

# Agri-Food Futures Fund

## Islands Agri-Food Initiative

### Strategic Plan

2004 – 2011  
revised 2009

*Funding provided by:*



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# Executive Summary

## Introduction

An Advisory Committee consisting of representatives from industry, community and government developed the strategic plan for the Islands Agri-Food Initiative (IAFI). The plan's development began at a Roundtable forum held at Duncan on November 3, 2000 and was attended by 140 people representing a broad range of interests.

The Report of the Round Table Forum contained action plans that provided a framework for proceeding with measures to strengthen the agri-food sector on Vancouver Island and the Gulf Islands. This strategic plan flows from the Report of the Roundtable Forum by translating those action plans into specific and measurable activities that comply with the principles of the Agri-Food Futures Fund (AFFF).

## Industry Profile

The agri-food sector is a significant contributor to the islands' economy. Gross farm receipts are estimated at \$137 million while value of processed food and beverages on Vancouver Island is estimated at \$165 million. The sector provides direct employment for 3,100 people with paid labor valued at \$31 million.

Agricultural production on Vancouver Island is concentrated in the Comox Valley, Cowichan Valley, Alberni Valley and the Saanich Peninsula. There are 120,400 hectares of land in the Agricultural Land Reserve (ALR), of which 57,000 hectares are actively farmed. The Gulf Islands contain 11,500 hectares of land in the ALR.

The islands produce a wide variety of agri-food products including specialty crops and specialty livestock. Growth in grape and wine production has provided a significant boost to agritourism and direct marketing activity. Vancouver Island Vintners Association reports 17 wineries and 105 hectares of producing vineyards on the islands.

The 2002 Provincial Agri-tourism Survey found that 81% of farm income of island respondents to this agritourism survey was generated from agritourism and direct farm marketing activities.

In addition to its direct impact on the economy, the island agri-food sector contributes significantly to allied sectors such as food retailing, food service and tourism.

## **Industry 'SWOT' Summary**

The Report of the Roundtable Forum identified a range of actions necessary for revitalization of the agri-food sector on the islands. These action plans were developed after analysis of the sector's strength, weaknesses, opportunities and threats (SWOT).

A mild climate and a growing population offer tremendous opportunities for the production and marketing of a wide variety of agri-food products. A diversified agri-food industry would benefit greatly from consumer demand for high quality food products and continued growth in the tourism industry.

In addition to high transportation costs there are several challenges to growth and development of the agri-food sector. These include the high cost of land and energy. A highly concentrated food distribution/retail sector and a lack of effective marketing of local products conflict with the development of consumer loyalty. The recent decline in food processing capacity on Vancouver Island has highlighted the need for fundamental change in the industry.

## **Vision, Values and Goals**

The SWOT analysis helped identify the critical needs of the industry. From this analysis, four strategic goal statements were developed to guide the Islands Agri-Food Initiative (IAFI):

1. To enhance market development and promotion of the agri-food industry by 2011
2. To increase the agri-food stakeholder knowledge base, including communication, economic potential, statistical data, marketing skills and product development by 2011
3. To facilitate the development of strategic partnerships and alliances that enhance the long term stability of the agri-food industry by 2011
4. To support increased agri-food processing as a catalyst for rural community development by 2011

***The goals are supported by a vision of a sustainable agriculture and food industry that is diverse and closely linked to the health and economy of island communities.***

**The vision for the industry is based on a set of values:**

- ***Environmental sustainability***
- ***Profitability***
- ***Innovation***
- ***High productivity***
- ***Contribution to economy***
- ***High quality products***
- ***Diverse products***
- ***Quality of life***
- ***Image consciousness***

### **Expected Outcomes**

The overall objective of the Islands Agri-Food Initiative is to guide the development of a viable and sustainable agri-food sector on Vancouver Island and the Gulf Islands.

At the end of the implementation period of the Islands Agri-Food Initiative, the agri-food industry will have provided the necessary 50:50 funding to access the Agri-Food Futures Fund. Project benefits to include:

- Increased consumer recognition and loyalty for Island agri-food products and increased sales of local products;
- New products, services and marketing programs by producers;
- Increased investment in rural communities;
- New strategic partnerships across the sector and pooling of resources to reduce financial risk for individual investors;
- Effective training programs in place to develop a highly skilled work force; and
- New value added products and further processing activity as a foundation for growth in the sector.

### **Financial Management**

The IAFI Advisory Committee was allocated \$1.675 million from the AFFF to implement their strategic plan for development of the agri-food sector on the Islands. Over the initiative, industry will contribute \$1.675 million as its share of a 50:50 shared funding commitment.

The Investment Agriculture Foundation is the financial administrator for the Islands Agri-Food Initiative and, under direction of the IAFI Advisory Committee, will enter into funding agreements with other agencies and contractors. Fund administration expenses will represent a maximum of 15% of the overall budget.

The IAFI Advisory Committee, as the decision making body, will review and approve applications for funding based on established criteria consistent with the goals, vision, values and principles of this strategic plan. It is also responsible for issuing annual performance reports and work plans.

Below is a summary of the proposed expenditures for the life of the strategic plan.

<b>Year</b>	<b>Total Budget</b>	<b>Trust</b>	<b>Industry</b>	<b>Industry %</b>
2004	\$418,750	\$209,375	\$209,375	50
2005	\$418,750	\$209,375	\$209,375	50
2006	\$418,750	\$209,375	\$209,375	50
2007	\$418,750	\$209,375	\$209,375	50
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2011	\$418,750	\$209,375	\$209,375	50
<b>Total</b>	<b>\$3,350,000</b>	<b>\$1,675,000</b>	<b>\$1,675,000</b>	<b>na</b>

### **Evaluation and Performance Measurement**

The overall success of the Islands Agri-Food Initiative can be measured by growth and output value of the agri-food sector. This strategic plan contains key goals and several strategies to address these goals. Expected outcomes and measurable performance targets are attached to each supporting strategy.

The IAFI Advisory Committee will take measures to ensure effective use of funds used for the implementation of this strategic plan. Annual work plans, financial and performance measures reports to the Investment Agriculture Foundation of BC will indicate how the funds are being used. The IAFI Advisory Committee will carry out periodic reviews of the strategic plan and recommend mid-course adjustments where needed.

The Islands Agri-Food Initiative is application driven with proposals evaluated within the broad goals and objectives defined in this strategic plan. Applicants will be able to initially submit letters of intent to the IAFI Advisory Committee to establish potential program parameters. Successful project applicants will provide the Administrator of the Islands Agri-Food Initiative with project reports that indicate results achieved against funds used.

### **Proposed Project Evaluation Criteria:**

1. Partnership attributes (level of commitment of partners: industry involvement)
2. Benefits to be gained from project (what kind and to whom);
3. Strategic significance (how the project fits in with the goals of the initiative and how it contributes to the long term viability of the islands agri-food industry);
4. Technical merits (soundness);
5. Administration (how the proponents plan to administer the project);
6. Budget (how solid; how realistic);
7. Expertise of project manager (past history);
8. Probability of achieving stated results; how realistic;
9. Potential to meet the Agri-Food Futures Fund's goal of improving farm income;
10. Projects should support the development and marketing of high quality products including agritourism products and services;
11. Conformance to funding ratios as detailed in the strategic plan;
12. Conformance to the guiding principles of the Canada – British Columbia Framework Agreement Agriculture Risk Management (Appendix D).

## Background

In May 2000 the BC Ministry of Agriculture, Food and Fisheries (BCMAFF), announced a commitment of \$2 million to strengthen and promote the agri-food industry on Vancouver Island and the Gulf Islands. In August 2000, \$300,000 of these funds was earmarked to provide immediate assistance to the Island chicken industry. In November 2000, another \$25,000 was earmarked for the development of this strategic plan. The remaining \$1.675 million was placed in an industry trust fund for the benefit of the Islands agri-food sector in general.

To facilitate these agri-food industry discussions, the BCMAFF appointed a steering committee, which prepared and circulated a discussion paper in advance of an industry roundtable forum. The discussion paper reviewed numerous previous studies, strategies, submissions and stakeholder forums to identify the key areas that required development of specific action plans

In November 2000 a Roundtable Forum was held at the Silver Bridge Conference Centre in Duncan. The Roundtable was attended by approximately 140 people from a broad range of interests and backgrounds, including:

- producers (large / small, traditional / organic);
- farmers' institutes;
- processors;
- retailers;
- distributors;
- restaurants and hotels;
- tourism officials ;
- educational institutions;
- economic development commissions;
- financial institutions;
- local governments;
- various federal and provincial agencies;
- community organizations (urban and rural);
- agri-food consultants.

The purpose of this strategic plan is to translate strategic objectives and proposed actions from the Roundtable Report into specific and measurable activities that closely comply with the principles of the Agri-Food Futures Fund.

A copy of the Roundtable Report has been submitted as a reference document to the BC Investment Agriculture Foundation with this original proposal.

## **Governance**

The original IAFI Advisory Committee consisted of three representatives from Island Farmers' Alliance, one from agri-business, one from the financial sector, one from urban agriculture / food security interests, one from local government and two from the BC Ministry of Agriculture, Food and Fisheries. Membership in the committee changed as a result of resignations and reassignments of government representatives.

The IAFI Advisory Committee will hold the decision making power and will be responsible for ensuring that the activities of the Initiative are consistent with the goals as defined in this Strategic Plan. The IAFI Advisory Committee will host ex-officio positions from Agriculture and Agri-Food Canada, the Investment Agriculture Foundation and the BC Ministry of Agriculture and Lands. These officials are authorized to ensure that the projects comply with the Framework Agreement on Agriculture Risk Management.

The Investment Agriculture Foundation will be the administering organization of the IAFI and be responsible for managing the funds, serving as the primary contact for potential applicants and project proponents, monitoring activities of approved projects, preparing annual reports and work plans, and liaising between the clients and the Advisory Committee.

Detailed roles and responsibilities of the Advisory Committee, the Administering Organization, and the Ex-officios are defined in the Agri-Food Futures Fund Advisory Committee Terms of Reference (Appendix A).

### **Principles and Regulatory Mandate of the Agri-Food Futures Fund**

Types of activities, which may be funded, include research and development, training and education, technology development and transfer, market development, communications and industry development.

All initiatives, programs and projects must comply with the principles of the Canada-British Columbia Framework Agreement on Agriculture Risk Management, the rules of the World Trade Organization (Agriculture) and the principles relating to the Federal/Provincial Companion Programs. These rules and principles support a very broad range of development activities, but generally prohibit lobbying of governments, export subsidization, and direct payments to producers.

The focus of this Strategic Plan is to encourage the long-term sustainability of the islands' agri-food industry development without adversely affecting other regions in Canada.

Funding under the Agri-Food Futures Fund should contribute to initiatives that will be economically viable and self-sufficient. The successful organizations and applicants will be aware that all the information garnered in these projects must be made available to the public.

Cost sharing of all initiatives between governments and industry is a primary principle of the Agri-Food Futures Fund. This requirement highlights to all sectors of the industry the importance of creating and/or maintaining a mechanism for raising development funds from their members and partners to promote efforts to take charge of their industry development. The target for cost-sharing over five years and over all types of projects is one dollar from industry matching one dollar from the Agri-Food Futures Fund. For those sectors without self-funding mechanisms in place, consideration may be given to a phase-in period to full cost sharing that will include industry in-kind contributions. In-kind contributions are limited to 50% of the applicant's total contribution.

The IAFI Advisory Committee recognizes that the AFFF sets the stage for long-term industry development. The committee and its industry partners, therefore, will initiate actions to determine how to sustain self-funding industry development activities beyond the approved years of the Island Agri-Food Initiative.

## **Vision**

***A sustainable agriculture and food industry that is diverse and closely linked to the health and economy of island communities.***

## **Mission**

***The Island Agri-Food Initiative will promote a sustainable agri-food industry by facilitating establishment of strategic partnerships and development of programs that meet the needs of the industry.***

## **Values**

- **Environmental sustainability**
- **Profitability**
- **Innovation**
- **High productivity**
- **Contribution to community**
- **High quality products**
- **Diverse products**
- **Quality of life**
- **Image consciousness**

# Environmental Scan

## Industry Profile

The agri-food industry on Vancouver Island and the Gulf Islands is a significant contributor to the local economy and the lifestyle of Island communities. According to a 1999 BC Assessment survey, there were nearly 3,900 farms operating on the Islands. Statistics Canada data 2000 show gross farm receipts from 2700 farms was in the order of \$137 million per year. Agriculture provides direct jobs for over 3,100 people with paid labour estimated at \$31 million per year. Local production accounts for roughly 10% of the Islands' food needs.

Island agricultural production is concentrated in the Comox Valley, the Cowichan Valley, the Port Alberni Valley and the Saanich Peninsula with additional farming occurring throughout other areas of Vancouver Island and on some of the Gulf Islands. There are 120,400 hectares of land in the Agricultural Land Reserve (ALR), of which about 57,000 hectares are actively farmed. While the agricultural land base represents approximately 2.6% of the Provincial ALR, agricultural production on the islands accounts for 6% of the provincial output.

The Island produces a wide range of agri-food products. These include tree fruits, vegetables, berries, kiwifruit, grapes and wine, specialty crops, dairy, chicken, egg, hogs, lamb, beef, other specialty livestock, aquaculture, Christmas trees, honey and floricultural and nursery products.

The value of processed food and beverages on Vancouver Island is estimated at \$165 million. Dairy processing is the main food processing activity with 2 major milk processing plants and 3 specialty cheese plants. Vancouver Island accounts for 12% of provincial milk production.

In recent years there has been a growing interest in small scale processing operations. Typically these are home-based operations producing various fruit, vegetable, meat and floral products.

Wine and grape production is a recent development on the islands. The Cowichan Valley is the most productive wine producing area with 12 out of 17 licensed wineries on Vancouver Island and the Gulf Islands. There are an estimated 105 hectares of producing vineyards. Vancouver Island Vintners Association estimates 'Island' wine production at more than 400,000 liters per year. Recent changes to the regulations governing the sale and distribution of liquor has stimulated agritourism activities with linkages to the food and wine sectors.

Direct Marketing is a major part of agriculture on Vancouver Island and the Gulf Islands. According to the 2002 Provincial Agritourism Survey, Vancouver Island and the Gulf Islands reported over 81% of farm income being generated from direct farm marketing (agritourism) activities. Farm gate stores and stands can be found throughout the major farming areas and there are approximately 12 farmers' markets operating in and around the urban centers. Currently there are 88 farms that are members of the Vancouver Island Direct Farm Marketing Association making it one of the largest agricultural organizations on the Islands. Seasonal fruits and vegetables, nursery products, flowers, jams, jellies, preserves and baked goods are examples of the main products sold at direct market outlets.

Beyond the direct impact of agricultural production, the Island agri-food sector also makes a significant contribution to various secondary industries such as food retailing, processing, tourism, restaurants and hotels. For example, the growing demand for experience based tourism in rural settings and an island already recognized for what it has to offer in terms of food and cuisine could become a primary component of a rural tourism product group that would attract tourists to the area. These industries in turn contribute significantly to the economic well-being and lifestyle of Vancouver Island and the Gulf Islands.

## **Analysis of Industry Strengths, Weaknesses, Opportunities and Threats (SWOT)**

The Roundtable identified several developments that have affected the agri-food sector on Vancouver Island. Factors such as increasing transportation costs, increasing concentration in the processing sector as well as urban development and the high cost of land have contributed to limited growth of the sector. On the other hand, increasing population, a mild climate and a growing tourist industry are among the factors that provide opportunities for agri-food development.

The IAFI Advisory Committee recognizes that development of an effective strategy requires an analysis of industry strengths and weaknesses, and of opportunities and threats to the sector. The following tables summarize the comprehensive analysis completed during the Roundtable discussions.

<b>Strengths</b>	<b>Weaknesses</b>
Mild climate and long growing season	Dry summers require water supplies for irrigation (not always available)
Growing population with increasing consumer demands for higher quality products and services	Limited access to trained farm labor, lack of agri-food market/product development skills
Vibrant tourist industry, islands viewed as a “super natural”, safe destination	Decreased tourism relating to world security issues
Established base of rural tourism operations, in particular agritourism (direct farm marketing and wineries), cuisine, adventure, heritage, cultural and garden tourism)	Limited recognition of rural tourism development potential among farming and financial community
Diversified agri-food sector	Highly concentrated food retail sector with central distribution which is not supplied by local small scale suppliers
Access to Lower Mainland markets	Relatively high transportation costs
Large number of small and innovative farm businesses	High cost of land, and all inputs including insurance
Perception of Vancouver Island as a healthy environment for producing food	Lack of marketing for recent Vancouver Island product identity (2002)
Strong dynamic direct marketing agricultural industry	Proximity to urban populations can result in friction

<b>Opportunities</b>	<b>Threats</b>
Consumer demand for high quality fresh food products	Island industries ability to compete in an entirely cost driven economy.
Highly educated work force	Highly mobile work force
Emerging agritourism sector as potential Tourism BC product	Local government and neighborhood resistance, regulatory framework
Dollar exchange rate (US non-resident tourist market)	Current US economic recession, security issues and decreased tourism
Island Farmers’ Alliance as a leading agri-food organization	Independent nature of agri-food producers
Large number of low input farm operations	Increasing cost of energy, water, etc.
High value of niche products	Lack of marketing and production development skills and effective education programs

The SWOT analysis helped to identify four broad industry needs that in turn were developed into specific initiative goals.

The need for a marketing focus was identified at various levels during the development of this strategic plan. With the recent announcement of the successful Winter Olympics 2010 bid and anticipated growth in tourism, a focus on reaching the tourism market should be supported. At the production level, industry participants will benefit from basic training in marketing techniques, product development, etc. while at the industry level there is room for more broad based research and communication campaigns to increase public awareness of the agri-food industry. Promotion of Island agricultural products including agritourism products and services and linkage with the unique attributes of the region presents opportunities for rural development, import substitution and growth of the overall provincial agri-food sector.

A broader knowledge base requires that there be continued emphasis on training and skill development at all levels. There are a number of agencies such as community colleges and associations that are able to provide basic training as well as enhanced managerial skills and leadership development. Electronic communication and on-line opportunities facilitate in home and onsite training. The new enterprises that are emerging require specialized skills that may not be readily available in the community.

The formation of strategic partnerships is crucial to a coordinated development of a much diversified agri-food sector made up of many small-scale operations. Partnership development will provide the critical mass required for funding project development. Also, the synergies derived from collaborative work will result in more efficient and effective project delivery. Opportunities for a wide range of partnerships are provided by the emergence of the Island Farmers' Alliance, the Vancouver Island Vintners Association, the Vancouver Island Direct Farm Marketing Association, and other marketing associations and organizations focused on rural tourism.

The industry recognizes that there is a need to supplement existing knowledge with research to address specific concerns. There are opportunities for cooperative research with educational institutions and government agencies to seek practical solutions to problems. Needs identification and market research are needed to avoid costly mistakes. The ultimate goal is a highly skilled and market-focused industry that supports research and is prepared to develop appropriate partnerships to pursue its own long-term development.

Expansion of further processing and value added production is fundamental to the growth of the sector. Opportunities exist for adding value to products currently available and looking beyond to potential new products. There is also a need to inventory available facilities and explore ways to enhance the utilization and operation of such facilities. In particular, the development and marketing of high quality products, including agritourism products and services, should be supported.

## Goals

The overall objective of this strategic plan is to develop a viable and sustainable agri-food sector on Vancouver Island and the Gulf Islands. The plan is based on the analysis of the different components of the industry and various strategies are identified to achieve the plan's overall objective. The various strategies and activities are grouped under four major strategic goals. A five-year time frame, from 2004 to 2011, is anticipated for the implementation of this strategic plan.

The following four strategic goals were developed to ensure a diverse, sustainable and viable agri-food sector on Vancouver Island and the Gulf Islands.

- Goal 1. To enhance market development and promotion of the agri-food industry by 2011.**
- Goal 2. To increase the agri-food stakeholder knowledge base, including stakeholder communication, economic potential, statistical data, marketing skills and product development by 2011.**
- Goal 3. To facilitate the development of strategic partnerships and alliances that enhances the long term sustainability of the agri-food industry by 2011.**
- Goal 4. To support increased agri-food processing as a catalyst for rural community development by 2011.**

# Strategies, Actions, Expected Outcomes and Performance Measures

**Goal 1: To enhance market and product development and promotion of the agri-food industry by 2011**

Strategy	Actions	Expected Outcomes	Performance Measures
<p>Increase local production and consumption of island products as a function of rural development. This will be accomplished through projects that market the added values attached to a strong regional agricultural economy.</p>	<p>Advisory Committee to solicit applications to the Islands Agri-Food Initiative that will have a specific benefit to local and regional agriculture development consistent with the Islands Agri-Food Initiative's goals. Projects selected will have matching cash and in-kind contributions from Industry and this will be a catalyst for rural development.</p>	<p>Increased consumer recognition. Loyalty for Island products.</p> <p>Greater knowledge of the economic impact of strong local agricultural industries on rural development.</p> <p>Greater understanding of marketing trends and use of the information to develop new products including agritourism products and services and marketing programs by local agricultural producers.</p> <p>Increased participation with a broad range of stakeholders and increased sharing of information.</p>	<p>Increased local production and consumption of island products (1999 \$165 Million value of processed food and beverages on Vancouver Island).</p> <p>Increased gross farm receipts (1999 \$317 Million).</p> <p>Increased investment in rural communities.</p>

**Goal 2: To increase the agri-food stakeholder knowledge base, including stakeholder communication, economic potential, statistical data, marketing skills and product development by 2011.**

Strategy	Actions	Expected Outcomes	Performance Measures
<p>Establish appropriate training programs to support a skilled and knowledgeable agri-food sector.</p> <p>Facilitate research and development projects relevant to the agri-food industry</p>	<p>Advisory Committee to solicit applications to the Islands Agri-Food Initiative that will increase the agri-food stakeholder knowledge base, including stakeholder communication, economic potential, statistical data, marketing skills and product development.</p> <p>Projects selected will have matching cash and in-kind contributions from industry.</p>	<p>Increased agri-food stakeholder marketing and product development knowledge base.</p> <p>Greater knowledge of the economic impact of strong local agricultural industries on rural development.</p> <p>Greater understanding of statistical data and marketing trends and use of the information to develop new products and marketing programs by local agricultural producers.</p> <p>Increased participation with a broad range of stakeholders and increased sharing of information.</p>	<p>Strategic partnerships with education sector</p> <p>Agri-Food market and product development training programs.</p> <p>Relevant agri-food statistical and research data base.</p>

**Goal 3: To facilitate the development of strategic partnerships and alliances that enhances the long term sustainability of the agri-food industry by 2011.**

Strategy	Actions	Expected Outcomes	Performance Measures
<p>Promote and facilitate mutually beneficial partnerships between the agri-food sector and other stakeholder groups and government agencies at all levels.</p>	<p>Advisory Committee to solicit applications to the Islands Agri-Food Initiative that will develop strategic partnerships that will provide the critical mass required for funding project development.</p> <p>Projects selected will have matching cash and in-kind contributions from industry.</p>	<p>Partnership development and collaborative work will result in more efficient and effective project delivery.</p> <p>Increased agri-food and rural development participation with a broad range of stakeholders.</p> <p>Enhanced rural economic development.</p>	<p>Increased gross farm receipts (1999 \$317 Million)</p> <p>Increased # of industry value chain partnerships</p> <p>50:50 cost share ratio with AFFF</p> <p>Increased investment in rural communities.</p>

**Goal 4: To support increased agri-food processing as a catalyst for rural community development by 2011.**

Strategy	Actions	Expected Outcomes	Performance Measures
<p>Facilitate expansion of further processing and value added production.</p> <p>Develop opportunities for adding value to products currently available and looking beyond to potential new products including agritourism products and services.</p> <p>Develop an inventory of available processing facilities.</p> <p>Facilitate research and development to enhance the utilization and operation of such facilities.</p>	<p>Advisory Committee to solicit applications to the Islands Agri-Food Initiative that will develop strategic partnerships that will provide the critical mass required for funding project development.</p> <p>Projects selected will have (allowable) matching cash and in-kind contributions from industry.</p>	<p>Increased growth of the agri-food sector</p> <p>Partnership development and collaborative work will result in more efficient and effective operation of value added processing facilities.</p> <p>Increased agri-food and rural development participation with a broad range of stakeholders.</p> <p>Enhanced rural economic development</p> <p>Increased utilization and efficiency of value added processing facilities.</p>	<p>Increased value added product development</p> <p>Increased gross farm receipts (1999 \$317 Million)</p> <p>Increased investment in rural communities</p> <p>Inventory of current value added processing facilities.</p>

## Financial Strategy

Funding for approved projects will come from an allocation under the Agri-Food Futures Fund specifically for the Island Agri-Food Initiative, as well as from industry and other sources.

This strategic plan will create an application-driven fund that addresses rural community development via the creation of initiatives that build on locally grown and marketed regional agriculture products. It will be developed as a catalyst for regional rural development.

Over the period, industry will contribute \$1.675 million to match the Agri-Food Futures Fund allocation of \$1.675 million to meet an overall 50:50 shared funding commitment. The expected industry contribution for approved projects will be 50%, although some consideration and flexibility may be given to specific projects as determined by the IAFI Advisory Committee. In-kind contributions from industry in the form of labor, facility use, expertise, etc. will be accepted at market value as part of the shared cost requirements up to the current acceptable limits of the Agri-Food Initiative (50% of industry contributions). The

IAFI Advisory Committee will be accountable to the trustee for achieving 50:50 cost sharing.

Initial expressions of interest have been forwarded from the Vancouver Island Vintners Association, the Southern Vancouver Island Direct Farm Marketing Association, and the Island Farmers' Alliance. It is expected that this fund, once officially open and promoted, will generate considerable interest.

The IAFI Advisory Committee and its industry partners will initiate actions to determine how to sustain self-funding industry development activities beyond the life cycle of the Vancouver Island Agri-Food Initiative. Industry will consider fund raising options such as producer levies, special contributions, membership fees, registration fees and sponsors. Non-government sources of funding may be used to provide matching funds.

The Islands have a long history of self-sustaining small farm organizations, dating back to the Farmers Institutes which are still very active. Additionally, over the past 20 years organizations representing direct farm marketers, farmers markets, grape growers and wine producers have been initiated and are thriving. Island Farms, a grower owned dairy cooperative has received national awards as one of the 50 best managed small companies in the country.

### **Summary of Proposed Expenditures Year 2004-2011**

The proposed expenditures over 8 years are as follows:

<b>Year</b>	<b>Total Budget</b>	<b>Trust</b>	<b>Industry</b>	<b>Industry %</b>
2004	\$418,750	\$209,375	\$209,375	50
2005	\$418,750	\$209,375	\$209,375	50
2006	\$418,750	\$209,375	\$209,375	50
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2010	\$418,750	\$209,375	\$209,375	50
2011	\$418,750	\$209,375	\$209,375	50
<b>Total</b>	<b>\$3,350,000</b>	<b>\$1,675,000</b>	<b>\$1,675,000</b>	<b>na</b>

## **Administration Expenses**

Actual fund administration expenses will be allocated to the Investment Agriculture Foundation in respect to overall management of the Islands Agri-Food Initiative at a rate not to exceed 15% of the Agri-Food Futures Fund cash disbursed.

These administration costs will also include allowable expenses for the IAFI Advisory Committee members regarding travel for application approval meetings, project and six-month financial review meetings, etc.

## **Agri-Food Futures Fund Access and Implementation of the Strategic Plan**

### **Decision Making**

The IAFI Advisory Committee will be constituted according to the Agri-Food Futures Fund guidelines and will include non-voting ex-officio positions for representatives of the Federal Government, the Provincial Government, and the Investment Agriculture Foundation of BC.

The support of the majority of voting members (50% of total voting Committee members plus 1) of the IAFI Advisory Committee will be required to constitute a decision. If any member of the IAFI Advisory Committee resigns, the IAFI Advisory Committee will recommend that another person be nominated from Vancouver Island (or the Gulf Islands) to represent the background and interests of the person who has resigned. The IAFI Advisory Committee will select one of its members to serve as the Chair.

The IAFI Advisory Committee will, in respect of trust funds, adhere to industry conflict of interest standards and will ensure that compliance with such standards is a condition of any funding agreement entered into with other agencies.

### **Adjustment of Agri-Food Futures Fund Allocations**

The IAFI Advisory Committee may find that as the initial 6 months funding window nears completion, additional projects are being received which exceed the projected initiative schedule. This increased energy and enthusiasm in the community may require the IAFI Advisory Committee to apply for an increase to the projected 5-year expenditure plan.

## **Communication Strategy**

A key action in the communication strategy is to make the strategic plan available to industry and other stakeholders. Industry must be informed of the opportunities available through the Island Agri-Food Initiative and it must also be informed of the results of projects.

The strategic plan and progress on related matter will be communicated to interested parties as follows:

- The Investment Agriculture Foundation will place a copy of this strategic plan and approved work plans on its website.
- The IAFI Advisory Committee and the Investment Agriculture Foundation will continue to develop communication policies and guidelines for the distribution of information to various stakeholders, including the trustee, provincial and federal governments, producers, industry organizations, potential strategic partners and the general public.
- All reports prepared with the assistance of funds from the Agri-Food Futures Fund will contain an acknowledgement to that effect.

## **Evaluation and Performance Measurement**

The IAFI Advisory Committee is responsible for ensuring that funds used for projects associated with the Islands Agri-Food Initiative are monitored effectively and that results of the expenditures are tracked against strategic plan goals.

This requires that actual project results be evaluated against expected results or outcomes. Completion of projects within budgetary and time limits will be a primary evaluation tool. Project reports will be rolled up into annual reports to evaluate performance of the Islands Agri-Food Initiative on an annual basis.

Changes in the agri-food industry on Vancouver Island and the Gulf Islands will require that the strategic plan be examined at the end of the initiative. New data on the performance and development of the industry would identify changes and improvements in specific sectors and areas.

Evaluation of individual projects and annual work plans will provide opportunities for mid-course corrections in project priorities, funding levels and strategic objectives. Reporting requirements to the Trustee will be specified in the Funding Agreement.

## Appendix A

# Agri-Food Futures Funds (AFFF) Advisory/Adjudication Committee

## Terms of Reference

### Duties, Functions & Responsibilities

1. The Advisory/Adjudication Committee:
  - Ensures that the activities of the Initiative are consistent with the goals of the Strategic Plan.
  - Promotes the Initiative through word of mouth and distribution of communications materials, and provides input for promotion and communication by the Administering Organization.
  - Reviews and assesses project applications in accordance with these Terms of Reference, the Strategic Plan, and AFFF funding principles (see Appendix B).
  - Makes funding decisions on whether to fund a project, the amount of funding, and any conditions tied to the approval of a project.
  - Reviews project reports, makes decisions on whether to approve the report, makes recommendations for report improvement, and recommends payments upon approval.
  - Provides advice to the Administering Organization regarding problematic projects.
  - May initiate and direct preparation of centrally-driven projects.
  - Makes recommendation on annual work plans for submission to the Investment Agriculture Foundation.
  - Reviews initiative progress reports prepared by the Administering Organization for submission to the Investment Agriculture Foundation.
  - Considers and integrates the views and needs of the agri-food industry with respect to the Strategic Plan.
  - Recommends candidates for appointment of the Advisory Committee.
  
2. The Administering Organization – (eg. Investment Agriculture Foundation of BC):
  - Administers funds in accordance with the IAF policy guidelines, including:
    - a. Holds and manages funds and administers payables.
    - b. Accounts for funds and prepares financial statements.
    - c. Provides sound financial management and maintains records for audit purposes.
  - Processes project proposals, including:
    - a. Responds to queries about project funding applications.

- b. Ensures that program requirements for application, approval and funding are clearly understood by the applicant.
    - c. Helps applicants ensure their applications are complete and accurate.
    - d. Pre-qualifies applications for the Advisory Committee.
    - e. Enters into Conditional Grant Agreements with applicants as approved by the Advisory Committee.
    - f. Communicates with project applicants during the application process and through the life of the approved projects.
  - Monitors and reports on project activity.
    - a. Receives progress reports from project proponents.
    - b. Reviews adequacy of project deliverables and processes payments to recipients as authorized by the Advisory Committee.
    - c. Identifies projects with substantive changes or problems and provides recommendations to Advisory Committee.
    - d. Prepares mid-year and annual progress reports for Committee submission to the IAF.
  - Receives input of the Advisory Committee, prepares and submits to the Foundation, on behalf of the Committee, the annual work plan and audit plan for the upcoming year.
  - Provides administrative support for the Advisory Committee meetings as required.
    - a. Organizes meetings and processes Advisory Committee costs.
    - b. Coordinates and attends meetings of the Committee.
    - c. Provides project proposals to the Committee (at least one week prior to the meeting).
    - d. Prepares and circulates minutes of meetings.
    - e. Maintains records of the Committee.
    - f. Prepares and circulates the mid-year and annual reports as per the directions of the Committee.
  - Posts project approvals and summary results on the Initiative's website.
3. Committee Ex-officios (Ministry of Agriculture and Lands, Agriculture and Agri-Food Canada, and Investment Agriculture Foundation):
- Attends Adjudication Committee meetings as non-voting representatives in partnership with the other ex-officios.
  - Upholds terms and conditions of AFFF trust agreement, including agricultural risk management and safety net principles.
  - Ensures that all funding applications are eligible for funding in accordance with the AFFF principles and guidelines, and that project work plans are consistent with the Strategic Plan.
  - Offers assistance and guidance so that AFFF principles and guidelines are respected and that the Initiative's objectives are facilitated.

## **Criteria for Project Adjudication**

The Advisory Committee will consider applications for funding on the basis of (but not limited to) the following:

- Satisfaction of AFFF funding principles.
- Fit with the goals of the Strategic Plan.
- Identification and level of commitment of financial partners for the project.
- Rationale and business case for the project.
- Clear, concise description of approach, methodology and variable factors.
- Clear definition of outcomes and expected results, including benefits to industry at large.
- Detailed work plan outlining project elements, milestones, and reporting periods.
- Detailed budget including allocation of funds by activities, strategic goals and time periods.

## **Project Application Process**

The Advisory Committee will make approvals on which project proposals will receive funding under this initiative as well as the amount of funding. Project funding will be administered as follows:

1. Interested parties will submit project proposals to the Administering Organization.
2. The Administering Organization will pre-qualify the proposals for:
  - Project completeness.
  - Fit with AFFF principles.
  - Fit with Strategic Plan.
  - Fit with financial requirements.
3. The Advisory Committee will convene meetings on a scheduled basis and may request that the Administrator seek additional information on a project from the applicant and/or outside experts.
4. Advisory Committee members will complete an evaluation of the project.
  - If a real or perceived conflict of interest exists between an individual Committee member and a particular project, it needs to be declared at the beginning of the meeting or at such a time during the meeting when the discussion makes it apparent that a conflict may exist. The Committee will discuss the conflict for verification. If a conflict is verified, the member will be excluded from both the discussion of the project as well as the decision making process. For more information on Conflict of Interest practices, please see Appendix C.
  - Acting collectively, the Advisory Committee will decide whether or not to fund a project as well as the amount of the funding.

- The Administering Organization will notify the applicant of the status of a project within 10 days of the decision.

### **Evaluating Progress Reports and Approving Payments Process**

Approval of payments is subject to IAF guidelines. Payments are processed in accordance with the completion of project outputs and receipt of reports from project proponents. Project progress reports will be reviewed and approved by at least one Committee member with assistance and a recommendation provided by the Administrator. Proponents are required to identify completed project deliverables at each reporting interval and eligibility for payment in accordance with the Conditional Grant Agreement. Ineligible expenditures must be identified and removed from invoices to be paid by IAF. Separate financial records must be maintained for each project.

### **Completion of Projects**

Upon completion of a project, project proponents will submit a final report to the Advisory Committee for review and approval, whereupon the final AFFF payment will be released. It is understood that unless otherwise agreed, ownership of project reports will rest with IAF and may be made public via the Initiative's website and other communication channels.

### **Advisory Committee Meetings Guidelines and Procedures**

The Advisory Committee members will adhere to the following guidelines to ensure efficiently and effectively run meetings:

- Each meeting will be guided by a clear agenda
  - The agenda, project applications, and any supporting documents are to be sent out at least one week prior to each meeting.
  - Meetings will be run according to the agenda, while allowing for flexibility within the agenda.
- Minutes will be taken and circulated to the group following each meeting.
  - Minutes will be circulated within two weeks following the meeting.
  - Decisions and action items will be recorded, clearly identifying who is to do what, and by when.
- Committee members will be responsible to come prepared to the meetings by reading the material in advance.
- Robert's Rule of Order will be used for guidelines.

## **Decision Making Process**

The Committee will use a formal decision making process by majority vote.

- The chair person has the right to vote.
- A motion will be presented for a vote. The motion needs to be seconded. Discussion will follow, followed by a show of hands.
- In the interest of group cohesiveness, those who are in the minority vote agree to accept the decision of the majority.
- A quorum will be 50% of total committee members plus 1.
- Federal and provincial ex-officios retain the right to veto a project or hold the project for further advisement, if it is determined that the project does not fall within funding guidelines.
- If a decision cannot be reached, no funding will be committed.
- Robert's Rule of Order will be used for guidelines.

## **Terms of Service**

To provide continuity on the Committee, different terms of service are recommended. For example, with a committee of 10 members:

- 4 members with a 3 year term
- 6 members with a 2 year term
- Any member can serve 2 terms.
- A member retiring from the Committee for special reasons during the term agrees to a 2 month notice.
- The term for the chair person is one year with the possibility for re-election.

## Appendix B

### Agri-Food Futures Funds Funding Principles

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- All groups have equal opportunity to apply for funding.
- Funding is directed to projects addressing the strategic goals and initiatives identified in the Strategic Plan.
- Projects must have broad benefits and cannot be proprietary to an individual or single firm.
- Benefits must outweigh the project costs.
- Funding is for time limited projects; longer term projects requiring a description of how activities would become self-sufficient.
- Reasonable and incremental administrative costs clearly incurred in the course of delivering the project may be supported.
- Funds provided by the federal or provincial governments cannot be used as matching funds against Initiative funds.
- Funds cannot be used for:
  - direct advertising and promotion of products,
  - capital costs; some flexibility for demonstration purposes,
  - business start-ups or expansions,
  - core funding of an organization's ongoing business,
  - causing damage to others, or favouring one group or region over another,
  - lobbying, or
  - project activities undertaken prior to project approval date.
- Projects cannot be contrary to international trade rules.
- The Initiative aims for an overall 50:50 balance between industry contribution and fund contribution. Applicant contributions may include up to 50% in-kind (maximum of 25% of total project).

## Appendix C

### Agri-Food Futures Funds Advisory Committee Conflict of Interest Practices

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This document is intended to provide a summary of the Agri-Food Futures Funds Advisory Committee practices in addressing declarations of *Conflict of Interest*.

#### **Definition of Interest:**

An interest exists when individuals who are related to each other by blood, marriage, adoption, common-law relationships, close business ties, or as a Director of a proponent organization stands to benefit from a decision of the AFFF Advisory Committee differently from all or substantially all members of the industry in a proposed policy, project, initiative, contract or transaction that the Foundation may undertake.

#### **Disclosing a Conflict of Interest**

A Committee member who is directly interested in a proposed application, project, initiative or contract through the Agri-Food Futures Fund; or is interested in the result of any other proposed resolution of the Committee must disclose the nature and extent of the interest at a meeting of the Advisory Committee. The onus of declaring a conflict of interest falls to the Committee members.

#### **Conflict of Interest Exists**

A conflict of interest can exist in either a personal or indirect manner. Here are the most common examples faced by Committee members:

##### ***Direct Personal Conflict/ Beneficiary***

A direct personal conflict of interest exists when a Committee member has an interest in a proposed policy, project, initiative or contract or transaction that the Committee may undertake. Personal self-interest can include a situation in which the Committee member stands to gain personally, either directly or indirectly, through a business or corporation involved in the transaction. In these cases, the Committee member must declare the conflict and leave the room for any discussions. The Committee member must also abstain from voting.

##### ***Director of a Proponent Organization***

A conflict of interest can arise where a Committee member's duties to the AFFF Initiative conflict with the duties that the Committee member owes to another organization. An example of this type of conflict occurs when an AFFF Advisory Committee member is also a Director of an organization applying to the AFFF. In these cases, the Committee member must disclose the conflict for the minutes. If the Committee member participates in discussion and voting, they are obligated to apply the same level of due diligence and arms length judgment as with any other decision or funding application.

#### **Director Duty Not to Influence**

A Committee member who has an interest in a proposed application, project, initiative or contract with an AFFF Initiative shall not in any way, whether before, during or after a

meeting of the AFFF Advisory Committee, attempt to influence the voting on any question relating to the matter under consideration.

**Recording the Conflict of Interest**

A conflict of interest declared by an AFFF Advisory Committee member shall be recorded in the minutes of the meeting of the Committee at which such disclosure was made. The time of the Committee member's departure from and return to the meeting will be recorded in the minutes.

## Appendix D

### Canada – British Columbia Framework Agreement Agriculture Risk Management

#### 4.0 PRINCIPLES

##### 4.1 Program principles

Production, Market Neutrality	Programs should not influence farmers' production and marketing decisions and should not distort regional comparative advantage.
Trade Neutrality	Programs should minimize countervail risk.
Environmental Sustainability	Programs should not be adverse to environmental stewardship.
Adaptation and Adjustment	Programs should not be adverse to market-oriented adjustments.
Minimal Overlap and Duplication	Programs should not duplicate purpose and payments.
Minimal Moral Hazard	Programs should minimize moral hazard.

##### 4.2 Funding Principles

Non-Distorting Distribution of Government Funds	Allocation of funding should not be distorting to regional/commodity comparative advantage.
Cost-Sharing	Producers and both orders of government should share program costs, including any premiums, deficits, and administration.
Capping	There shall be limits on the level of assistance provided to individual producers.
Equity	The financial resources of the Government of Canada should be allocated to provide, over time, the same level of protection for farmers in similar circumstances.