



Federal Economic Development Agency for Southern Ontario: Overview of 2014–19 Programming

*Southern Ontario Prosperity Initiatives (SOPI); Advanced
Manufacturing Fund (AMF); and Eastern Ontario Development
Program (EODP)*

December 2013



Purpose

- To present an overview of the Federal Economic Development Agency for Southern Ontario's (FedDev Ontario) Southern Ontario Prosperity Initiatives (SOPI); Advanced Manufacturing Fund (AMF); and Eastern Ontario Development Program (EODP) for 2014–19.



FedDev Ontario Results to Date

Since 2009, the Agency has achieved the following results:

- Almost \$1.2 billion of funding provided to businesses, entrepreneurs, post-secondary institutions, not-for-profits and other organizations
- More than 5,300 partnerships established
- Leverage ratio of \$2.60 for every \$1.00 invested by FedDev Ontario through the Southern Ontario Development Program (over 360 projects)
- Development of an Industrial and Regional Benefits team
- Delivery of national infrastructure programs throughout Ontario



Guiding Principles

- **Client-Focused**
 - Reduce administrative burden for clients
 - Streamline Agency tools/forms - reduce number of initiatives
 - Facilitate ease of applicant navigation
 - Expedite time to screen, assess, approve and contract projects
- **Alignment with Federal and Agency Priorities**
 - Complement other federal and provincial programs and services
- **Maximize Agency Investments**
 - Triage applications to ensure projects directed to appropriate program
 - Focus on key economic objectives
- **Leverage Partnerships**
 - Co-invest by requiring contributions from others
 - Third-party delivery (where strategic and appropriate)
 - Encourage stakeholders to collaborate



FedDev Ontario Overview

Our Role

- **Convenor** – Bringing together the right people to improve the economy
- **Champion** – Promoting the assets of the region in order to raise the profile of southern Ontario nationally and internationally
- **Delivery Agent** – Delivering national programs and strategic projects right where they are needed
- **Co-Investor** – Working with others to stimulate the economy



Context

- Economic Action Plan 2013 announced \$920M in funding to renew Agency (2014-19),
- SOPI, AMF and EODP designed to invest in:
 - Innovative and globally-oriented entrepreneurs, businesses and organizations;
 - Strong and prosperous partners and communities



A: The Southern Ontario Prosperity Initiatives ~ \$530M

- 1. Investing in Business Innovation (IBI)*
- 2. Investing in Business Growth and Productivity (IBGP)*
- 3. Investing in Regional Diversification (IRD)*
- 4. Investing in Commercialization Partnerships (ICP)*

B: Advanced Manufacturing Fund (AMF) = \$200M

C: Eastern Ontario Development Program (EODP) = \$48M

JOBS, GROWTH AND LONG-TERM PROSPERITY



Investing in Business Innovation

Objectives

- Provide mentorship and entrepreneurial support to help new businesses grow and succeed
- Support the success of new businesses in developing globally-competitive products and services
- Strengthen angel networks and increase availability of investment capital

Eligible Recipients

- *Not-for-profit organizations* (NFPs) delivering services to entrepreneurs (research/innovation centres, incubators, accelerators, CFDCs)
- *Early-stage businesses* (Canadian incorporated, headquartered in southern Ontario, employing less than 50 full-time positions)
- *Angel networks* and their regional *organizations* (Angel Orgs.)

Eligible Costs (EC)

Recipient Type	Labour	Expertise	Capital	Non-Capital
NFPs	✓	✓	×	✓
Early Stage Businesses	✓	✓	✓	✓
Angel Orgs.	✓	✓	×	✓

Funding

Recipient Type	Maximum Funding	% EC	Required Matching
NFPs	\$20M per project	100%	50% (seed financing)
Early Stage Businesses	\$1M per business	33⅓%	66⅔% cash
Angel Orgs.	\$500K per org.	100%	Nil

Parameters

- *NFPs*: Non-repayable contribution; up to \$30K seed funding per start up business (matched by 50% by the entrepreneur). Up to \$10K for training and mentoring per new entrepreneur.
- *Early-Stage Businesses*: Unconditionally repayable contribution; matched by angel and venture capital (VC) investors.
- *Angel Orgs.*: Non-repayable contribution.

Application Process

- Continuous intake; single-phase application



Investing in Business Growth and Productivity

Objectives

- Assist established businesses to grow by expanding markets and facilities
- Increase adoption of new technologies and processes to improve productivity
- Increase business capacity to participate in global markets through market diversification and integration in global value chains

Eligible Recipients

- *Small- and medium-sized enterprises (SMEs)* (Canadian incorporated, located in southern Ontario, successful track record, employing more than 15 full-time positions)
- *Not-for-profit organizations (NFPs)* (industry associations and regional economic development organizations)

Eligible Costs (EC)

Labour	Expertise	Capital	Non-Capital
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Funding

Recipient Type	Maximum Funding	% EC Up To	Required Matching
SMEs	\$20M per project	25%	75% cash
NFPs	\$20M per project	100%	50% - SME

Parameters

- *SMEs*: Unconditionally repayable contribution for projects that result in adoption of new technologies, processes, and related skills; business / market opportunity development and expansion; facilities improvement or expansion. 75% matching from financial institutions, VCs or other sources.
- *NFPs*: For third-party delivery of non-repayable contributions to SMEs to improve productivity. Maximum contribution to an SME is \$100K (must be matched). NFPs non-repayable contributions up to 50% for other types of productivity projects.

Application Process

- Continuous intake, 2-phase application for SMEs



Investing in Commercialization Partnerships

Objectives

- Increase the capacity of existing and emerging innovation ecosystems (on-the-ground organizations like Regional Innovation Centres (RICs), post-secondary institutions (PSIs) and incubators working together to promote innovation) within southern Ontario to collaborate with the private sector
- Create innovative products, technologies and services through business-led collaborations
- Increase collaborations with PSIs leading to the commercialization of products and services
- Develop globally-competitive economic clusters in southern Ontario

Eligible Recipients

- *Post-secondary institutions* (located in southern Ontario)
- *Not-for-profit organizations* (NFPs), including research institutions (located in southern Ontario)

Eligible Costs (EC)

Labour	Expertise	Capital	Non-Capital
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Funding

Maximum Funding	% EC	Required Matching
\$20M per project	50%	50% cash

Parameters

- Non-repayable contribution
- Transfer of funds from NFP to for-profit project participants not permitted
- Focus on business-led projects that develop commercially-viable products/platforms within project lifecycle
- Focus on developing globally competitive economic clusters

Application Process

- Continuous intake
- Single-phase application



Investing in Regional Diversification

Objectives

- Enhance business attraction, investment and employment opportunities in southern Ontario regions and communities
- Strengthen regional businesses and clusters with the goal of economic diversification and sustainability
- Improve the economic circumstances of communities facing distress
- Develop and expand collaborative efforts to strengthen regional assets and competitiveness

Eligible Recipients

- *Not-for-profit regional and community economic development organizations* located in southern Ontario.

Eligible Costs

Labour	Expertise	Capital	Non-Capital
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Funding

Maximum Funding	% EC	Required Matching Contribution
\$20M per project	50%	50% cash

Parameters

- Non-repayable contributions

Application Process

- Continuous intake
- Two-phase application



Advanced Manufacturing Fund

Objectives

- Support large-scale, incremental and transformative advanced manufacturing activities which will increase productivity
- Advance development and/or adoption of cutting-edge technologies, leading to products, processes and technological innovation
- Encourage projects that create spillover benefits for manufacturing clusters or global supply chains
- Foster collaborations between the private sector, post-secondary and research institutions

Eligible Recipients

- *For-profit* eligible manufacturing firms are:
 - a) undertaking manufacturing and R&D activities in Ontario;
 - b) undertaking manufacturing activities in Ontario; or
 - c) conducting R&D in Ontario, but not manufacturing in Ontario
- *Not-for-profit* (e.g., research institutions, centres of excellence, post-secondary institutions) in Ontario

Funding

Minimum Funding (normally)	% EC	Maximum Funding (normally)	Required matching
\$10M per project	Up to 50%	\$20M per project	At least 50% cash

Eligible Costs

Labour	Expertise	Capital	Non-Capital
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Parameters

- *For-profit*: Unconditionally repayable contributions over a negotiated repayment period.
- *NFPs (in partnership with anchor firm)*: Non-repayable contributions; transfer of funds to for-profit project participants not permitted.
- The contributions provided will normally be between \$10M and \$20M per project.





AMF: Unique Features

- Project Intake Approach:
 - Projects are assessed once received against program criteria
 - Intake will be organized along (at least) two timeframes
 - **Intake 2014** = December 2013 to October 2014
 - **Intake 2015** = January 2015 to October 2015
 - Applicants can re-apply if rejected in first intake
- Geographic Coverage
 - AMF projects will support advanced manufacturers across all of Ontario
- Interdepartmental Collaboration
 - FedDev Ontario will deliver the program across the province and is the point of contact for AMF applicants
 - The Federal Economic Development Initiative for Northern Ontario (FedNor) will work with local stakeholders to promote the Fund throughout northern Ontario
 - Industry Canada will support the Agency with project assessments

Eastern Ontario Development Program

Objectives

- Promote growth of new and existing businesses in rural eastern Ontario communities
- Advance community-led economic development to enhance and diversify local economies
- Support collaborative economic development projects that demonstrate benefits to multiple communities

Eligible Applicants

- CFDCs located in eastern Ontario
- Eastern Ontario CFDC Network

Eligible Project Recipients

- For-profit enterprises
- Not-for-profit organizations

Eligible Costs

Labour	Expertise	Capital	Non-Capital
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Funding

Recipient Type	Maximum Funding	% EC	Required Contribution
CFDC	\$500k/yr	100%	Nil
EOCFDC	\$4.2M/2 yrs	100%	Nil

Parameters

- Non-repayable contributions
- For-profit recipient: max of \$100K per project, must provide 50% cash contribution
- NFP recipients: must provide 50% cash contribution
- Minimum size for Collaborative Economic Development projects is \$100K

Application Process

- Eastern CFDCs to submit application for 5 year funding with annual review
- EOCFDC Network to submit application for 2 year funding to deliver Collaborative Economic Development projects





EODP: Unique Features

- Project Intake Approach:
 - Business Development and Community Innovation Projects delivered through 15 CFDCs in Eastern Ontario
 - Collaborative Economic Development Projects delivered through Eastern Ontario CFDC Network Inc.
 - Eligible project recipients encouraged to work through CFDCs or EOCFDC Network
- Geographic Coverage
 - EODP projects are focused on Eastern Ontario



Questions?

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