



## **Agriculture and Agrifoods Development Fund**

### **Guidelines and Eligibility Criteria**

Proposals and all supporting documentation must be  
forwarded to:

AADF Program Manager  
Agriculture Business Development Division  
2<sup>nd</sup> Floor, Fortis Tower,  
P.O. Box 2006,  
Corner Brook, NL  
A2H 6J8

## **Agriculture and Agrifoods Development Fund Guidelines and Eligibility Criteria**

The Agriculture and Agrifoods Development Fund (AADF) has been established to encourage the development, diversification and expansion of large scale agricultural projects in either the primary or secondary processing sectors within Newfoundland and Labrador, and is intended to stimulate and attract large scale investments in the industry. Funding priority will be placed on projects that enhance competitive capability, support commercialization, expand market opportunities and create economic growth and employment in the agriculture and agrifoods industry.

### **Program Objectives:**

The objectives of the AADF are to:

- enhance the economic sustainability of agriculture in Newfoundland and Labrador;
- support commercialization and the introduction of new technologies and processes;
- encourage investment in value-added/secondary processing of commodities produced within the province;
- increase job opportunities and economic growth within the agrifoods sector through the development of new or expansion of existing agribusinesses;
- further expand into export markets as well as displace agricultural products currently imported to the province; and /or
- implement improved food safety/food quality, biosecurity and environmental stewardship practices within Newfoundland and Labrador.

### **Eligibility:**

Agricultural producers and processors of food and other agricultural products, with a considerable presence in the Province of Newfoundland and Labrador, or who propose to establish in the Province, as determined by the Department of Natural Resources, are eligible for funding under AADF. As well, other proponents who can demonstrate the capacity to undertake a project or initiative which meets the Program Objectives may be considered.

Funding will primarily be provided to established agricultural and agrifoods proponents with a proven record and strong financial position, as determined by the Department of Natural Resources. Other applicants will be required to demonstrate a proven track record in business management, a strong financial position, and the ability to successfully undertake the proposed project, as determined by the Department of Natural Resources. Projects that receive support will have a broad reach in terms of the benefit to the sector.

All applicants must be recognized legal entities and must be able to demonstrate the managerial (either personally or retained) and financial capacity to undertake the work identified in the project proposal, as determined by the Department of Natural Resources.

All applicants must be in good standing with the Province of Newfoundland and Labrador.

All applicants will be required to submit a detailed proposal, including a business plan, consistent with the attached format. It is the applicant's responsibility to ensure that all information is included to avoid delays in the project assessment. The business plan would contain:

- Business overview
- Marketing plan
- Human Resources plan
- Production Plan
- Financial Plan
- Goals
- Supporting Documentation

**All applicants will be required to submit audited financial statements or statements prepared by a licensed public accountant on a Review Engagement basis for the three most recent years of operation in the case of existing proponents seeking to expand. In the case of newly established operations, audited financial statements or statements prepared by a licensed public accountant on a Review Engagement basis will normally be required for major shareholders, parent, related, and/or associated companies for the three most recent years of operation. Any contribution agreement approved will require verification of eligible costs and ongoing compliance monitoring to ensure program objectives are achieved.**

Eligible expenses include capital expenditures, third party labour, professional fees and any other expenses deemed critical to a project's success and approved by the Department of Natural Resources.

**Financial Assistance:**

Successful applicants under the Agriculture and Agrifoods Development Fund will be eligible to receive up to 50% of total eligible project costs in a non-repayable contribution. Only those projects normally requiring a minimum total investment of \$1,000,000, including AADF funding, will be eligible for this program. **All funding offers are subject to the availability of program funds.**

**Application Process:**

Project proposals must be submitted to the Department of Natural Resources, Agrifoods Branch, for review and evaluation. Proposals and supporting documentation supplied by the applicant will be assessed against the program objectives and eligibility criteria. Specialists within the Department of Natural Resources will assess the technical and commercial feasibility of the project as well as its potential benefits to the industry.

Proposals will be reviewed by a Departmental Management Committee and will be forwarded to Cabinet for final decision.

Successful applicants will normally be required to enter into a Contribution Agreement with the Department of Natural Resources prior to commencement of a project. Subject to Cabinet approval and on the recommendation of the Management Committee, the effective date of the agreement may be the date of receipt of a complete application rather than the date of Cabinet approval and cover eligible costs incurred from the effective date of the agreement which may be prior to the commencement of a project. The Contribution Agreement will outline the work to be performed and terms and conditions which the applicant must meet in order to be reimbursed for approved project costs.

All contributions under the AADF will be communicated to the public and all successful applicants under the Fund must agree to a public release of details of the level of funding received and the nature of the project supported.

Successful applicants must conduct all project activities in an environmentally sound manner. It will be the applicant's responsibility to meet regulatory requirements, obtain required permits, and ensure environmental compliance for any project approved under the Fund.

**Payment Conditions:**

Once a project is complete, the applicant must prepare and sign the Project Claim Form attached to their Contribution Agreement and submit it to the Department of Natural Resources for processing. All sources of funding received must be indicated on the claim form.

All claim forms must be supported by invoices for purchased goods and services. **The value of in-kind resources is ineligible for reimbursement under the program.**

On-site inspections of completed activities will be required prior to payment of invoices.

**AADF Information Requirements:**

All applicants under the Agriculture and Agrifoods Development Fund must submit a detailed proposal, including a business plan, consistent with the following format.

**1. Introduction**

The introduction should provide a general overview of the proposed project, state the objectives of the project and include a timeline for the start and completion of the project.

## **2. Project Benefits**

In this section, the applicant should clearly state the expected benefits from the project, which may include:

- economic value of project to sector (regionally and provincially)
- new employment opportunities
- diversification into new technologies, markets, or sectors
- value of exports created and/or imports displaced
- competitive advantages created for NL producers/processors
- any new agricultural development or expansion that could be fostered by the project
- public good – any impact the general public will see as a benefit
- The applicant should outline how the project will be evaluated, and how the results will be reported to government, industry, and to the public.

## **3. Funding Request**

A three to five year business plan must be submitted as part of the request for funding. Detailed information contained in the business plan should include:

### **Business Overview:**

- A title page including the name of the agribusiness, contact information, time period for business plan, preparation date and who prepared the business plan;
- An executive summary of the most important points of the business plan.
- A description of the existing or proposed new business and its structure outlining the business today and the vision and strategies for the future;

### **Marketing Plan:**

- An analysis of industry and markets describing competition, trends and any significant factors that may have an influence on the industry;
- Products and services being offered and the target market group;
- Discussion on price of the product or service and how the price is established. Include contribution margin, breakeven price and profit margins. Include any competitors pricing information that is available;
- Historical, current and projected sales volumes. Discuss sale targets, new markets and anticipated growth;
- Information on competitors, their strengths and weaknesses, potential for substitutes and barriers to entry;
- An outline of the promotion and advertising strategy for the business. Include an advertising and promotions budget;
- A description of how the product will be distributed. Provide information on packaging, labeling, storage, delivery, guarantees and return policy, if applicable;

- A discussion of any trade and tariff regulations, political implications of international sales and any legislation which affects marketing;

**Human Resources Plan:**

- The management structure of the company;
- A description of the owners and management team, including:
  - their experience and qualifications in the industry sector for which funding is being sought;
  - their general managerial and/or technical experience
  - relevant experience and qualifications in a related or similar business area
- Current level of employment in the company and projected employment levels over three years;
- Specialized training required for employees and associated costs;
- A description of any human resource challenges facing the business and how they will be addressed;

**Production Plan:**

- An outline of the production capacity of the operation, including land, buildings and equipment;
- A description of production procedures;
- Use of local and/or imported materials and supplies;
- A description of any environmental issues/impacts of the project and what environmental and production permits will be required for project completion;
- A development/construction plan for the project with projected start and end dates.

**Financial Plan:**

- An itemized budget for the project listing all costs pertaining to the project;
- Detailed price quotes and estimates for materials and labour wherever possible;
- Financial statements prepared by a licensed public accountant for the three most recent years of operation for existing proponents seeking to expand;
- Financial statements prepared by a licensed public accountant for major shareholders, parent, related and/or associated companies for the three most recent years of operation;
- Three years of projected income and expense statements;
- Historical and existing cash flows, if applicable. Provide projected cash flow requirements for the next three years;
- Most recent and/or projected balance sheets;
- Listing of capital sales, purchases of machinery, land and/or buildings which will be purchased or sold during the life of your business plan;

- A financing schedule including amounts of outstanding loans, mortgage amounts, rates of interest, payment schedules and terms and conditions of loan/mortgage agreements;
- Information on liquidity, solvency, profitability, sensitivity and efficiency analysis of the business;
- The effects of market down turns, production setbacks, legal issues, environmental implications, financial risks, and any other risk that may affect the operation. Outline plans to manage these risks;
- Discussion of potential liabilities including any possible litigations or income tax implications;
- Identification of the amount of government funding being requested;
- Identification of all funding sources for the project including any funding received from federal or provincial sources, financing from other sources, and the proponent's contribution including cash and in-kind contributions;
- A listing of all financial advisors, bankers, and other investors and provide the Department with the authority to speak with these parties as the Department deems necessary;

**Goals:**

- A description of short and long term goals of the operation;
- A description of what constraints or challenges the business will be faced with in trying to achieve the short and long term goals;

**Supporting Documents:**

- Food safety and food quality plans, including a description of any food safety, quality and traceability issues;
- Market contracts or agreements;
- Building plans for proposed construction;
- Any reports from previous studies, for example marketing or feasibility studies, relating to the project; and
- Any letters of support from industry.

Additional information may be requested during the assessment process by the Department of Natural Resources in order to fully assess the merits of the project.