

**Ministry of
Rural Affairs**

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August 16, 2013

Head of Council
c/o Kathleen Bunting
County Clerk
County of Middlesex
kbunting@middlesex.ca

Dear Head of Council:

On behalf of the Ontario government, I am pleased to announce the launch of the renewed Rural Economic Development (RED) program. Applications are now being accepted to the program.

The renewed RED program is designed to help rural communities become better positioned to attract investment, create jobs, and sustain a highly skilled workforce. While partnerships are not required, we are encouraging collaborative approaches to create more competitive and diverse rural and regional economies across the province.

Recognizing we live in a time of fiscal constraint, we are looking for projects that are creative, innovative and that will have significant economic impacts in your region relative to the project contribution requested. Projects will also be assessed on how they benefit rural Ontario and promote collaboration across communities, organizations and businesses.

The renewed RED program is part of a suite of rural initiatives that address infrastructure, health care, education and other issues of importance to rural Ontario residents. RED builds upon our government's previous investments, including the Eastern Ontario Development Fund, the Southwestern Ontario Development Fund, the Northern Ontario Fund Corporation, and the Municipal Infrastructure Investment Initiative.

Applications are welcomed from municipalities; not-for-profit organizations; industry; economic development and regional-focused associations; businesses and corporations; First Nations, Metis and Inuit; as well as broader public sector organizations. For more information visit www.omafra.gov.on.ca/english/rural/red/index.html or contact Mr. Joseph Dubonnet at red@ontario.ca or 519-826-3717.

I look forward to working with you to help rural Ontario's economy – and its communities – grow stronger.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Leal".

Jeff Leal
Minister of Rural Affairs



MINISTRY OF RURAL AFFAIRS

Rural Economic Development (RED) Program

Ontario's economic landscape is changing. With globalization, we are beyond competing with businesses and communities down the road; we now compete with those around the world. We also know that rural Ontario is changing; it's becoming more complex and diverse, and faces unique challenges. These include a declining population in some areas, an aging workforce, skills shortages and out-migration of youth. We also know that to compete in the 21st century knowledge-based economy, we must do things differently. We must become more innovative and flexible.

The Province is committed to working with rural stakeholders to build strong, vibrant rural communities and regions. We will continue working with rural communities to strengthen and diversify their economies.

One way we are meeting this goal is through the Ministry of Rural Affairs' Rural Economic Development (RED) Program.

Rural Economic Development (RED) Program Guidelines

- **Applications for the RED Program**
 - Planning Stream Application: [PDF version](#) or [HTML version](#)
 - Implementations Stream Application: [PDF version](#) or [HTML version](#)
- [Eligible Applicants](#)
- [Eligible Projects](#)
 - [Planning Stream: Rural, Regional and Community](#)
 - [Implementation Stream: Strengthening Rural and Regional Economic Competitiveness](#)
- [Applying to the RED Program](#)
- [Funding](#)
- [Eligible and Ineligible Costs](#)
- [Selection Process](#)
- [Requirements of Successful Applicants](#)
- [Confidentiality](#)

Appendices

- [Appendix A - Detailed Information on Application Assessment - Planning Stream](#)
- [Appendix B - Detailed Information on Application Assessment - Implementation Stream](#)
- [Appendix C - Examples of Performance Measures by Project Stream](#)

Introduction

In today's Ontario, rural and urban communities are intertwined - people live, work and shop within a region, and life happens on a regional scale. Success in the new economy is dependent upon regions' ability to create the right conditions to help foster innovation, attract investment and create jobs. Regional or collaborative approaches to economic development - working with local communities and economic groups - are one way to help boost capacity and promote prosperity and increased competitiveness in rural areas.

Regional or collaborative-based approaches to economic development means communities and other groups/associations/affiliates/businesses align and leverage resources to compete more effectively in the global marketplace.

We know that one size does not fit all. That is why the RED Program offers the flexibility that communities, organizations, businesses and regions require to work together to identify priorities and areas for action. Priorities should be informed by sound economic analysis and planning. Applicants are strongly encouraged to undertake evidence-based economic development planning to identify strengths, weaknesses, gaps and opportunities affecting local and regional economies to support project proposals.

We have created a flexible, responsive program that supports both planning for, and implementation of, strategic projects. Working together, we can build stronger and more robust rural communities and regions that will result in a stronger, more prosperous Ontario.

The Rural Economic Development Program

Creating jobs and growing the province's economy are key Ontario government priorities. Since 2003, Ontario has invested more than \$167 million in 418 Rural Economic Development Program (RED Program) projects, generating more than \$1.2 billion in local economic activity and creating more than 35,000 jobs.

The RED Program has up to \$4.5 million funding per year for three years to help rural communities remove barriers to community development and promote economic growth to support sustainable rural economies and regions, while developing the capacity, tools and flexibility they need to become stronger, more prosperous communities.

This will be accomplished through achievement of the Rural Economic Development Program strategic outcomes listed below:

- Rural communities and regions have enhanced capacity to succeed
- Rural communities are healthy and vibrant
- Regions are economically competitive.

RED Program has two project streams:

1. Planning Stream: Rural, regional and community projects that help rural communities and regions build a foundation for economic growth and investment.
2. Implementation Stream: Strengthening rural and regional economic competitiveness to support the implementation of projects that have been identified through some form of evidence-based planning processes and to contribute to economic competitiveness.

The RED program has the potential to positively impact our communities, our economy and the people who call Ontario home.

Eligible Applicants

At a minimum, applicants must meet the following eligibility criteria:

- Be a legal entity
- Have the authority to enter into a legal agreement

Additionally, applicants must:

- Demonstrate how the project will benefit rural Ontario
- Not have other provincial government funding
- Provide financial funding to the project
- Have the experience and knowledge to complete the project

For the purposes of the RED Program, 'rural' encompasses all of Ontario with the exception of the Greater Toronto Area (GTA) and eight large urban areas. These large urban areas are the cities of Hamilton, Ottawa, Greater Sudbury, Thunder Bay, London and Windsor, and the regions of Niagara and Waterloo. However, communities and lower tier municipalities, with a population of less than 100,000 within the GTA or within the eight large urban areas, will be considered rural.

Examples of a legal person could include municipalities, community or not-for-profit organizations, industry and economic development associations, regional organizations, businesses, corporations, First Nations, Metis, Inuit, and other broader public sector organizations.

Businesses and organizations wishing to contract with the applicants for goods and services or provide donations to support the project, should not apply. Under this program, all applicants will have joint liability for any project funded.

In addition, research institutions are not eligible to apply on an individual basis. However, if an institution is a legal entity, it can apply as a co-applicant on a project (provided the applicant meets the eligibility criteria).

Applicants and co-applicant collaborations are not required, but are encouraged. While co-applicants would assume the same responsibility for the project, for efficiency sake, one primary project contact will be identified. The primary contact will be responsible for liaising with the Ministry.

Projects with funding from other provincial programs will not be eligible for the RED Program. For more information refer to the funding section of this Guideline.

Eligible Projects

Planning Stream: Rural, Regional and Community

The RED Program Planning Stream provides funding to support projects that help rural communities and regions build a foundation for economic growth and investment. This stream encourages projects that will engage local leadership, increase collaboration among economic actors, and build capacity across regions for economic development. This includes undertaking research and providing evidence-based planning activities to help identify gaps, opportunities and priorities for economic development efforts.

A project is defined as one specific set of activities aimed at achieving a specific outcome. Projects under this stream are typically expected to be completed within one year.

Projects are expected to contribute to one or more of the RED Program Planning Stream outcomes:

- Increased awareness and understanding of the benefits of evidence-based planning
- Improved and/or enhanced collaboration and information sharing among communities and other economic development collaborators
- Increased ability to identify priorities, measure economic performance and outcomes
- Improved skills, knowledge and capacity to undertake economic development initiatives

To be an eligible project, the project must fit one of the categories listed below. While the project may fit into more than one category, for the purpose of the RED Program, the applicant is required to choose one of the two categories that is the best match. Examples of projects that fit within each of the categories are described below. These are only examples, and other project ideas may be eligible, provided they support the RED Program goals, contribute to the RED Program outcomes and fit one of the two categories.

Project Categories

There are two Planning Stream project categories for the purposes of the RED Program:

- a. Economic Development Plans and/or Strategies
- b. Research and/or Analysis to Support Planning and Priority-Setting

Eligible projects are those that support the development of economic development initiatives and/or provide information for evidence-based planning and priority-setting. Examples of eligible projects include:

Economic Development Plans and/or Strategies:

Examples of eligible projects under this category include :

- Economic development strategic plan (e.g. Regional)
- Business retention and expansion plan (e.g. BR+E)
- Downtown revitalization plan
- Human capital/workforce planning (e.g. Community Immigrant Retention in Rural Ontario (CIRRO))

- Community improvement plan (e.g. CIP)
- Performance measurement plan

Research and/or Analysis to Support Planning and Priority-Setting:

Examples of eligible projects under this category include:

- Sector and/or economic analysis
- Collaborative research studies and/or evaluations
 - Feasibility studies (e.g., new business and/or investment models - value chain incubators; regional economic models)
- Market research
- Marketing strategies

Examples of ineligible projects include:

- Projects that directly influence and/or lobby any level of government.
- Academic research
- Projects designed to improve community aesthetics and functionality (e.g. street-scaping, green space development, murals, street lights, walkway, tree islands, etc.)
- Infrastructure and/or capital projects (e.g. bricks and mortar)

Eligible Projects

Implementation Stream: Strengthening Rural and Regional Economic Competitiveness

The RED Program Implementation Stream provides funding to support the implementation of projects that have been identified through some form of evidence-based planning process, and contribute to economic competitiveness. Projects in this stream may have been identified as a priority as a result of a planning stream project.

A project is defined as one specific set of activities undertaken to achieve a specific outcome. Projects under this stream can be multi-year projects although generally not more than two years.

Projects are expected to contribute to one or more of the RED Program Implementation Stream outcomes. These include:

- Communities, businesses and/or organizations collaborate for economic growth
- Economic development barriers are addressed
- Business and/or investment created, attracted, expanded or retained
- Increased economic competitiveness, innovation and/or diversity
- Human capital attracted and/or retained in rural Ontario
- Creation and/or retention of jobs

To be an eligible project, the project must fit one of the categories listed below. While the project may include aspects that fit into more than one category, for the purpose of the RED Program, the applicant is required to choose which one of the three categories is the best match. Examples of projects that fit within each of the categories are described below. These are only examples, and other project ideas may be eligible provided they support the RED Program goals, contribute to the RED Program outcomes and fit one of the three categories.

Project Categories

There are three RED Program project categories:

1. Business/Sector Development and Diversification

2. Regional Marketing, Promotional and/or Branding Activities
3. Human Capital and Skills Development, Attraction and Retention

Eligible projects are those that involve implementing priorities and/or taking advantage of opportunities identified through evidence-based analysis and planning. These projects should aim to increase competitiveness and help diversify rural and/or regional economies. Examples of projects that fit within each of the categories are described further below.

Business/Sector Development and Diversification:

Examples of eligible projects under this category include:

- Business mentoring and/or training
- Regional business database
- Sharing best practices
- Business Fairs
- Incubators and/or business accelerators
- Business diversification and/or modernization programs
- Projects that build collaboration and/or integration along the value chain and/or cluster
- Rehabilitation of cultural and/or heritage and/or tourism attractions

Regional Marketing, Promotional and/or Branding Activities:

Examples of eligible projects under this category include:

- Website development
- Branding strategies
- Promotion and/or marketing and outreach

Human Capital and Skills Development, Attraction and Retention:

Examples of eligible projects under this category include:

- Community portal linking services
- Youth attraction and /or retention
- Leadership development
- Newcomers and/or labour force attraction
- Job fairs
- Mentorship programs
- Entrepreneurship programs
- Industry and/or sector training programs

Examples of ineligible projects include:

- Projects that directly influence and/or lobby any level of government
- Projects aimed at improving community aesthetics and functional (e.g. street-scaping, green space development, murals, street lights, walkway, tree islands, etc.)
- Infrastructure and/or capital projects(e.g. bricks and mortar) such as community recreation facilities, arenas, etc. Some minor capital items may be eligible. For more information refer to the eligible and ineligible cost section of this Guideline
- Retail or commercial developments.

Applying to the RED Program

There is one form for each application stream - Planning and Implementation. Applications should include project details such as:

- project need
- contribution to the RED Program outcomes (strategic, as well as planning or implementation)
- the applicant's source of funding

In completing the application, please ensure supporting documentation is provided where required. For example, research, studies, reports and planning exercises supporting the need for the project should be noted in the application. The appropriate document (or applicable section) must also accompany the application. Furthermore, the applicant must provide satisfactory evidence, as determined by the province, in its sole and absolute discretion, as to its ability to fund the project. Usually three years of financial statements are required, although more information may be requested if necessary.

Only applications with full and complete information will be assessed.

Applications, including all corresponding documentation, may be submitted as follows:

- Email a scanned copy of the signed application to the Rural Economic Development Program at RED@ontario.ca
- Fax a signed application to the Rural Economic Development Program at 519-826-4336 or
- Mail the signed application to the address below:

Rural Economic Development Program
Ministry of Rural Affairs
1 Stone Road West, 4th Floor NW
Guelph, Ontario N1G 4Y2

Application and Review Periods:

Complete applications received during the periods listed below will be assessed and presented to the Rural Economic Development Advisory Panel as a group.

2013

Program Start to October 31

November 1 to December 31

2014

January 1-February 29

March 1 to April 31

May 1 to June 30

July 1 to August 30

September 1 to October 31

November 1 to December 30

2015

January 1 to February 29

March 1 to April 30

May 1 to June 30

The Rural Economic Development Advisory Panel meets every couple of months or as needed, with meetings coordinated with the application and review periods.

If you have questions related to the Rural Economic Development Program or completing the application, please contact the regional staff at the Ministry of Agriculture and Food and the Ministry of Rural Affairs. A listing of offices and phone numbers is available on our [website](#)

Funding

RED projects are cost-shared, with the provincial government investing up to 50 per cent of the project's eligible cost, or up to 90 per cent in limited circumstances. The Minister would consider reimbursements of up to 90 per cent in cases where a project demonstrates a close alignment with the RED Program outcomes (strategic and planning or implementation), and could not be delivered without the increased funding rate, and if the increased funding rate is approved, the applicant would have sufficient ability (including financial ability) to deliver the project.

Funding from federal government programs can be used to reach 75 per cent of eligible costs from federal and provincial governments, assuming it is permitted under any applicable federal programs. In such cases, provincial funding would be on top of the federal funding, up to the limits described above, and in no cases would funding be greater than 90 per cent from all sources.

If the Minister is not considering funding up to 90 per cent due to special need, combined federal and provincial funding cannot exceed 75 per cent (provincial funding could not exceed 50 per cent in this scenario). If the Minister is considering funding up to 90 per cent due to special need, combined federal and provincial funding can be up to a maximum of 90 per cent; or provincial funding alone could be up to a maximum of 90 per cent. Proof of special need must be provided in the application once a request is made for more than 50 per cent provincial funding.

In-kind contributions are not eligible for cost sharing; however, they can be documented to demonstrate a commitment to the project on the part of applicants and project supporters. Letters of support will also indicate commitment to the project. In addition, payments are based upon the receipt of paid eligible invoices along with proof of payments. In addition, payments are based upon the receipt of paid eligible invoices along with proof of payments. There is also a 10 per cent holdback applied until all final reports are submitted and accepted.

Successful applicants must sign an agreement with the province as described later in this Guideline.

Successful applicants submit claim(s) with supporting documentation including invoices and proof of payment. Claims can be submitted as often as the applicant wishes, but payment will not be made for less than \$200 unless it is the final payment to close a completed project. Payments can be made by cheque or direct deposit, as determined by the province. In the case of a project with co-applicants, all payments will be made to the primary project contact.

While multi-year funding for projects is possible, dollars must be spent as forecasted and documented in the RED Program Agreement.

There is no cap on the amount of funding per approved eligible project under the RED Program. However, the total funds available under the Program are limited to up to \$4.5 million per year. Funding may be awarded at the full amount requested, or at a reduced amount, based on the funds available or an assessment of the project.

The cost share will be based on the costs indicated in the application. If approved, the project's maximum eligible costs cannot be increased, nor the timeframe of the project, extended. All eligible costs must be claimed by March 31 following the year they are incurred and paid. Funds not spent within the year indicated in the expenditure forecast will not be available in future years. Failure to complete the project as contracted (i.e. budget, expenditure forecast and timeline), may jeopardize funding and/or result in the applicant repaying any and all funds received plus interest and any and all costs incurred by the province in recovering such funds.

Projects with funding from other provincial programs, current or future, will not be eligible for the RED Program. Projects that receive funding under any of the following funding programs will be considered ineligible:

- The Green Belt Fund
 - Broader Public Sector Grant Stream
 - Market Access Grant Stream
- Ontario Trillium Foundation
- Northern Ontario Heritage Fund

- Ministry of Agriculture and Food
 - Growing Forward 2
- Ministry of Economic Development, Trade and Employment
 - Eastern Ontario Development Fund
 - Southwest Ontario Development Fund
 - Communities in Transition

Failure to disclose all funding or possible funding sources may result in the termination of the application or Agreement.

Eligible and Ineligible Costs

The following section lists the eligible costs and ineligible costs for both application streams.

Eligible Costs

For purposes of the RED Program, eligible costs include costs directly attributable to the project, incurred in the province of Ontario and paid by the applicant between the start and end date of the project as stated in the Agreement.

Eligible costs are actual costs incurred and paid to an arm's length third party, which otherwise would not be incurred. Eligible costs include:

- Project Management in the form of:
 - Consultant fees
 - Business planning development
 - Professional fees such as legal, architectural, accounting, etc. that are project related
- Minor capital including:
 - Sub-contractor fees
 - Equipment (e.g. for prototype development, structural modifications to accommodate the installation of equipment)
 - Architectural design work, engineering work (studies, environmental assessments, etc.)
 - Renovations and retrofits to existing structures (materials or supplies and labour to renovate existing space)
 - Technology upgrades such as computer hardware, software, and network cables
- Training
- Marketing or promotion-related costs
- Travel costs associated with project development and implementation subject to provincial directives
- Studies and research
- Administrative costs directly related to project implementation
- Wages for new hires to work 100 percent on project-related activities.

NOTE: To be eligible for reimbursement for purchased supplies, equipment or services, the successful RED applicant must complete a process that demonstrates the best value for the funds spent.

Ineligible Costs

Ineligible costs include, but are not limited to:

- Hospitality costs (unless public-facing)

- Major capital including:
 - Land, buildings and major infrastructure
 - Additions to buildings, teardowns or rebuilds
 - Leasing
 - Power lines, plumbing, telecommunications lines or equipment, water lines, etc. outside of the building
- Direct wage subsidies for existing staff (and any other staff who is not 100 per cent dedicated to the activities required to complete the project)
- In-kind contributions. An in-kind contribution is identified as goods and services that are contributed to a project by the applicant and co-applicants that would have otherwise been purchased or contracted to complete the project
- Debt restructuring, fundraising or financing
- Normal or on-going business and production operations not directly related to the project
- Trucks or other vehicles
- HST, value added tax or other costs for which a refund or rebate is received.
- Costs incurred prior to the approved project start date or the project end date
- Costs incurred in preparing an application
- Costs of alcohol, international travel, per diems or gifts

Selection Process

The Rural Economic Development Advisory Panel will review applications on an individual basis and recommend projects to the Minister of Rural Affairs. The panel has wide representation and members have expertise in rural economic development, business, food industry, and agriculture-related issues.

The assessment criteria have been developed to advance the strategic and planning or implementation objectives of the RED Program and take into consideration sustainable rural economic development; impact on the rural economy (e.g. job creation and retention, sector development, create positive business climate); and decrease of barriers to rural economic development.

Applicants will be assessed on their capacity to successfully complete and finance the proposed project. The projects will be assessed on their ability to be completed within the proposed timelines and budgets.

Applications will also be assessed according to their fit with the RED Program outcomes for the appropriate stream listed below. For additional information on how these are assessed, please refer to Appendix A and B.

RED Program Planning Stream Application Assessment Criteria:

Eligible applicant(s)
 Benefits accrue to rural areas
 Financial capacity
 Project costs
 Financial contribution
 Alignment with RED Program Planning Stream Outcomes
 Increased awareness and understanding of the benefits of evidence-based planning
 Improved and/or enhanced collaboration and information sharing among communities and other economic development collaborators
 Increased ability to identify priorities, measure economic development performance and outcomes
 Improved skills, knowledge and capacity to undertake economic development initiatives
 Project management experience
 Degree of collaboration

RED Program Implementation Stream Application Assessment Criteria:

Eligible applicant(s)
 Benefits accrue to rural areas

Financial capacity
 Project Costs
 Financial contribution
 Alignment with RED Program -- Implementation Stream Outcomes
 Communities, businesses and/or organizations collaborate for economic growth
 Economic development barriers are addressed
 Businesses and/or investment created, attracted, expanded or retained
 Increased economic competitiveness, innovation and/or diversity
 Human capital attracted and/or retained in rural Ontario
 Creation and/or retention of jobs
 Innovation
 Project management experience
 Degree of collaboration
 Demonstration of sustaining the project beyond funding term
 Demonstrate linkages to other provincial priorities*

Innovation is defined as the application of new ideas (new processes, products, services and methods of delivery) to solve problems, address challenges and take advantage of new opportunities. These include:
 new and novel approaches
 potential for significant benefits compared to current practice
 increased risk due to higher level of uncertainty
 knowledge transfer to share results broadly throughout Ontario or
 will allow Ontario to move ahead significantly in rural economic development.

*Provincial priorities include a strong economy, jobs, healthy communities and a fair and just society. Additional priorities can be researched at <http://www.ontario.ca/welcome-ontario>. Key documents are the Ontario Budget and the Speech from the Throne.

Requirements of Successful Applicants

Applicants and co-applicants (if applicable) for approved projects are required to sign the Agreement (i.e. contract) with the Province of Ontario. In the event of an error, omission or inconsistency between the Guidelines, the Application and the Agreement, the Agreement will supersede and prevail.

All parties signing agreements with the Province of Ontario are required to have comprehensive general liability insurance with coverage for at least \$2 million per occurrence for the term of the Agreement. This insurance must show the Province (Her Majesty the Queen in right of Ontario) as an additional insured party on the policy and contain the endorsements specified by the Agreement. This is required throughout the term of the Agreement. A Certificate of Insurance must be submitted to the Ministry prior to the signing of an Agreement.

The person(s) signing the agreement must also provide the appropriate documents indicating they have the authority to be bound. For example: Municipalities and First Nations can submit a Municipal By-law or Band Council Resolution allowing the municipality or the band to enter into the Agreement with the Province of Ontario. Moreover, companies and incorporated entities can provide proof of current status and constituting documents which state the full and proper name of the organization as well as the authorized signatories.

In the event that the business or organization is not incorporated (i.e., sole proprietorship, unincorporated association, etc.), be advised that the individual who signs the Agreement on behalf of the business or organization will assume personal liability for the project. Furthermore, this individual would be subject to all the terms and conditions set forth in the Agreement including a number of standard requirements including reporting requirements.

Progress reports are due April 1st and December 1st for projects that span more than six months or as requested by the Ministry.

Applicants will be expected to clearly demonstrate and report back with quantifiable outcomes attained through the proposed activities. Appendix C provides examples of performance measures that can be used as a starting point for reporting. In the application, performance measures related to the RED Program objectives are identified as well as performance measures developed specifically for the applicant's project.

Confidentiality

Application forms and supporting material submitted to the Province of Ontario are subject to the Freedom of Information and Protection of Privacy Act. Any information submitted in confidence should be clearly marked "CONFIDENTIAL" by the applicant.

For more information:

Telephone : 1-877-424-1300

Fax: 1-519-826-4336

Email : red@ontario.ca