



# Small Food Processor Scale-Up Program

## PROGRAM GUIDE 2023/24



The Small Food Processor Scale-Up Program supports projects in BC’s diverse value-added food processing sector to scale up operations to increase productivity, business opportunities, and competitiveness.

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We gratefully acknowledge the financial support of the Province of British Columbia through the Ministry of Agriculture and Food.



## **PROGRAM OVERVIEW**

The Small Food Processor Scale-Up (SFPS) Program is a multi-year, up to \$2M program funded by the Government of BC through the Ministry of Agriculture and Food (AF) and delivered by the Investment Agriculture Foundation of BC (IAF).

### **Background**

The SFPS program is one of two initiatives of the Food Affordability and Innovation Fund (FAI), an up to \$20M fund. FAI aims to improve food affordability in BC through targeted investments in supply chains, food system innovations and partnerships. Specifically, the Fund supports approaches and collaborations at strategic nodes along the food supply chain to strengthen and streamline logistics, storage and transportation and improve access to affordable food, particularly in remote, rural, and/or indigenous communities.

### **Program Goal**

The goal is to address gaps in BC's food processing sector to increase food production and economic growth by supporting facility upgrades, new equipment, expanding processing capacity and related training.

### **Program Objective**

The Small Food Processor Scale-Up Program aims to:

- Assist Small Food Processors in scaling up operations to increase productivity, business opportunities and competitiveness.
- Support existing licensed Farm Gate Plus and Abattoir operations to scale up and strengthen local meat supply chains.



## APPROACH

Funding will be allocated to support eligible activities across the following commodity groups:

<i>Commodity Group*</i>	<i>Funding Allocation</i>	<i>Project Funding Limits</i>	<i>Cost-Shared Ratio</i>
Group 1: Commodities (seafood, meat, fruit, and vegetable processors)	\$1M	Min \$25K to \$150K Max	75%
Group 2: Commodities (plant-based protein, dairy, bakeries and tortillas, beverages, grain, and oilseed milling processors)	\$650K	Min \$25K to \$150K Max	75%
Group 3: Commodities (sugar and confectionary, and other foods (snack food, coffee and tea, flavouring syrup and concentrate, seasoning, dressing and prepared sauces, other food manufacturing processors)	\$350K	Min \$25K to \$150K Max	75%

\*Refer to Appendix 1 for additional prioritization criteria.

Projects may receive from \$25K to \$150K in cost-shared funding for infrastructure, equipment, and related training, depending on their activities and budgets. The total funding per applicant cannot exceed the project funding limit of \$150K.

**Subsidiaries** can apply for funding separately from their parent organization provided they are legal entities and meet the two-year and \$100k eligibility criteria as a subsidiary. The total funding for the parent organization and all subsidiaries cannot not exceed the project funding limit of \$150K.

Stacking of funds from other government programs is allowed up to 100% except for select programs delivered by IAF, including (but not limited to): Agricultural Water Infrastructure Program, Farmed Animal Disease Program, Fraser Valley Flood Mitigation Program, and Food Processing Growth Fund.

**Note:** If there is a discrepancy between this program guide and [www.iafbc.ca/sfps](http://www.iafbc.ca/sfps), the website will take precedence.



## ELIGIBILITY CRITERIA

### Eligible Applicants

To be considered eligible for this program, an applicant must be in the Province of British Columbia, and must be a(n):

- Established food and/or seafood processing business, with:
  - Minimum of two years in operation.
  - Minimum of \$100K gross annual revenues and a maximum of \$499K gross annual revenues. Applicants will be required to provide documentation that proves how they meet the small food processor revenue criteria.
  - Processors that materially transform a product / included under North American Industry Classification System (NAICS)s codes 311 or 312 are eligible to apply.
- Established commercial food hub, commissary kitchen and other shared-use commercial food processing facilities:
  - Facility not required to meet minimum or maximum gross annual revenues but must be in operation for a minimum of one year. Proof of operations (examples could include occupancy permits, business licenses and local health authority permits, paid invoices from tenants etc.) will be required for verification purposes.
  - Projects must fit within one priority commodity group.
  - Projects must be intended for shared use and benefit multiple business tenants within the facility.
  - **Individual business tenants** within these types of facilities are also eligible to apply as an established food and/or seafood processing business if they meet the criteria detailed above.

#### For primary meat processors only:

1. Farmgate Plus license holders must have a minimum of 1 year in operation (no minimum or maximum revenue threshold) and be seeking funding to support their transition to become an abattoir. Applicants must demonstrate 1 year of actual operation, not simply holding a license, and be required to confirm they have applied for an Abattoir license before project completion.
2. Abattoir license holders must have a minimum of 2 years in operation (no minimum revenue threshold; maximum revenue of \$499k gross annual revenues with audited statements required).

## BC Processed Food Definition

The final product undergoes one or more of the following activities performed in a commercial food and/or beverage manufacturing facility located in BC, for the purpose of sales and distribution:

1. General physical alterations: grinding beef, milling wheat, crushing tomatoes, shredding cheese, chopping cucumbers, etc.
2. Extending shelf life: freezing, canning, drying, pickling, smoking, fermenting, etc.
3. Combining ingredients to make a new product: Baking muffins, making pizza, blending juice, mixing salad greens, etc.

The following are **not** considered Food Processing (except for any of these being combined with one of the activities above):

- Cleaning
- Washing
- Bagging
- Packaging and/or wrapping.

**NOTE:** This is the Ministry of Agriculture and Food's definition of BC Processed Food for this Program and is the **only** definition the Program uses. Packers are not eligible to apply for program funds.

## Eligible Activities/Expenditures

The following project activities and costs are eligible for funding through the SFPS Program.

- 1. Purchase and install new or upgraded/expanded facilities and infrastructure and equipment. This includes:**
  - a. Capital investments in new and upgraded/expanded facility/infrastructure (e.g. new cooler/freezer, production room expansion).
    - i. Eligible costs include costs for renovations, site improvements, construction, and other related costs.
  - b. New/upgraded equipment/machinery to increase production capacity or support product line expansion.
  - c. Related training and upskilling to support adoption and implementation.
    - i. Training costs must be provided by an external organization or company and can only be claimed with an invoice.
- 2. Purchase and install new technology and systems. This includes:**
  - a. New innovative technologies, software, advanced automation such as robotics, digital or Artificial Intelligence (AI) technology and systems that would increase processing capacity (e.g. AI, automated sorters, logistic or distribution software, supply chain and logistics solutions).

- i. Eligible costs include costs for facility changes, upgrades and modifications required for installation of advanced automation or manufacturing technology or equipment.
  - b. Related training and upskilling to support adoption and implementation.
    - i. Training costs must be provided by an external organization or company and can only be claimed with an invoice.
- 3. **Applied Research and development (R&D) for new and improved products, lab analysis, packaging etc.**
  - a. R&D for new and improved products using technology, access to laboratory equipment for food and ingredient development and analysis such as pH, shelf-life, microbiology testing, sensory analysis, ingredient and nutritional analysis, and applied research support and expertise (private or academic institutions).
  - b. Activities to support product development or adaptation of new products must be commercialized and launched before February 1, 2026.
  - c. Related training and upskilling to support adoption and implementation.
    - i. Training costs must be provided by an external organization or company and can only be claimed with an invoice.

## Examples of Eligible Projects

Below are some examples of eligible projects under the Small Food Processor Scale-Up Program (SFPS). This list is provided to assist applicants in project development and is not exhaustive.

- Build, upgrade, or expand infrastructure (new cooler or freezer, production room expansion).
- Purchase and installation of equipment or machinery (including IT systems) to increase production capacity or support product line expansion, including specialized training related to the use of the equipment and/or machinery.
- Activities or equipment to support development of a new product development or adaptation of existing products to meet the needs of customers in different markets.

## Ineligible Applicants

- Retail food services or operations
- Fruit and vegetable packers, except when conducting other eligible forms of food processing on the same premises. Only processors that materially transform a product / included under NAICs codes 311 or 312 are eligible
- Processors/manufacturers of pet food, except where provides value-add to waste from food supply
- Processors/manufacturers of Cannabis-infused food products and beverages
- Restaurants and food service, including catering services
- Packaging material manufacturers
- Processors/manufacturers of health products or nutritional supplements

- Processors/manufacturers of alcohol-based beverages and ingredients meant for alcohol-based beverages
- New entrant businesses
- Animal feed processors
- Non-BC-based businesses

### **Ineligible Activities**

- In-kind activities
- Operational labour or staff wages not directly related to the implementation of project activities
- Equipment, facilities, and technology investments that do not enhance processing productivity
- Planning or training specific projects not directly related to acquisition of infrastructure or equipment
- Internal expenses for general staff training
- Regular capital expenditures, machinery costs, and general operating expenses made in the ordinary course of business
- Early-stage business or feasibility planning
- Market development and marketing activities
- Individual business support for food safety and other certifications processes
- Activities related to the development of products that include alcohol, tobacco, or cannabis



## APPLICATIONS

Applicants are required to complete an online application. Applications will be accepted on a continuous basis starting September 21, 2023, until November 2, 2023, at 4:30 pm PST. Application submissions will be accepted through the [IAF Client Portal](#).

All applications received by the deadline will be collectively reviewed and ranked against the prioritization criteria found in [Appendix 1](#). Funding will be awarded based on eligibility and alignment with program priorities, subject to available funds. **Eligible Applications which rank equally with each other in the Prioritization Framework will be funded according to the date and time on which the full application was submitted through the IAF Client Portal.** Incomplete or late applications will not be considered.

IAF will complete adjudication and notification of funding within 30 days of an application review deadline.

All projects can be 24 months in duration and must be completed no later than February 1, 2026. December 1, 2023 is considered the earliest project start date. All projects must receive IAF approval before starting activities or incurring any project costs. Retroactive approval of costs incurred prior to project approval will not be considered.

### Important Program Dates

- **September 21, 2023** – Application Intake Open
- **November 2, 2023** at 4:30pm PST – Application Deadline
- **December 1, 2023** – Funding Notification to Applicants & Earliest Project Start Date
- **February 1, 2026** – Project Close

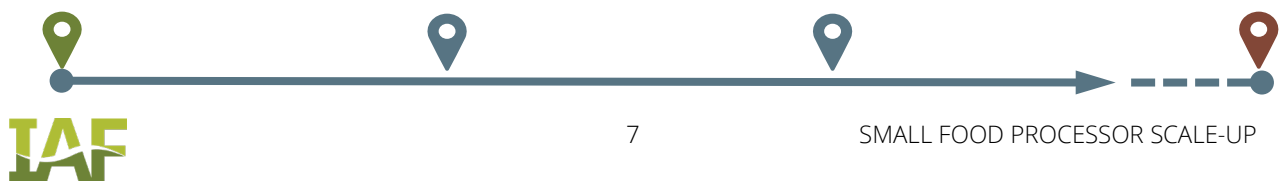
If funding is not fully committed through the first intake, a second intake may be considered. See [iafbc.ca/sfps](http://iafbc.ca/sfps) for additional dates as they become available.

**Sept 21, 2023**  
Applications Open

**Nov 2, 2023**  
Applications  
Close

**Dec 1, 2023**  
Project  
Start

**Feb 1, 2026**  
Project  
Close



## Application Process

Applicants will apply through the [IAF Client Portal](#). The application process will consist of:

### Create an Account and Organization Registration

Create a personal profile (name and email). Then, provide organization information, including:

- Name
- Contact details
- Type of organization
- BC ID / CRA numbers
- Primary contact
- and more

### Applying to the Small Food Processor Scale-up Program for Project Funding

Once your organization is validated by IAF staff (this process can take **1-2 business days**), select Small Food Processor Scale-up Program from the Funding Opportunities, and provide:

- Applicant type
- Project start & end dates
- Project activities
- Details confirming that activities align with / support their program goals
- Anticipated project benefits
- Project Lead
- Resourcing for the implementation of project activities.
- Project expenses and project funding required
- Permit status, if required
- Communications/information-sharing activities
- Proof of audited financial statements or Canada Revenue Agency documents (**for processing businesses**)

Applicants may provide supplementary materials in support of their application (e.g., cash flow plan, quotes). These appendices can be uploaded through the [IAF Client Portal](#) as attachments to the application.

IAF staff are available to answer questions regarding eligible activities, costs and/or the application process. IAF may also contact applicants for additional information or clarification to assess their application.

Applicants can contact [sfps@iafbc.ca](mailto:sfps@iafbc.ca) with any questions about the program or to receive support with their application.

Applicants are encouraged to include only activities they are confident will be completed on time and within budget limits. **Due to anticipated high demand and oversubscription to this fund, applicants are encouraged to apply as soon as possible.**

## **Review and Adjudication**

IAF will begin review of submitted applications for organization and project eligibility leading up to the intake deadline. Ensure you understand all eligibility requirements - there is no guarantee that your application will be reviewed ahead of the intake deadline.

Complete applications will be reviewed against the program's prioritization criteria. Full prioritization details can be found on [iafbc.ca/sfps/](http://iafbc.ca/sfps/). **Funding will be awarded based on eligibility and alignment with program priorities, subject to available funds.** Applications may be assessed by a technical review / advisory committee and/or the Ministry of Agriculture and Food (AF) as required.

In the case where prioritization criteria are equal and insufficient funding remains for all applications, funding is approved in order of submission of complete applications.

All final funding decisions will be communicated to applicants via email within 30 days. All adjudication decisions are final.



## NOTIFICATIONS AND OBLIGATIONS

### Funding Notifications and Contracts

If the project is approved, IAF will inform the applicant of the details of the decision and any associated terms and conditions. The applicant then enters into an agreement with IAF which outlines the obligations of each party.

Funding is application and project-specific and must be used for the approved project and related expenses. Funds are non-transferable.

Project activities requiring financial resources cannot commence until the contribution agreement has been signed by both the applicant and IAF. All project activities and expenditures must be approved prior to commencing – retroactive costs will not be considered.

Funding decisions will be issued within 30 days after the intake deadline. Projects may begin on or after December 1, 2023, and must be completed within 24 months. All projects approved through the program must complete by February 1, 2026. If the project is not approved, the applicant will receive a written response from IAF.

### Funding Acknowledgements

This program is funded by the Government of BC, and as such, acknowledgement of funding is required when publicly communicating about a project and/or funding. To ensure appropriate acknowledgement, all communications and marketing materials, including public announcements or social media posts, must be pre-approved by the IAF Communications Team. Materials can be submitted via the [IAF Client Portal](#).

### Reporting Requirements

Successful applicants must complete activity and financial reports at regular intervals to ensure projects are on-track, payments may be tied to this reporting. Interim and final reports must be filled out and submitted to IAF to be considered for funding reimbursement. It is important that reporting is submitted on time and with all required information. Please retain all invoices and receipts, you may be asked to submit some or all receipt/invoices following a review of your report by the IAF Team. **Expenses will be reimbursed based on audited receipts, and the approved project budget. All reporting will be completed via the [IAF Client Portal](#).**

## Changes to Contracted Projects

If you are not able to complete your project or require a change, please inform the IAF Team as soon as possible using the [IAF Client Portal](#).

September 14, 2023.

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# APPENDICES

## Appendix 1: Prioritization Criteria

All eligible applications will be ranked and funded based on the strength of their alignment with a pre-determined set of priorities, defined for the Program by the Ministry of Agriculture and Food.

For the initial launch of the program, the Ministry has set the following priorities:

### Priority 1: Eligible Participants

- a) Established BC-based food and seafood processing businesses (**equal priority with b**).
- b) BC-based commercial food hubs, commissary kitchens and other shared-use commercial food processing facilities.

### Priority 2: Projects that will positively impact the use of BC inputs

- a) Companies/organizations that currently use BC inputs or will increase procurement once the project is completed.
- b) Companies/organizations that do not currently use BC inputs and/or will not increase procurement once the project is completed.

The commodity groups outlined below have designated funding allocations as detailed in the table on page 2.

### Priority 3: Commodities

Group 1	Group 2	Group 3
<ul style="list-style-type: none"><li>• Seafood</li><li>• Meat</li><li>• Fruit and Vegetable</li></ul>	<ul style="list-style-type: none"><li>• Plant-based protein</li><li>• Dairy</li><li>• Bakeries and tortilla</li><li>• Beverages</li><li>• Grain and oilseed milling</li></ul>	<ul style="list-style-type: none"><li>• Sugar and confectionary</li><li>• Snack food</li><li>• Coffee and tea</li><li>• Flavouring syrup and concentrate</li><li>• Seasoning</li><li>• Dressing and prepared sauces</li><li>• Other food manufacturing</li></ul>

Note: Eligible applicants which rank equally with each other in the Prioritization Framework will be funded according to the date and time on which the full application was submitted through the IAF Client Portal.