

Points to Consider when Applying to the Rural Economic Development (RED) Program

1. Define your project

The project must:

- Be a partnership and be incrementally new work for each of the partners to be eligible
- Have new costs for resources associated solely with the project that partners would not have incurred individually
- Not be considered business as usual, a start-up and/or regular business expansion
- Not support the costs of sales transactions, and
- Fit the eligibility criteria

Tip: Describe the project by stating the purpose, who is doing what, what economic barriers exist and how the project result will overcome the barriers. The project must have clear start and end dates.

2. Set Clear Project Objectives and Deliverables

Objectives must be clear and measurable:

- Use numbers (e.g., number of jobs created/retained, level of new investment, number of community groups affected, number of new technologies)
- Describe direct and indirect economic benefits
- Avoid downstream broad statements not attributable to the results of the project
- Describe project deliverables (e.g., feasibility reports, engineering designs, construction completions, events)

Tip: Keep the number of objectives low (e.g., two or three main objectives and focus them on the project and its deliverable outcomes). Avoid objectives that are beyond the scope of the project.



3. Build Strong Partnerships

Partners must:

- Invest in the project (cash signals a stronger commitment than in-kind expenses) - the more the better
- Be at arms-length to each other
- Sign an Agreement with the province and assume joint and several liability for the completion of the project
- Individually have a minimum of \$2 million in general liability insurance before signing the Agreement (staff will be requesting a copy)
- Provide documentation that verifies the legal name of their company or organization and their right to sign an agreement on behalf of the organization
- Explain their role in the project based on history and/or experience

Tip: To avoid problems later, be sure to provide full disclosure of the requirements to be a partner, and the requirements of partners to jointly sign an Agreement with the province.

4. Structure your Partnership

Structure the roles:

- **Partners** have a vested (and financial) interest in completing the project. Any goods or services provided to the project by partners are not matched by funding but are considered as in-kind contributions to the project
- **Supporters** to projects are individuals or organizations who wish to contribute financially to the project but do not wish to be a partner on the project. Their contributions are best invested in the project through one of the partners
- **Contractors** are individuals or organizations whose primary role in the project is to provide goods and services for payment

Tip: Determine up front who the partners will be, who may wish to contribute to the project with an investment only and who may want to be paid as a third-party contractor.

5. Justify the Need

- Clearly define the economic barriers being addressed
- Submit copies of previous feasibility and other studies that justify and support the need for the project
- Provide letters of support to demonstrate community/industry support for the project

Examples of barriers to economic development:

- Lack of skilled labour and training programs to attract new businesses and manufacturers or to retain existing ones
- Lack of comprehensive local or regional economic development plans, supports and action
- Limited access to health care services
- Lack of capacity to capitalize on new markets and new technologies
- Lack of access to information and technology
- Limited municipal/community capacity for economic development and business development
- Youth and trained workforce out-migration due to the lack of jobs

Tip: Provide evidence that supports the need for the project by attaching copies of information including previous feasibility studies, publications, success stories for similar or previous projects, and letters of support.

6. Explain the Economic Benefits

The project must:

- Benefit rural Ontario in measurable ways regardless of the location of the applicants
- Have economic benefits at four levels:
 1. Applicants
 2. Other stakeholders
 3. Surrounding rural community or region
 4. Rural Ontario
- Use numbers whenever possible
- Provide direct benefits (preferable) rather than only indirect benefits

The benefits must:

- Be measurable within the time frame of the project
- Not adversely impact the competitive marketplace (i.e., provide advantages to one competitor over others in the same market)

Tip: Avoid providing benefits that accrue only to the partners or to the community at-large. Good projects provide a broad range of economic benefits at all levels.

7. Technical Viability

All projects are independently evaluated by at least two reviewers for their technical viability. Elements reviewed include:

- Detailed work plans and precise objectives used to document progress and deliverables
- Technical complexity and level of innovation
- Realistic costs and timelines
- Ease of implementation of results
- Fit with other known local or regional initiatives

Tip: Describe the technical do-ability of the project including the expertise required, and a detailed work plan.

8. Strong Financial Plan

Sources of funding are critical to demonstrate the level of commitment of the applicants to the project:

- Strong projects have cash contributions from all partners (the more the better)
- In-kind and/or ineligible costs must be included - they are used to measure leverage along with cash contributions
- Non-secured sources of financing (e.g., fundraising) must be guaranteed by the partners in the event of potential shortages in raising all contributions

Other sources of funding are not uncommon, but

- Cash from supporters of the project (not applicants) should flow through the partners (since they are liable for any shortages through the contract)
- Funding from the federal government is permitted as long as the combined provincial and federal support does not exceed the maximum of 90% public funding
- In most cases, high levels of government funding is not considered to be a strength of a project
- Funds from other provincial ministry sources are not eligible for matching. If possible, split the costs eligible for these funds out of the RED project
- Northern Ontario Heritage Funding Corporation (NOHFC) and FedNor funding is eligible to be combined with RED funding



It is important to note that total government funding cannot exceed 90 per cent. Also, the percentage of RED funding may be changed during the approvals process.

Tip: Prior to receiving payments from the program, applicants must confirm that all sources of funds are available to the project and that there is cash for the project prior to receiving funding from the program. This may include receiving audited financial statements from applicants. Generally, applications should request up to 50 per cent of the required cost of the project. Requests for funding greater than 50 per cent must be substantiated. Reasons may include a lack of funds for volunteer groups, or the documented inability of applicants to raise more funds through conventional financing.

9. Uses of Funds

It is critical for the applicants to include financial details in their project descriptions and work plans.

- All proposed expenditures are classified as eligible or ineligible for matching (as described in the application guidebook)
- Transactional costs (e.g., support of sales) are not matched
- Staff may request documentation on all bidding of contracts over \$25,000 as well as copies of leases, contracts and other documents
- Expenditures are not eligible until the project is approved by the Minister of Agriculture, Food and Rural Affairs

Tip: Report planned expenditures in as much detail as possible including, where possible, quotes received that support the figures. Expenditures should be listed in a line item statement (i.e., a list of expenditures). Claims of incurred expenditures should be allocated to the planned fiscal quarter.

10. Common Strengths and Weaknesses of Projects

Common Strengths include:

- Proposal fits one or more priorities
- Well-defined, new project
- Measurable objectives
- Broad, financially-committed partnership
- Innovative technology
- Secured funding
- Minor capital only
- Sustainable following funding

Common Weaknesses include:

- Poor fit with priorities
- Normal business start-up or expansion
- Outcomes are beyond scope or timing of project
- Narrow partnership with only one major investor
- Indirect benefits not accruing to rural Ontario
- Not technically viable or substantiated
- Unsecured funding
- Major capital expenditures

Contact Information

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