



Southern Ontario Development Program Guidelines

Eligible applicants

Your organization or enterprise may qualify for SODP funds if it is located in Southern Ontario and meets one of the following criteria:

- is a commercial enterprise (note that the focus of this program will be for small- and medium-sized enterprises (SMEs), defined as having up to 1,000 employees);
 - * the focus of this program will be on existing businesses with a proven track record that are looking to expand, modernize, innovate, and/or improve their competitiveness. Business start-ups will not be supported.
- is an SME group and/or association;
- is a non-profit organization whose primary mission is business support or economic development;
- is an organization or institution dedicated to the promotion and dissemination of knowledge and know-how, including colleges, polytechnic institutes, universities and teaching institutions;
- is an Aboriginal organization;
- is a municipality.

Southern Ontario is defined as including the following 2006 Statistic Canada Census Divisions:

1 Stormont, Dundas and Glengarry; 2 Prescott and Russell; 6 Ottawa; 7 Leeds and Grenville; 9 Lanark; 10 Frontenac; 11 Lennox and Addington; 12 Hastings; 13 Prince Edward; 14 Northumberland; 15 Peterborough; 16 Kawartha Lakes; 18 Durham; 19 York; 20 Toronto; 21 Peel; 22 Dufferin; 23 Wellington; 24 Halton; 25 Hamilton; 26 Niagara; 28 Haldimand-Norfolk; 29 Brant; 30 Waterloo; 31 Perth; 32 Oxford; 34 Elgin; 36 Chatham-Kent; 37 Essex; 38 Lambton; 39 Middlesex; 40 Huron; 41 Bruce; 42 Grey; 43 Simcoe; 46 Haliburton; and 47 Renfrew.

A list of the communities that form part of each Census Division is available online at:

<http://stds.statcan.gc.ca/sgc-cgt/2006/sgcss-cgtrs1-fin-eng.asp?criteria=35>

Ineligible sectors

Sectors that are ineligible include:

- retail/wholesale;
- real estate;
- government services;
- accommodations and food services; and
- services of a personal or social nature.

Eligible project categories

Eligible activities include:

- expanding capacity;
- improving technology or equipment;
- improving the productivity and competitiveness of your business;
- accessing new markets;
- innovation of products or services;
- commercialization of innovations; and
- improving community owned tourism facilities (e.g., conference centres, exhibition halls).

Eligible costs

Eligible costs include all expenses directly related to the project and deemed reasonable and necessary for its execution. Agency priorities, policy and guidelines are taken into account in the analysis of costs. Cost must have been incurred after the project has received the Agency's approval.

Please note projects that do not have other sources of funds confirmed will not be considered for funding under SODP.

Capital projects

For capital projects, up to 50% funding is available for eligible costs which include:

1. Machinery and equipment needed for the project.
2. Working capital requirements related to an expansion project.
3. Site improvements such as land clearing and paving required for the project.
4. Leasehold improvements required for the project.
5. Leased equipment and expenditures under conditional sales contracts.
6. Infrastructure (such as water and sewer) required for a specific business development initiative.

7. Intangible assets such as patents, trademarks and licenses.
8. Start-up costs such as insurance and interest capitalized during construction.

Non-capital projects

For non-capital projects, up to 75% funding is available for eligible costs which include:

1. **Marketing:** Includes the development of a marketing plan, the hiring of marketing expertise to implement the plan, and related marketing activities such as labelling, packaging, promotional materials, advertising, product demonstrations and participation at trade shows.
2. **Training:** Includes the development of a training plan, the hiring of training expertise to implement the plan and related activities such as training materials, seminar fees, and wages during the time that employees received off-the-job training.
3. **Productivity/Quality Improvement:** Includes the development of a productivity or quality improvement plan, the hiring of expertise to implement the plan, and related activities such as obtaining a recognized quality certification such as ISO, and the cost of needed technical equipment.
4. **Innovations:** Includes costs related to researching and developing new or improved products, services and processes such as the labour costs of expertise, materials, special equipment, testing and patents.
5. **Consultant Advice:** Includes the cost of hiring a qualified consultant to prepare a business plan, feasibility study, investigate licensing opportunities, conduct a venture capital search, technology transfer search or provide advice to improve your business skills.
6. **Contract bidding:** Includes the cost of improving your competitive ability to bid on and acquire public and private sector contracts.
7. **Business proposal development:** Includes the cost of turning your idea into a viable business proposal, for example, the completion of feasibility study, prototype development, and gathering information on markets and raw material suppliers.
8. **Business Support:** Not-for profit organizations may qualify for assistance towards activities that support the business community, entrepreneurship or economic development.

These funding limits do not apply to:

1. not-for-profit groups and Aboriginal recipients;
2. non-commercial projects from for-profit organizations; or
3. projects where total government assistance is \$100,000 or less.

In all cases, applicants are expected to contribute a minimum of 10% of the eligible costs of the project.

Please note the funding limits represent thresholds for total government funding, including federal and provincial contributions.

Project assessments

Project proposals will be assessed against the following criteria:

- conformity with FedDev Ontario priorities (economic development, innovation and diversification);
- compatibility with SODP objectives;
- economic impact of the project;
- long-term economic viability of the project;
- incremental nature of the assistance;
- demonstrated financial need for implementation of the project, taking other existing funding sources into account;
- demonstrated evidence that the project meets a recognized need and significantly contributes to a region's economic development;
- applicant's management capacity;
- track record and viability of the enterprise or organization;
- applicant's financial contribution to the project;
- degree of leveraging of commercial financing and other sources of financing
- level of risk involved; and
- adverse impacts on competition.

Priority will be given to organizations or enterprises located in communities in Southern Ontario with populations of 500,000 or less, as well as to communities whose economies are less diversified and/or are reliant on a limited number of employers.

FedDev Ontario will take other federal government funding into consideration when determining eligibility under this program. Only in exceptional circumstances will FedDev Ontario consider using SODP funds to support projects that are eligible for funding under other federal government programs.

FedDev Ontario Priority Areas

A) Competitiveness and Productivity

Projects under this priority aim to foster the competitiveness and productivity of Southern Ontario SMEs. Project proponents should demonstrate, for example, that the project:

- is in line with the business' growth and innovation strategy;
- will improve the technological capabilities of the firm;
- will further the region's economic priorities.

Examples of eligible projects include:

- the conducting of research and diagnoses on an enterprise's needs and requirements;
- access to management consultants;
- the hiring of technology experts;
- technical testing of processes and equipment;
- implementation of advanced management systems;
- purchasing equipment and improving the technological capabilities of businesses;
- operational costs related to implementation.

B) Innovation and Commercialization

Projects under this priority aim to increase innovation and commercialization in Southern Ontario. Project proponents should demonstrate, for example, that the project will:

- help SMEs create new products, processes or services (or improve existing ones) and support their efforts to commercialize these innovations;
- support SMEs at developing or implementing export strategies for international markets;
- increase SMEs' capacity to innovate, adopt leading-edge technologies or processes and develop markets.

Examples of eligible projects include:

- planning the development of new products, processes or services;
- marketing plans and market testing;
- pre-commercialization activities;
- acquisition of leading-edge technologies for R&D, design and commercialization activities;
- feasibility studies or preliminary market research for testing and experimentation projects;
- the conducting of diagnoses, market studies and strategic plans relating to sales, marketing and customer relations;
- the hiring of foreign market representatives; and
- participation in trade missions.

C) Community Development and Economic Diversification

Projects under this priority aim to foster the economic development and diversification of communities, as well as increase their mobilization and attractiveness. Project proponents should, for example, demonstrate that the project will:

- help build communities' capabilities in order that they may take charge of their own development;
- encourage entrepreneurship;
- increase the number of new and sustainable enterprises;
- attract and retain skilled labour.

Examples of eligible projects include:

- strategic planning;
- studies;
- business incubators;
- industrial parks;
- technology and innovation parks;
- entrepreneurship development and training;
- skills training;
- business support services; and
- internships.

Funding Available

Approximately \$100 million has been allocated to the SODP for 2009-10, including \$40 million for the first intake. Applications to access funding in 2009-10 will be accepted from October 2, 2009, to December 1, 2009. FedDev Ontario will favour projects that can be started quickly and completed by March 31, 2010.

Financial assistance awarded under this program is provided in the form of contributions, which must have a leveraging effect and a direct economic impact on the region and must comply with the provisions of the Treasury Board's Policy on *Transfer Payments*.

The contribution may be repayable, depending on the nature of the project and the requested financial assistance. Generally, contributions to commercial enterprises are repayable.

Project proponents must commit to measure and report on the results obtained through the implementation projects funded by FedDev Ontario.

Environmental Assessment

As part of its project assessment process, the Agency requires that all projects conform with the environmental guidelines set out in the *Canadian Environmental Assessment Act*.

Application Process

Please refer to the How to Apply section of the Fed Dev Ontario website at www.southernontario.gc.ca for information on the application process.