction Traceability Initiative, Canadian Industry Traceability Infrastructure Program, OMAFRA Transfer Payment Grant etc.). This includes funding from government programs and transfer payments. Describe the program/source you are receiving funding from, whether it is a project or ongoing funding and total funding amount that is projected to be provided.

This information is to verify that duplication in funding does not occur. Failure to disclose other funding could result in rejection of the application. OMAFRA has the right to share information with other funding sources in order to determine compliance with government funding directives, prevent duplication of funding and ensure government funding from any source does not exceed 75 percent of the approved Traceability Foundations Initiative project budget.

# **Section 11 - Tell us how you plan to finance your proposed project**

## **Project Financing**

Describe how the proposed project will be funded, be sure to include:

- Funding from Co-applicants, both cash and In-kind contributions
- Funding from the private or public sector, both cash and In-kind contributions
- The requested amount from Traceability Foundations Initiative to cover remaining eligible project costs

### **In-kind contributions:**

- Only Not-for-profit Organizations may make In-kind contributions. In-kind contributions are defined resources provided by a recipient in satisfying, in whole or in part, the recipient's share of the project. They are not purchased specifically for the project and are not reimbursable. If the recipient did not have access to these resources, a cash outlay will be required by the recipient to purchase and pay for them (e.g. labour, goods, equipment, use of building, etc).
- Applicants must identify the specific In-kind contributions being provided to the project as a share of the project costs and supply a declaration attesting to the provision of the In-kind contributions. Financial audits will require verification of the In-kind value reported for the project.
- In-kind costs must be identified in your original application and be approved in advance or they will be deemed Ineligible Expenditures.
- In-kind contributions will be reimbursed up to a maximum of 50 percent of the total eligible In-kind expenses and the percentage will be determined on a case by case basis by OMAFRA.

## Section 12: General Company Information, Confidentiality, Consent and Final Checklist

### Final Checklist:

Before submitting your application, the Lead Applicant must complete the final checklist on behalf of itself and other legal entities to ensure that your application is complete and ready for submission.

### Applicant Declaration

The Lead Applicant must sign on behalf of itself and other legal entities and date a copy of the General Company Information, Confidentiality, Consent and Final Checklist for the application to be complete. Be sure that you agree to all the terms and conditions set out in Section 12.

## Part C: Submitting an Application

**Applications will be accepted after 9:00 a.m. on August 8, 2011 until September 16, 2011 at 5:00 p.m. E.S.T.**

Applications may be submitted to:

Traceability Foundations Initiative  
Ontario Ministry of Agriculture, Food and Rural Affairs  
1 Stone Road West, 5<sup>th</sup> Floor  
Guelph, ON N1G 4Y2  
Tel: 1-877-424-1300  
Fax: (519) 826-4332  
Email: TFI.omafra@ontario.ca

## Part D: Additional Resources

Additional advice on developing project plans/details or on completing the Application Form, is available from OMAFRA toll free at 1-877-424-1300, by email at TFI.omafra@ontario.ca and on our website at [www.ontario.ca/traceability](http://www.ontario.ca/traceability) .

## Part E: Selection Process

Applications will be assessed according to evaluation criteria for the Traceability Foundations Initiative. Evaluations of applications are done on an individual basis and include the fit of the project with the priorities and objectives of Traceability Foundations Initiative. OMAFRA Approval of projects will be based on selection criteria.

### Sector Organization Project Evaluation Criteria:

Sector Organization project funding proposals submitted in accordance with the application closing deadline will be evaluated against the following criteria and, as the case may be, other TFI project funding proposals:

- Address the greatest level of risk
- Have the greatest organizational capacity to deliver and sustain success

- Provide the greatest economic contribution to Ontario
- Show a high level of readiness/preparedness
- Display a high level member support and organizational capacity/plans to influence member participation rates
- Has the ability to meet national/international standards
- Provides the greatest level of economic leveraging
- Are designed to meet identifiable market opportunities

### **Value Chain Project Evaluation Criteria:**

Value Chain project funding proposals submitted in accordance with the application closing deadline will be evaluated against the following criteria and, as the case may be, other TFI project funding proposals:

- Address the greatest level of risk
- Have the greatest capacity to deliver and sustain success
- Provide the greatest economic contribution to Ontario
- Show a high level of readiness/preparedness
- Has the ability to meet national/international standards
- Provides the greatest level of economic leveraging
- Are designed to meet identifiable market opportunities
- Demonstrates willingness of all partners to share information and enhance collective value

## **Part F: Approved Projects**

The Lead Applicant for projects that are approved for funding will be required to sign a Contribution Agreement (i.e. contract) with the Province of Ontario. Applicants are strongly advised to review their Contribution Agreement with their legal counsel prior to execution. A sample Contribution Agreement will be posted on the website at [www.ontario.ca/traceability](http://www.ontario.ca/traceability). Take notice that in the event of an error, omission or inconsistency as between this Guidebook, Application Form and the Contribution Agreement, the latter will prevail.

Any Lead Applicant signing a Contribution Agreement with the Province of Ontario is required to have comprehensive general liability insurance with coverage for at least \$2 million per occurrence. This insurance must show the Province (Her Majesty the Queen in right in Ontario and Her Majesty the Queen in the right of Canada) as an additional insured on the policy and contain the endorsements specified by the Contribution Agreement and is required throughout the term of the Contribution Agreement. A Certificate of Insurance from selected Lead Applicants will be required to be submitted to OMAFRA prior to the signing of a Contribution Agreement.

### **Mock Traceability Exercise**

Selected Applicants will be required to demonstrate the capability of the information sharing system. By the end of the proposed project you will need to conduct a mock traceability exercise to demonstrate the ability of the system to support the identification, tracing and containment of all infected or unsafe animals, plants, or products within a 48 hour period. This activity must be included in the proposed Project Work Plan.

See Schedule 2 of this Guidebook for more details on the requirements for the Mock Traceability Exercise and supportive documentation required.

## Reporting Requirements

Selected Applicants will be required to submit quarterly progress reports and expenditure forecast reports over the duration of the project to OMAFRA. These quarterly reports will follow a template that will be included with the signed Contribution Agreement to the selected Lead Applicant. Failure to submit required reports will result in delays in flowing funds. Non-compliance with reporting requirements may result, at OMAFRA's discretion, in more severe consequences including, but not limited to, project cancellation, reduced project funding or repayment of project funds.

## Claim Reimbursement

Lead Applicants for approved projects will receive a claim package (including claim forms) with the copy of the signed Contribution Agreement. The Lead Applicant is responsible for communications with Co-applicants/partners and disbursement of project funds as appropriate to other organizations or companies.

Claims for reimbursement of eligible costs may be submitted to OMAFRA at any time during the duration of the approved project. All claims submitted must include documentation to support eligible and approved project expenditures that have been incurred. Claims for payments must be accompanied with copies of paid invoices and proofs of payment. This includes all eligible costs that were recorded in your project budget (Section 10 of the application form). OMAFRA can only reimburse the applicant for invoices that have been paid.

All items listed in the project budget must be able to be supported by auditable documentation. OMAFRA reserves the right to request additional documentation to support claims if needed. Payments will be processed within 30 days of receiving claims and all necessary information. HST is not eligible for reimbursement under the Traceability Foundations Initiative.

The final payment will be subject to a 10 percent holdback payable upon the successful completion of the project, successful conduct of the mock traceability exercise and assessment of system performance, and the approval of the final project report.

## Part G: Other Information

### OMAFRA Reserves its Rights To:

- Waive or modify minor irregularities in proposals received after prior notification to the applicant.
- Adjust or correct cost or cost figures with the concurrence of the applicant if errors exist and can be justified and documented to the satisfaction of OMAFRA.
- Confer with applicants regarding their Traceability Foundations Initiative application and make selections within the requirements to serve the best interests of the province of Ontario.
- Consult and direct applicants to other federally or provincially administered programs where they may be better positioned for funding/seek additional funding
- Modify funding to most appropriately meet the needs of applicants and the Ontario agriculture, agri-food and agri-based sectors based on applications received.
- Offer partial funding to applicants in amounts less than requested in the submitted applications.
- Modify program criteria in specific areas, with a view to enhance project success.
- Cancel the Traceability Foundations Initiative

The Traceability Foundations Initiative is administered by OMAFRA. Information supplied to Traceability Foundations Initiative is confidential but may be disclosed by OMAFRA where it is obligated to do so under the *Freedom of Information and Protection of Privacy Act* (FIPPA), or by an order of a court, tribunal or pursuant to a legal proceeding. Information contained in the application to the Traceability Foundations

Initiative may be disclosed by OMAFRA to verify cross-compliance with other provincial and federal funding initiatives, administered by OMAFRA, Agriculture and Agri-Food Canada, the Canadian Food Inspection Agency or a third party delivery agent, to ensure that there is no duplication of funding or to verify licensing status of provincially licensed establishments or federally registered facilities.

OMAFRA will reserve the right to obtain information for the purposes of assessing, evaluating, verifying, auditing and enforcing the application and payments made under the Traceability Foundations Initiative.

## Schedule 1: Project Plan Examples

### Examples of potential projects:

#### ***Value Chain Example***

In response to consumer requests, the retailer for “Muskoka Best” has asked three partners in the value chain to assist in the development of a proprietary information sharing system that will allow customers, by scanning of product lot codes or entering them into a dedicated website, to track food products back through the agri-food chain to the point of origin, thus providing added assurances of product quality and authentication of the “Muskoka Best” label claim. This will involve creating additional partnerships with 10 farms and processors that supply the “Muskoka Best” brand. Activities include:

- Identification of current information collected and shared by each business partner.
- Identification of long term business objectives and measures of success.
- Identification of information to be collected and shared by each business partner to support business objectives.
- Identification of steps needed to address gaps, development of a phased project plan.
- Identification and development of standards, procedures, agreements etc. to support desired information collection and sharing.
- Identification of technology and IT system requirements to support information collection and sharing.
- Assessment of potential technology and IT solutions to meet identified business needs.
- Piloting of system and further refinement of project plan and identified solutions.
- Project implementation, assessment and continued refinement.
- Assessment of success through customer evaluation, use of shared information in improving business and value chain decisions and testing of system through mock traceability exercise.

#### ***Sector Organization Example***

The OSAA (Ontario Small Animal Alliance) want to prepare their sector for the federal requirements of full traceability by 2011. They plan to enhance movement tracking of small animals from the farm to the abattoir using an RFID data capture system for transporters who pick up animals at the farm and deliver them to the abattoir. By having real-time data capture systems in place in each transport truck, the OSAA can also improve emergency response time through better animal tracking and movement recording. Activities include:

- Mapping and quantification of animal numbers and movements from the farm to abattoir (direct, indirect through sales barn).
- Identification of current levels of/technologies used for animal ID, premises ID and movement recording.
- Definition of traceability program objectives (e.g. ability to trace back infected animal to herd of origin within 48 hours).
- Development of a phased implementation plan to advance sector members to full traceability (animal ID, premises ID, movement recording).
- Identification of premises through the Ontario Agri-food Premises Registry.

- Identification of possible technologies that meet national/international standards for animal identification and data capture/storage/transmission.
- Assessment of technologies for animal identification, and data capture, storage and sharing that provides the best solution for the sector and for each participating member.
- Piloting and refinement of proposed technology solutions.
- Development, testing and piloting of required linkages between data capture, storage, transmission and sharing through a national small animal database.
- Piloting systems for collecting and sharing information related to movement of identified animals between identified premises.
- Training of members in technology uses, roles and responsibilities.
- Implementation of a phased sector plan.
- Assessment of project success by measuring compliance rates, member satisfaction, technology performance, accuracy and timeliness of information collection and sharing and system performance through conduct of a mock traceability exercise.

Note: Where Sector traceability plans already exist (e.g. National Cattle Traceability Implementation Plan, North American Produce Traceability Initiative), Traceability Foundations Initiative project plans would be assessed for compliance with relevant standards and congruence with Sector approaches and implementation plans.

## Schedule 2: Mock Traceability Exercise

### Mock Traceability Exercise

As part of the requirement to receive funding through the Traceability Foundations Initiative, applicants must be able to demonstrate that the traceability system and components that have been implemented have the capability of enhancing emergency response for the Value Chain or Sector. As proof that the traceability system can effectively track animals/products through the Value Chain or within a Sector, applicants must engage in a mock traceability exercise and provide supportive documentation that shows the information sharing capability and responsiveness in an emergency.

What needs to be done?

A mock traceability exercise will be initiated by a designated representative for the project. This designated person will:

- Coordinate the mock traceability exercise among all applicants and participants in the project
- Assemble and ensure completion of all supportive documentation for the mock traceability exercise including, but not limited to:
  - Documentation from the traceability system that supports the success of the Mock Traceability Exercise
  - Recall/Mock Recall procedures and associated records that demonstrates the capability of the system to locate 100% of the identified animal, plants or product in 48 hours
  - Reports, logs or schedules as generated by the information sharing system
- Submission of all complete and supportive documents for the mock traceability exercise to OMAFRA as part of the final report

The mock traceability exercise does not need to demonstrate an investigation into the source of a problem or address any corrective action (e.g. revising sanitation procedures or personnel issues). The exercise should only test the information sharing system by allowing participants to access and share all pertinent information with regards to a specific product lot number, batch or animal.

**Value Chain** — The mock traceability exercise for a Value Chain applicant needs to demonstrate that 100

per cent of an identified product can be located, either in current inventory or shipping/sale details, and all known stages for that product (inputs, production, storage, transport, handling) can be given by each participant in the Value Chain to the Designated mock traceability exercise coordinator of the mock traceability exercise within 48 hours of the exercise being initiated. For the purposes of this exercise, lot numbers of all raw materials and finished products with their premises and movement information needs to be listed by each participant as it relates to the object of the identified product lot number for the exercise.

**Sector Organization** — The traceability system developed for the Sector needs to demonstrate that an individual or group of animals or products can be located on registered premises and show all movements/actions of that animal or product within 48 hours of the request being initiated by the Sector representative (e.g. location of loading, destination, truck identification).

If you need a template to conduct the mock traceability exercise, contact OMAFRA for a template that meets your needs.

OMAFRA reserves the right to request any documents or information that supports the information provided by the Applicant for the mock traceability exercise.

## Schedule 3: Performance Measurement

A performance measure is quantifiable information that provides a reliable basis for assessing achievement, change or performance over time.

Performance measures should relate to the main project objectives (Section 7 of the application form) by showing how short and long term outcomes will be achieved, economic benefits realized, or how enhancements have been made to information sharing by the Value Chain or Sector through the traceability system. Data is collected over the course of the project that will support each target outlined in the performance measures.

When developing performance measures consider:

- Relevance of the data to the project and its objectives
- Ease of accessing, retrieving and analyzing the data that relates to the performance measure
- Cost for accessing, retrieving and analyzing the data that relates to the performance measure
- Ease of communicating the results from the data as it relates to the performance measure

Each activity you have listed in your project workplan (Section 9 of the application form) will have a result. Results should have a performance measure that could be quantitative (e.g. number of new contracts) or qualitative (e.g. new report generated).

Below are some examples of potential business objectives and associated performance measures:

Potential Business Objective	Associated Performance Measure
Improve emergency responsiveness of system	Percentage of affected product located within 48 hours
	Percentage of premises registered in the Ontario Agri-food Premises Registry
	Percent compliance of members in the sector to national standards

Improve movement tracking of products from raw materials supplier to retail	Accuracy and timing of information collection to meet national standards
	Reliability of the system to track the movement of products through production to retail
	Number of suppliers using the new system
Improve customer service to increase sales	Percent of customers placing orders electronically
	Percent reduction in backlogged orders
	Percentage of shipments delivered on-time
	Percent of growth in existing customer business
Achieve just-in-time supplier capability	Percent of orders placed through new system
	Percent comparison of on-time versus late delivery
	Lead time from order to receipt reduced
Achieve supplier partnerships	Number of suppliers providing services directly
	Survey feedback from suppliers on satisfaction of system
	Number of innovative ideas from suppliers to improve information sharing

## Schedule 4: PREMISES IDENTIFICATION: Registering your agri-food premises

### PREMISES IDENTIFICATION IN ONTARIO

A Premises Identification is a unique identifying number that is given to a parcel of land that is associated with agri-food activities. In Ontario, premises are identified and registered in the Ontario Agri-Food Premises Registry (OAPR). The purpose of the OAPR is to be able to locate where agricultural and agri-food activities occur in Ontario.

### INFORMATION YOU NEED TO GET YOUR PREMISES ID NUMBER

You will need to accurately identify your property, preferably with an:

**Assessment Roll Number (ARN)** – your tax assessment number from the Municipal Property Assessment Corporation.

If you cannot provide an ARN you will need to provide one of the following:

**Latitude and Longitude** – from a Global Positioning System

**Municipal Address** – of the premises to be registered

**Lot and Concession Number** – of the premises to be registered

### APPLYING FOR A PREMISES ID IS EASY AND FREE

#### Step 1: Contact OnTrace for your application form

- o online at [www.ontrace.ca](http://www.ontrace.ca)
- o by phone toll free at 1-888-388-7223

#### Step 2: Complete your application:

Fill out the online or printed application form. All of the required fields must be completed. You will need to describe the agricultural or agri-food activities that take place on the premises.

#### Step 3: Submit your application to OnTrace:

If you have any questions, please contact OnTrace.

### YOUR PREMISES ID NUMBER AND CERTIFICATE

After validating your premises information, OnTrace will assign a unique Premises Identification Number (PID) to your premises and will issue you a Premises Identification Number Certificate.

### YOUR PREMISES ID NUMBER IS UNIQUE

Premises Identification Numbers differ from business registration numbers (e.g., Farm Business Registration, license or other business identifiers) as each one is linked to specific parcel of land, not to a business. If land is sold or the agri-food activity on an identified premises changes, the information in the OAPR needs to be updated but the Premises ID number associated with that parcel of land remains the same.

Premises Identification Numbers can also be linked with Global Location Numbers (GLN) by OnTrace for businesses that require internationally unique identifiers.

For more information about Premises ID, please contact the Agricultural Information Contact Centre:

- o online at [www.ontario.ca/omafra](http://www.ontario.ca/omafra)
- o by phone to 1-877-424-1300
- o by email to [ag.info.omafra@ontario.ca](mailto:ag.info.omafra@ontario.ca)

# Notes