

## **Advancing Agriculture and Agri-Food Program-ACAAf Summary Program Profile**

November 1 2004-Summary (As taken from AAFC's Management Guide)

### **ACAAf Program Description**

The Advancing Canadian Agriculture and Agri-Food (ACAAf) Program was developed as the successor to the Canadian Adaptation and Rural Development (CARD) II Fund, whose mandate expired March 31, 2004.

The ACAAf Program will continue the innovative industry-led approach employed under the CARD program, with projects delivered at both the national and regional level. At the provincial/territorial level, projects will continue to be delivered by 14 regional councils, with membership representative of the agriculture and agri-food value chain, in their respective regions.

### **ACAAf Strategic Objective**

The strategic objective of the ACAAf Program is to position Canada's agriculture and agri-food sector at the leading edge to seize new opportunities. The program will accomplish this objective through increased collaboration, working with the sector and other stakeholders to identify current and emerging issues and acting to address them, thereby advancing the sector and contributing to future agriculture and agri-food policy directions.

ACAAf programming will complement the Agricultural Policy Framework and advance progress toward its goals.

### **ACAAf Program Objectives**

The ACAAf Program will be guided by the following objectives:

- Expand the sector's capacity to respond to current and emerging issues
- Position the sector to capture market opportunities
- Actively and continuously engage the sector to contribute to future agriculture and agri-food policy directions
- Integrate sector-led projects tested and piloted under ACAAf into future federal, provincial, or territorial government or industry initiatives

### **ACAAf Program Principles**

Initiatives funded under ACAAf must adhere to the following basic principles on which the program is based:

- Consistent with Government of Canada policy directions, such as sustainable development, innovation and reporting results to Canadians.
- Within the mandate of Agriculture and Agri-Food Canada, as defined under the Agriculture and Agri-Food Act.
- Maximize benefits to Canada's agriculture and agri-food sector through collaborative efforts.
- Consistent with international trade commitments and minimizing the exposure to countervail.
- Respect the need for equity among regions and stakeholders.
- Respect those areas that are solely within provincial and territorial jurisdiction.

- Avoid duplicating, overlapping or replacing federal, provincial and territorial programs and delivery mechanisms.

### **Eligible Recipients**

Eligible recipients must be legal entities. Excluded from eligibility are:

- other federal departments and agencies;
- any applicant deemed ineligible as a result of Canadian government policy decisions or reasons; and any applicant that is not a legal entity.

### **Program Structure and Description**

The ACAA program is based on a three-pillar approach:

- Pillar I, “Industry-Led Solutions to Emerging Issues”;
- Pillar II, “Capturing Market Opportunities By Advancing Research Results”; and
- Pillar III, “Sharing Information to Advance the Sector”.

ACAA will also initiate “collective outcomes”. Collective outcome projects are initiatives that fits within the three-pillar approach and aimed at areas of focus on which greater sector collaboration amongst national and regional stakeholders will be encouraged, to maximize sectoral benefits. These collective outcomes will be a key component of the new program.

### **Pillar I – Industry-Led Solutions to Emerging Issues**

With the implementation of the Agricultural Policy Framework (APF) in all provinces and territories, there is a recognition that the challenges and opportunities facing the sector will change and evolve over the five-year framework period. This dynamic environment demands the capacity to quickly identify and direct federal resources toward emerging issues and opportunities. ACAA programming can serve as an incubator for projects that hold promise for the future.

Pillar I, “Industry-Led Solutions to Emerging Issues”, will position Canada’s agriculture and agri-food sector at the leading edge to seize new opportunities by implementing national, multi-regional and regional projects that test ideas and approaches that:

- i) Address emerging issues which could set the direction of future policy approaches; or
- ii) Advance progress toward goals or objectives of a single APF element; or
- iii) Cut across more than one APF element (Renewal, Environment, Food Safety and Food Quality, and/or Science and Innovation).

Industry-led projects tested under Pillar I could set the direction for future policy approaches by government, in a similar fashion to how CARD II contributed to the development of comprehensive programming under the APF (e.g. Environmental Farm Plans, Food Safety Programming). This pillar allows the sector to test or pilot approaches and solutions. As time progresses, there will be a requirement to review projects funded under ACAA and their results, to identify those that could potentially be the subject of comprehensive programming in the future.

### **Types of projects funded under Pillar I**

- Helping the sector take advantage of new opportunities from agricultural materials is an example of an emerging issue which could be funded under Pillar I.
- Innovative projects related to issues such as “increased opportunities for Aboriginal producers in the sector”, could potentially become collective outcome projects.
- Funding for applied research on an emerging issue recognized as a sector need/priority could be considered, with the condition that the project proposal must demonstrate how results will be shared broadly, including timing of information dissemination and proposed information-sharing tactics.
- Any project which may support approaches that advance programming in a single APF element, but do not duplicate current programming.
- To illustrate potential projects under Pillar I, the disposal of diseased livestock is an emerging issue that has resulted from unforeseen changes in the sector. Potential projects to address this issue also advance progress toward the Environment element of the APF.
- Projects that cut across more than one APF element are also considered under Pillar I. For example, a proposal that would advance programming in the Food Safety and Quality element and also the Environment element of the APF could be eligible.

### **Pillar II – Capturing Market Opportunities by Advancing Research Results**

The latest research developments offer many opportunities for the agriculture and agri-food sector. However, a key challenge is to seize those opportunities by making research more readily transferable into the marketplace to generate economic growth.

Specifically, the second pillar of ACAAf focuses on helping to create market opportunities within the agriculture and agri-food sector by supporting the transfer of research results generated from governments, industry, and educational institutions. Ultimately, Pillar II objectives will help position Canada’s agriculture and agri-food sector at the leading edge of developments in the marketplace. Proposed ACAAf programming complements work under the APF Science and Innovation element in this area, by focusing on improving the transfer of research results through both small and medium-scale initiatives. Pillar II is aimed at:

- Leveraging research results into market/economic opportunities within the Canadian agriculture and agri-food sector;
- Strengthening the capacity of the sector’s stakeholders to commercialize research results; and
- Encouraging business growth and improving international competitiveness through adoption of research results.

Projects under Pillar II could be small or medium-scale with national, multi-regional, and/or provincial/territorial impact.

### **Types of projects funded under Pillar II**

Projects should aim at enhancing the transfer of research results into market opportunities related to the agriculture and agri-food sector. A suite of eligible activities may be considered:

- Technical analysis, market and venture assessments, technical feasibility, some adaptive research, market study, economic feasibility, engineering prototype, strategic market and business plans, the development of production prototype and demo product features, and other related activities, if deemed eligible.

- Since the focus is directed at pre-commercialization activities, the research component of the product, process or technology should already have been established. That is, the proponent must be able to demonstrate that there is potential for market application of the product, process or technology or that it addresses and responds to an identified need.
- The project should be directed at generating products, processes and technologies that could benefit the sector more broadly, and at maximizing the "public good".

#### **For Pillar II projects – Additional Criteria:**

- Funding will be restricted to pre-commercialization activities such as technical analysis, adaptive research (defined as a transfer and an adaptation of pre-existent research results to provide the basis for a potential market opportunity), market assessment and venture assessment, technical feasibility, market and economic feasibility studies, engineering prototypes, strategic market and business plans, the development of production prototype and demo product features, and other related activities if deemed eligible by AAFC.
- Priority will be given to funding small and medium Canadian enterprises (defined as 500 full-time equivalent positions or less).
- The program will focus on small or medium-scale projects, with funding that will not exceed \$500 000 for non-profit organizations and, for national projects, \$99 900 for Canadian for profit organizations and individuals.
- Funding for adaptive research will not normally exceed 20 per cent of the costs of the adaptive research.
- Funding will not be provided for applied research.

#### **Pillar III – Sharing Information to Advance the Sector**

Pillar III focuses on helping to ensure that the sector is actively and continuously engaged to contribute to future agriculture and agri-food policy directions - a key end outcome for this Program.

Pillar III also focuses on assisting the sector in proactively developing responses based on new information, so that it is able to take advantage of both immediate and emerging opportunities. These objectives will be achieved through information gathering, analysis and sharing, and projects and programs that would help to facilitate these activities.

Specifically, under Pillar III, ACAAF focuses on supporting projects and activities that strengthen the agriculture and agri-food sector's ability to participate in the policy dialogue to shape the future of the sector. The program is aimed at helping to identify new/future policy issues and sectoral needs.

ACAAF supports programming focused on increased information gathering, analysis and sharing that will help the sector advance and take advantage of opportunities (both immediate and emerging). Timely and effective information dissemination throughout the sector is essential so that new ideas and information on best practices can be communicated widely for the benefit of all and new market opportunities can be realized.

To ensure that the ACAAF program is complementary to any activities being undertaken under existing departmental activities, the focus is on supporting projects that are identified as

information needs or “gaps” by the sector, not covered under existing efforts. The program does not support ongoing normal activities in this area.

Given the increasing interdependencies between the agriculture and agri-food sector and other sectors (e.g. health, environment, and transportation) ACAAf also seeks to broaden the dialogue with these sectors through related projects and programming.

### **Types of projects funded under Pillar III**

- Projects and activities that position industry to participate in the policy dialogue. For example: Bringing together representatives from a particular segment of the sector that has demonstrated a need to develop a strategy to address an emerging issue, or providing an expert speaker at an event where such an issue is being discussed. The objective would be to then transmit and incorporate the results or findings of this collaborative exercise into the broader policy dialogue. Funding would not support normal ongoing activities, including regular meetings such as annual general meetings of organizations.
- Projects that gather, analyze and help disseminate information throughout the sector, so that the sector can proactively develop responses based on this information. For example:
  - ACAAf could support projects, such as market and trend studies that provide additional information required to advance the sector - e.g. projects on demographics and environmental trends.
  - Projects to gather information on agriculture product trends and trends in agricultural technologies – e.g. a project to look at innovative practices in growing a product in other countries, to determine if such a product could be grown here in Canada.
- Projects and activities through which dialogue with other sectors would be broadened (e.g. health, environment, transportation, etc.). For example:
  - Pulling together a meeting of national associations to look at new transportation standards and potential impact on the agriculture and agri-food sector. Resulting information could then be used to educate those in the sector on this issue. Funding would not support normal ongoing activities, including regular meetings such as annual general meetings of organizations.

### **For Pillar III projects – Additional Criteria**

- Funding will not be provided to support ongoing activities, including regular meetings such as annual general meetings of organizations, or attendance at a trade show or conference (unless this activity is part of a broader suite of activities included in a project that is designed to achieve a specific outcome).

### **Collective Outcomes**

A collective outcome project is defined as an initiative addressing a multi-regional or regional/national collaborative effort addressing an identified sectoral need, with the objective of maximizing the benefits to the sector.

Potential collective outcomes may originate from the regional councils where more than one council shares the same priority. As specific proposals are reviewed, some could be identified as

having broad or national application, and have the potential to be funded as collective outcomes. National organizations, working in collaboration with provincial/territorial sectoral groups and councils where appropriate, would also play a key role in the identification and delivery of collective outcome projects. Collaborative efforts aimed at achieving collective outcomes could include:

- two or more provincial/territorial sectoral groups (from two or more provinces/territories);
- one or more provincial/territorial sectoral group plus a national group; or
- two or more national groups.

### **For Collective Outcomes – Additional Criteria**

To maximize the benefits for the sector, collective outcome project proposals must:

- Be consistent with ACAA objectives, principles, and criteria, and be eligible under one of the three ACAA pillars;
- Involve as many collaborators/partners as possible and should encourage the involvement of a national organization, where applicable; and
- Disseminate project results to a broadly-based targeted audience.

Each industry council is requested to dedicate a minimum of 10% of its annual base allocation to collective outcome projects. AAFC will match funding for approved collaborative projects, on a dollar-for-dollar basis, up to each council's annual established limit. Matching funding would cover half of the associated costs for approved collective outcome projects (i. e. the additional matching funds are essentially a reimbursement of half of a council's original contribution to a project so when a council contributes \$20K to an approved collective outcome project, the Adaptation Division reimburses half this amount, or \$10K, to the council). The Director, Adaptation Division, must approve the matching funding element of all collective outcome projects prior to their commencement.

### **General ACAA Program Criteria**

In addition to respecting the overall principles for the program noted at the beginning of this section, all ACAA projects must meet the following general criteria:

- Projects must fall within the parameters of the program's three pillars.
- Priority will be given to projects where the proposal demonstrates direct industry financial support and partnerships/alliances with others.
- Funding is not to be considered ongoing, but should be provided for a limited period to help the sector resolve an issue or capture opportunities.
- Applicants must be able to demonstrate the economic viability and longer-term self-sufficiency of their proposal, where the nature of the project warrants.
- Applicants should demonstrate how the project will contribute to the public good, including but not limited to economic benefits for Canada.
- Funds will not be used as direct income support.
- Funding is not to support *ongoing activities* or normal commercial expansion.
- Funds may be used for projects that benefit the sector as a whole, as well as those aimed at specific provincial/territorial needs.
- Only Canadian applicants are eligible. This requirement refers only to the legal jurisdiction of the entities.

- Funding will not be provided for basic research
- Funding is conditional on recipients meeting all program requirements, including adherence to *Federal Identity Program*, *Official Languages Act*, and ACAA performance management and audit requirements.

### **In-Kind Contribution**

In-kind contributions are resources provided by a recipient in satisfying, in whole or in part, the recipient's share of the project, not purchased specifically for the project and not reimbursable by the department. If the recipient did not have access to these resources, a cash outlay would have been required by the recipient to purchase and pay for them. (Ex: labor, goods, equipment, use of buildings etc.) The recipient will be asked to provide sufficient detail to identify the specific in-kind contributions being provided to the project as a share of the project costs and to supply a certification attesting to the provision of the in-kind contributions. The Financial Audit Scope requires of the auditor to verify the value of in-kind contributions reported for the project.

### **Cost Share**

Sharing the cost of a project through the use of other than government funds is encouraged by AAFC. As a general rule, the amount of support should not exceed fifty per cent of eligible activities.

### **Performance Management**

A performance framework is used as the basis of ACAA management model. It is a description of how ACAA translates its objectives into measurable results. It describes:

- The "results" that the ACAA program aims to achieve (short-term outcomes and long-term impacts);
- The "reach" of the program (primary targets or beneficiaries); and
- The "resources" being utilized (sources and utilization of funding, activities and outputs).

All AAFC spending activities fall under three basic objectives known as business lines:

- security of the food system;
- health of the environment; and
- innovation for growth.

To realize the long-term tracking of projects funded by ACAA. Councils may include in the agreement with their proponents that a portion of the funding is dedicated to track pre-established long-term performance information.

### **Agri-Forestry**

Agri-forestry is the intentional combination of trees with crops and/or livestock in order to enhance agricultural production. Projects that are largely forestry (wood production or processing) should be funded through other, non-ACAA programs, with ACAA participating in the elements that relate directly to agriculture (the husbandry of crops and livestock; mitigation of environmental impacts).

### **Aquaculture, fish and seafood**

Seafood/fish and aquaculture projects are not eligible for funding under ACAAF. Similarly, fish and seafood farmers or processors are not eligible recipients. There may be exceptional situations where a proposal to ACAAF that is related to seafood or aquaculture may be eligible because the benefits of the project accrue to the agriculture and agri-food industry.

### **Food Safety Traceability**

Projects related to Food Safety traceability should not be considered under ACAAF but under the Food Safety and Quality Program.

### **Minor Use Regulations**

Data generation activities in support of submissions for minor use registrations should be considered under the Minor Use Pesticides program and not under ACAAF.

### **Capital**

ACAAF may contribute toward the acquisition of new technology where the purchase of new equipment is critical to the development of a new product or service. ACAAF does not normally fund the capital cost of construction of buildings or the acquisition of land.

Capital assets have a useful life in excess of one year and a per item cost of \$10,000 or greater; Funding for capital expenditures associated with a project may be provided, if these expenditures are specifically required for the execution of the project and are approved in advance in writing.

Reimbursement of capital expenditures related to an asset will normally be limited to the amount of the asset expensed during the life of the project. Funding may be provided at the following level. For projects in provinces, up to 10% of the capital expenditures associated with a project for an association or group.

With purchases, only incremental costs of adjusting the new technology to a special situation would be covered. Funding for activities directly linked to the introduction of the new technology would be eligible (for example, equipment purchase and labour requirements for setup and testing).

### **Commercial Expansion**

There is an explicit intention not to fund normal commercial expansion for individual firms which are traditionally financed by traditional commercial lenders and/or investors. Financial support from ACAAF should be restricted to funding activities which would not take place without the ACAAF funds.

Normal commercial expansion for individual firms is defined as the acquisition of land, labour, buildings and/or the acquisition and use of conventional equipment/technologies for the exploitation of established market opportunities.

The Program is looking for:

- Projects that clearly demonstrate a new and innovative approach to accessing new markets or maintaining existing markets through the introduction of new products, technology or services
- Project proponents who have explored all avenues of commercial financing including equity financing such as that of the Business Development Bank of Canada (BDC).
- Assisting in activities such as feasibility and marketing studies, costs of consultants, testing and setup of equipment, training to staff in new procedures including food safety and quality assurance and awareness and communication activities.
- Focused on where there is new technology to Canada, the project proponent would have to demonstrate a new use or new circumstances for the use of the technology that have not previously been encountered to justify approval.
- It should also be fully understood that ACAA funding is limited to funding the incremental cost in modifying or adapting existing technology or funding the cost in gathering information regarding the use of the technology in question from other parts of Canada.
- A possible exception to funding capital costs would be in the area of acquisition of new technology where the purchase of new equipment is critical to the development of a new product or service. ACAA participation in these new and innovative projects is limited to funding certain capital costs.
- Exceptions could be made if it can be demonstrated that there is public good in introducing existing technology to a new sector, new area or groups with special circumstances such as aboriginal bands.
- Even with new and innovative products, technology or services, examine the project on the basis of where it would lie on a private-good and public-good continuum.
- Have a large public good benefit, for example, projects dealing with environmental protection, or focussing on innovative technologies or facilitating strategic alliances among small and medium-sized enterprises, where the benefit would accrue to a larger segment of the industry.
- Bottom line - Grants will be appropriate for high public good, whereas lower public good should be funded at a lower percentage grant or by loans or purchase of shares.

#### The Program Won't Fund:

- ACAA does not generally fund the capital costs of construction of buildings, the acquisition of land or the purchase of equipment for business expansion.
- If potential consequences of a project on other regions and must evaluate if the impact is such that harm will be done elsewhere in Canada.

END

### **Environmental Assessment**

All ACAA projects must comply with all Federal environmental legislation. The Canadian Environmental Assessment Act (CEAA) establishes a process to predict the environmental effects of proposed initiatives before they are carried out. Timely and efficient Environmental Assessments (EAs) result in more informed decision making that supports sustainable

development. Councils are responsible for determining whether an EA is needed and for ensuring EAs are conducted properly.

### **Intellectual Property Rights**

The concept of Intellectual Property (IP) includes, but is not limited to, all technical information and all inventions, drawings, methods, products, improvements, processes, discoveries, varieties, germplasms, cultivars, genetic materials, genetic constructions, mutants, micro-organisms, specimens and progeny, whether or not they qualify for legal protection, including any know-how, demonstration, trade secret, research plan/priorities, computerized model or related report, any commercial interest or product idea, and any patent, patent application or copyright.

There are two scenarios of intellectual property within the ACAA program:

- IP created by a recipient of an ACAA contribution agreement shall remain with the recipient. IP co-inventors must negotiate the intellectual property rights amongst them; and
- An industry council has the rights to negotiate the intellectual property resulting from an agreement with the recipient.

## **SUPPLEMENT-Frequently Asked Questions and Terms**

### **If ACAAf is the successor to the Canadian Adaptation and Rural Development (CARD) program, why has funding been reduced from \$60 million to \$51 million annually?**

- With the new program design and the implementation of the Agricultural Policy Framework (APF), the Government has provided a significant increase to the total resources available to the agriculture and agri-food sector.
- CARD has been successful in piloting and testing new ideas and approaches.
- Several national and regional programs previously funded under CARD, for example environmental farm plans and national food safety programming, are now key program components funded by the APF.
- These changes will allow for more resources being accessible to the industry under ACAAf to fund new national and regional projects.
- Over \$19 million annually will be available for new national initiatives.
- Annual allocations to the councils have increased from \$25 million to \$27.3 million.
- Councils may access further funding in support of collaborative projects raising the total available council funding to \$31.7 million.

### **If CARD was a successful program, why was it replaced with ACAAf?**

- The APF has created a roadmap for addressing the key challenges facing the sector.
- To support the sector in addressing new and emerging challenges, the new ACAAf program is based on a three pillar approach.
- The first pillar will continue to support industry-led solutions to address emerging issues, while furthering the objectives set out in the APF.
- Under the second pillar, ACAAf will support the sector in undertaking pre-commercialization activities to transfer research results into new market opportunities.
- The third pillar recognizes the need to broaden the policy dialogue. ACAAf will support the sector through activities which will strengthen their capacity to help government shape future policy initiatives and directions.
- This program framework was endorsed by stakeholders through a comprehensive Canada-wide consultation.
- With grass-roots industry involvement, ACAAf will allow stakeholders to identify issues and develop solutions to maintain a thriving and prosperous sector.

### **How will ACAAf complement the APF?**

- Federal, provincial and territorial governments have agreed to specific objectives under the APF.
- The environment, food safety and quality, renewal and innovation are key priorities for the sector - ACAAf provides further opportunities to engage stakeholders in undertaking new activities which complement the existing federal and provincial/territorial APF programming.
- Industry led projects, funded through ACAAf, will further advance progress to the APF objectives, by engaging local, regional and national stakeholders to address emerging issues.

### **How will ACAA support the value-added sector?**

ACAA will actively engage stakeholders across the value chain from producers to processors to retailers to consumers in pursuing new value added opportunities and broadening the dialogue in the development of future policies.

### **How will ACAA support value chains?**

- Agriculture and Agri-food Canada (AAFC) has established a series of national value chain roundtables. ACAA could provide an opportunity to support or address emerging issues identified through the roundtable process.
- This program is available to the entire agriculture and agri-food sector with an objective of increasing the collaboration across the value chain.

### **Rural was a priority under CARD. How will ACAA contribute to rural development?**

- ACAA will continue to support industry-led projects at the local and regional level addressing the needs of agriculture communities in every province and territory.
- As with CARD, many of these projects will stimulate or transcend into benefits for rural stakeholders and communities.

### **How will the program be delivered?**

- Building on the success of the CARD program, ACAA will be delivered both nationally and regionally.
- National programs and projects will be delivered in partnership with industry organizations.
- Regional funding will continue to be delivered through industry councils.

### **How will funding be allocated to the industry councils?**

- As under CARD, a formula has been established which provides for an equitable distribution of ACAA funding to address regional and multi-regional needs.
- The formula, based on Statistics Canada data averaged over the period of 1998 to 2002, includes a weighted proportion of the national farm cash receipts (two-thirds), as well as the value of national shipments for food and beverage processing (one-third).
- To ensure equity, a minimum base allocation has been established for each Atlantic council, as well as the North.

### **What is meant by collective outcomes?**

- CARD was successful in building alliances and partnerships, however through a program evaluation and the industry consultations, it was clear that there was more that could be done.
- In order to maximize the federal investment in this program, one of ACAA's objectives is to increase collaboration throughout the entire agriculture and agri-food value chain, while providing broader benefits and opportunities to the sector.

### **What is meant by “matching funding” for collaborative projects?**

- To further stimulate the level of collaboration on national and multi-regional projects while expanding the benefits of ACAA activities, each of the councils will be

encouraged to dedicate 10% of their allocations towards multi-regional or national collaborative projects.

- As an incentive, AAFC will match this funding for approved collaborative projects, on a dollar for dollar basis up to established limits. This will provide access up to an additional \$4.4 million annually.
- Under this approach, the Atlantic and Northern councils could access up to an additional 25% in annual funding, while the other councils could access up to an additional 15% in annual funding.
- This added feature will ensure that funding for local issues remains available, while providing the opportunity for stakeholders to share the benefits from investments in projects across the country.

#### **What is the role of the proposed Forum?**

- To further industry leadership and collaboration under the ACAA program, AAFC is examining options for a proposed Forum.
- With representation of industry leaders and key stakeholders representative of the entire agriculture and agri-food sector, the proposed Forum would provide the opportunity for participants to identify emerging issues and opportunities, and identify priority areas where further collaboration would benefit the entire sector.
- The Forum would provide another means to supporting an open dialogue between industry and Government.

#### **What is AAFC's view on loan guarantees and interest rate concessions as mechanisms councils may wish to use to provide financial assistance to industry?**

- Within the parameters established through the World Trade Organization, loan guarantees and interest rate concessions are both considered to be "amber" (subject to reduction commitments and the threat of countervail), not "green"
- Run by Adaptation Division

#### **For what purposes can my council/program use interest earned on grant/contribution funds?**

Any interest earned on federally funded grants / contributions is subject to the same principles and criteria as the actual grant or contribution. For example, interest cannot be used to fund initiatives which fall outside the mandate of the department. Interest can, however, be used to fund appropriate administrative costs or to supplement the pool of funds available for the particular objectives of the grant or contribution.

**Terms:**

**Adaptive research** means transfer and an adaptation of pre-existing research results to provide the basis for a potential market opportunity

**Applied research** means research aimed at gaining knowledge or understanding to determine the means by which a specific, recognized need may be met

**Basic research** means research aimed strictly for the advancement of knowledge