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Natural Resources
Canada



North American Wood First

Handbook for applicants

Fiscal year 2011-12



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1 General Introduction

The North American Wood First Initiative (NAWF) has been in existence since 2007 and was renewed until March 2011 under Canada's Economic Action Plan. Efforts are underway to renew this initiative and while its renewal has not been confirmed, we are seeking proposals for the 2011-12 fiscal year. Under this cost-shared program, Natural Resources Canada (NRCan) seeks partnerships with North American forest product associations and works with provinces and industry partners to increase the use of wood products in non-residential applications within Canada and the United States.

2 Program Objectives

The objective of NAWF is to increase wood usage in North America in recreational, commercial and institutional applications through an integrated program targeted at educating designers, specifiers and architects on opportunities for use of wood in non-residential applications.

3 Program Description

North American Wood First is a cost-shared program with the wood products industry and other partners, and will support up to 50 percent of eligible project costs for approved projects; however, this contribution will be reduced by the amount of any other federal funding received.

NRCan provides funding for projects targeting these specific focus areas:

1. Infrastructure: The maintenance, establishment and/or expansion of in-market expertise (including technical directors and advisors) tasked with delivering the program's activities.
2. Marketing: Eligible marketing activities include promotional missions, trade shows, seminars, generic promotional brochures, technical literature, etc.
3. Market Research: Eligible market research activities include market opportunity studies, in-market public opinion studies, in-market stakeholder knowledge surveys, benchmarking studies and performance evaluation studies, etc.
4. Technology Transfer and Training: Expanding markets involves examining many of the technical issues around construction and applications of wood products. This focus area covers all technology transfer and training-related projects, including quality assurance and demonstration projects.

5. Codes and Standards: Expanding markets involves examining many of the technical issues around construction and applications of wood products. Research providing technical information and knowledge about certain products in order to assess whether or not Canadian wood products and technologies meet product standards and building codes are eligible.

6. Technical Research and Testing: Expanding market segments involves examining many of the technical issues around construction and applications of wood products. Technical research and testing in direct support of market access issues are eligible activities under this focus area.

4 Eligible Applicants

Eligible recipients will include not-for-profit primary and secondary wood products associations, universities, and not-for-profit organizations engaged in forest product research.

5 Eligible and Ineligible Expenses

Project budgets will be reviewed with the Wood Markets Secretariat during both the project application and evaluation process. Examples of eligible expenditures include but are not limited to the following:

- Salaries and benefits of staff;
- Professional/consulting/technical services;
- Rental of space;
- Maintenance of field offices (utility costs, computers, laptops, office equipment, furniture, materials and supplies);
- Shipping/storage costs;
- Data acquisition and technical materials;
- Translation services;
- Technical software and licences;
- Publicity, advertising, promotional and printing services (including shipping and storage services);
- Participation fees at committees and events;
- Travel costs in accordance with NRCan Wood Markets Travel Directives;
- Catering services;
- Gifts and awards (see criteria below);
- Construction of demonstration buildings;
- Overhead (administrative) costs representing 10 percent of Canada's share of eligible costs of the project;
- PST, HST and GST net of any rebate to which the Proponent is entitled; and
- Any taxes for goods and services acquired in a foreign country net of any rebate or reimbursement received in the foreign country.

Gifts and Awards:

It is recognized that cultural business situations occur where an exchange or offering of a gift is customary. In order to be considered an eligible expenditure, associations will ensure that the following criteria are met:

- the situation is explained and the gift identified in the approved work plan;
- the gift is made primarily of a Canadian wood species and is manufactured in Canada;
- the cost to NRCan does not exceed \$50 Cdn each and has no value other than cultural.

In order for an award or prize to be considered an eligible expenditure, associations will ensure that the following criteria are met:

- the award or prize is identified in the approved work plan;
- the award or prize is made primarily of a Canadian wood species and is manufactured in Canada;
- the award or prize must be offered or presented as part of an awards/achievements ceremony;
- the cost to NRCan does not exceed \$200 Cdn each and has no intrinsic value other than to serve as a promotional item.

Examples of project costs that are not eligible include but are not limited to the following:

- Purchase of land;
- Capital assets;
- Payment of property taxes;
- Association web sites, databases and member directories;
- Ongoing association management overhead costs and staff salaries;
- Alcohol; and
- Program management costs – this is covered by administration costs.

6 Administration Costs

Associations may be entitled to claim administration costs to cover expenditures associated with managing projects funded by North American Wood First. Associations may claim up to 10 percent of the total NRCan approved funding under each project. The administration costs must be identified in the project budget.

7 Project Funding

Allocations to each recipient will be established further to an assessment of its work plan against federal government priorities. Multi-year projects may be funded subject to program criteria and cycles, and the duration of the Program.

8 Program Governance

The program is the responsibility of the Minister of Natural Resources Canada and is administered by the Canadian Forest Service (CFS) through the following governance structure:

Management Committee

The purpose and mandate of the NRCan Wood Markets Management Committee is to provide strategic advice and guidance on the management of the North American Wood First Initiative to Natural Resources Canada. The Management Committee is comprised of senior representatives of the federal government. The four federal departments represented on the Management Committee include the Department of Foreign Affairs and International Trade (DFAIT), Industry Canada (IC), Canada Mortgage and Housing Corporation (CMHC) and Natural Resources Canada (NRCan). Meetings of the committee will be chaired by the Director General, Policy, Economics and Industry Branch, CFS, NRCan.

Joint FII-NRCan Senior Industry Advisory Committee

A Senior Industry Advisory Committee has been formed in collaboration with B.C.'s Forestry Innovation Investment (FII) with membership including senior industry executives from across Canada, as well as NRCan and FII representatives. This Committee draws on the expertise of senior forest industry leaders to provide strategic input on program design and direction from an industry perspective.

Advisory Committee

An Advisory Committee offers advice to the Management Committee on program strategy, the development of project selection criteria, and on program outcomes and priorities. Membership on the Advisory Committee includes the participation of representatives from the federal government (NRCan, DFAIT, IC and CMHC), provinces and industry.

Wood Markets Secretariat

The NRCan Wood Markets Secretariat serves as the Secretariat to the Management Committee, the Joint FII/NRCan Senior Industry Advisory Committee and the Advisory Committee. The Wood Markets Secretariat works closely with the other three participating departments, industry associations and provincial governments, and is responsible for the administration of the program, initial screening and selection of projects, the development of an Annual Work Plan, verification and payment of claims, audits, and reporting on achievements and outcomes.

9 Application Process

Call Letter

Each year, a call letter inviting applications for the following year will be issued specifying opening and closing dates and the target date for annual approvals. Normally, the call letter will be issued during the third quarter of the fiscal year. The call letter will be sent by e-mail to existing associations in the North American Wood First database and any new associations identified during the current fiscal year.

Obtaining Access to the Application Process

In order to apply for funding, associations are required to complete their applications on-line. The NRCan Wood Markets on-line management system will issue applicants with a User ID and Password to enable them access to the system. Applicants may create child accounts (sub-accounts) for other employees of their organization.

To apply, log on to: <http://www.woodmarketdevelopment.ca/proponent/requestaccess.aspx>.

Completing Application Forms

There are five steps involved in completing an application for North American Wood First:

- Step I From the main menu, click on New Application.
- Step II General Information;
- Step III Market Description;
- Step IV Focus Areas; and
- Step V Projects.

In Step I, New Application, provide a name for the proposal title, indicate for which program(s) you are submitting this proposal and select the market.

In Step II, General Information, review the information on your account as well as the brief description of your association's objectives and mandate.

In Step III, Market Description,

- Provide a description of the current market conditions and opportunities for the geographic market covered by this proposal. This should include key information on trends related to wood product use specific to this proposal. If the program of work you are describing in this proposal has been subject to a program evaluation or a market strategy in the past three years, include a brief description as to how the recommendations from the evaluation report or market strategy will be addressed and implemented.
- Select the Market Objective(s) from the available list, and provide 2-3 specific objectives for your proposal, as well as the proposed method to review its achievements.

In Step IV, Focus Areas,

- Select the focus area(s) that apply to the proposal and explain how the proposed projects in this focus area contribute to the achievement of your proposal objective(s) and provide targets for the performance indicators that appear in the pre-populated "Performance Indicators" section of this page.

In Step V, Projects,

- Provide a project name. You will not be able to create new projects if you have not selected the focus areas that apply to your proposal. Ensure that you select the proper focus area for this project, as a modification of the focus area will require re-inputting the full budget tables. In the case where the box "Other country/market" appears, you are required to complete the specific market you are applying for. Then select the financial method you intend to use. You must choose one of two methods: either SUMMARY or DETAIL - to build your budget and subsequently report against the approved budget and workplan.

- **Budget by SUMMARY:**

For this selection, you will establish annual values for budget items and the system will total annual budget items by activity (and pre-calculate cost share). You will then split the annual activity budget into the three interim reporting period budgets. At the time of interim reporting, you will be required to report actual expenditures against activity sub-totals. The advantage of choosing the SUMMARY option is that the subsequent reporting will require less detailed financial information. Using this option, you will be required to manually calculate how annual sub-totals for each activity will be split over the three reporting periods as you enter your budget information.

- **Budget by DETAIL:**

For this selection, you will build your budget by assigning budget item dollar values to each of the three interim periods. The system will automatically determine total every budget item and the sub-total of every activity (similar to a spreadsheet). The advantage of choosing the DETAIL option is that the system will make all calculations for you as you build your budget. Using this option, you will be required to provide more detailed information (i.e., detailed budget item values by interim reporting period), and report at that level of detail throughout the fiscal year.

Once you have selected one of these methods, it will not be possible to change the way you have built your budget. Also note that you will be required to file your interim reports in the same manner.

- Provide project information including linkages to previous activities and future needs, a detailed project plan, personnel, collaborators and in-kind contributions.
- Do not include any personal information such as curriculum vitae or cell phone numbers in the database. Contact NRCAN if you need to provide any personal information.
- On the budget screen, build the budget by activity types. Ensure that you input all the necessary information in the text boxes regarding the performance indicator targets and the text boxes that appear when you select specific budget items.

More detailed information on how to complete the application can be accessed by clicking on the Help Button located in each section.

Submitting Applications

Associations must submit their application by the due date to be considered for funding. The NRCAN Wood Markets on-line management system will then confirm receipt of your application by e-mail. Only the main account holder of the association can submit the application. The Wood Markets Secretariat is available during normal business hours to assist applicants.

10 Review and Approval Process

Decisions on funding will be made on a proposal-by-proposal basis for those applications meeting the basic eligibility criteria. Proposals will be evaluated against the following criteria (note anticipated weighting):

- linkages with funding program objectives and/or strategies (10%)
- program business case and completeness of proposal (25%)
- experience and qualifications (5%)
- partnerships and collaboration (20%)
- performance measures (10%)
- cost effectiveness (10%)
- leveraged funding and/or in-kind contributions (20%)

The application approval process is as follows:

- The Wood Markets Secretariat will undertake preliminary screening of the applications following the closing date of the application process. Discussions or negotiations with the applicants may be necessary to clarify the application and/or projects.
- The Advisory Committee will provide advice on applications and projects that have been screened in by the Wood Markets Secretariat. Based on the outcome of the Advisory Committee input, the Wood Markets Secretariat will prepare an Annual Work Plan with recommendations for consideration by the Management Committee.
- The Management Committee will review the Annual Work Plan and make recommendations to NRCan for funding approval.
- Associations will be notified of project funding decisions prior to April 1 of each year, where possible.

11 Contribution Agreements

A Contribution Agreement outlining the approved projects' funding levels, deliverables, reporting requirements and terms and conditions will form the basis of the agreement between NRCan and the applicant.

The Contribution Agreement will be drafted for the signature of both NRCan and the association as soon as funding decisions have been made.

12 Amendments to Contribution Agreements

If there is a requirement to amend projects within a Contribution Agreement, associations are to contact Natural Resources Canada as early as possible in the fiscal year. At a minimum, amendments will be required in the following circumstances:

- to add a project;
- to replace or modify a project; or
- to transfer funds between projects.

Amendments are to be made using the NRCan Wood Markets on-line system.

The Management Committee may review and approve changes, depending upon the extent to which the original agreement is being modified.

Depending on the circumstances, the amendment may be in the form of an amended Contribution Agreement (signed by both parties), or may simply be correspondence from Natural Resources Canada to the association indicating the approved changes.

13 Payments and Performance Reporting

Funding to associations is provided through advance payments based on cash flow forecasts. Reporting takes place and payments are made on an interim basis (every fourth month) and associations will submit their interim reports through the on-line system. These interim reports require a status report of the projects being claimed against and financial information in the interim cash flow.

The Contribution Agreement details the type and extent of information/deliverables required for each claim. At a minimum, each e-claim must segregate details of expenditures by project, and must include status reports for each ongoing project, providing performance-related deliverables and achievements to date.

The details of expenditures are to follow the format of the project budgets provided with the application. Receipts do not need to be submitted with claims, but must be retained and available for audit by NRCan for a period of at least three years following the expiry date of the Contribution Agreement.

Each year, project expenditures will be subject to an external audit as described in Section 14 of this Handbook. NRCan reserves the right to conduct an audit of associations to validate claims and performance achievements, and to recover any payment made to any association for which it was not entitled.

When submitting the final e-claim for the year, associations must submit a year end report summarizing achievements for the year as well as the benefits accrued.

14 Audits

Wood Markets Secretariat Audit of Recipients

The Program Manager is responsible for any audit of recipients. The purpose of these audits is to ensure that:

- funds are being used for the purposes intended;
- projects are being carried out in accordance with the plan described in applications; and
- recipient information on project performance and results in accurate, complete and reliable.

Recipients will be selected for audit each year on a sample basis. Where possible, audits will be conducted with provincial funding partners (i.e., Forestry Innovation Investment) in order to reduce the costs and to lessen the burden on the audited associations.

Annual External Audit of Financial Expenditures

As a requirement of their by-laws, most associations must have external auditors undertake an annual audit of their financial expenditures. In this regard, all applicants/recipients will be required to include a section in their annual audit report which takes into account any contributions from the program. The external auditor's report will include an opinion as to the eligibility of expenditures and compliance to the terms and conditions of the Contribution Agreement. All such audits will be considered an eligible expense under the terms and conditions of the program. Associations are expected to work in cooperation with other funding sources (e.g., provinces, industry) for the purposes of audits and sharing information.

Audit Follow-Up

The Program Manager will follow up on the findings of all audits. If a discrepancy is identified between the amount paid by NRCan and the amount payable by NRCan, funds to be recovered are payable to the Receiver General for Canada.

15 Capital Equipment and Asset Guidelines

15.1 Effective Date:

15.1 These guidelines were introduced on April 1, 2007, and revised as of November 2010.

15.2 Preface:

15.2.1 Certain recipient associations that are being funded by Natural Resources Canada have requested clarification on the purchase of certain assets used in the delivery of funded projects. These guidelines are meant to provide that guidance and direction.

15.3 Objective:

15.3.1 These guidelines have been developed to help recipients deal with the purchase, depreciation, claiming of eligible costs and the disposition of those assets.

15.3.2 These guidelines are provided in order to clarify both the eligibility of certain assets purchased in the delivery of projects funded by Natural Resources Canada and how, in certain cases, those assets are depreciated.

15.4 Application and Scope:

15.4.1 These guidelines apply to all projects receiving funding under North American Wood First (Wood First).

15.5 Definitions:

15.5.1 "assets" are defined as purchased or leased materials and objects that have been:
a) identified by the applicant in its application for funding under the program, and
b) approved as an integral part of the funded project.

- 15.5.2 “consumable assets” are defined as assets which, through use over a short period of time, become obsolete, worn out or otherwise need to be replaced.
- 15.5.3 “disposition of assets” is defined as the disposal of assets from time to time and at the termination of the program. Assets may be sold at the end of the program or disposed of in a manner approved by the NRCan Wood Markets Secretariat.
- 15.5.4 “eligible expenses” are defined as “reasonable expenses incurred in the delivery of a project” that have been:
- a) identified in the project submission for funding;
 - b) approved by the program; and
 - c) identified in the annual Contribution Agreement.

15.6 Detailed Guidelines:

15.6.1 General

- 15.6.1.1 Associations are expected to use restraint and common sense in purchasing assets, and are expected, where practical, to share the assets among those organizations sharing common office space.
- 15.6.1.2 Certain expenditures are not normally eligible for funding under the North American Wood First program, including the purchase of any land, buildings, licensed vehicles, any not previously specified amortized expenses, memberships in health clubs, gymnasiums or private clubs, expenditures related to litigation, and opportunity or investment expenditures.
- 15.6.1.3 Wherever clarification is required, the association should contact the NRCan Wood Markets Secretariat. Written approval of the Program Manager is required for any deviation from the guidelines or for items not specifically referenced.
- 15.6.1.4 These guidelines do not supersede the actual wording provided in the Contribution Agreement between the recipient and Natural Resources Canada.

15.6.2 Leasing of Equipment and Other Property

- 15.6.2.1 As stated in 15.6.1.2, the purchase of land, buildings and licensed vehicles are not normally considered an eligible expense and reimbursement cannot be claimed from Natural Resources Canada.

- 15.6.2.2 Expenses of this type must be identified in the recipients' annual submission for funding and, if approved, should be rented or leased.
- 15.6.2.3 In exceptional circumstances, and only where it can be demonstrated that the cost of leasing exceeds the cost of purchasing, written approval to purchase the asset must be received from the NRCan Wood Markets Secretariat. Assets purchased without this approval will not normally be reimbursed.
- 15.6.2.4 Large capital investments may represent a significant expense and require disposition at the end of the program. Accordingly, it is recommended that such assets be leased for a specific period of time rather than be purchased.

15.6.3 Consumable Assets

- 15.6.3.1 Certain consumable assets used in the delivery of projects have a limited life expectancy before becoming obsolete and can be considered to be an eligible expense in the year in which they were purchased.
- 15.6.3.2 These assets, each typically costing less than \$1,000, include mobile telephones, digital cameras, computer software programs, electronic calculators, printers, facsimile machines, photocopiers and other office equipment.
- 15.6.3.3 Computers and furniture are not considered consumable assets and must be treated according to section 15.6.4.

15.6.4 Computers and Office Furniture

- 15.6.4.1 Laptop and office computers, servers, office furniture, etc., purchased to facilitate the delivery of projects funded by Natural Resources Canada, can be considered an eligible expense.
- 15.6.4.2 For equipment purchased after April 1, 2010, associations may claim a depreciation rate of 45 percent of residual value as a eligible expense on a yearly basis.

15.6.5 Disposition of Assets

- 15.6.5.1 From time to time and at the termination of Natural Resources Canada funding support, certain assets purchased as part of a recipient's approved projects may be disposed of by selling. As indicated in the Natural Resources Canada Contribution Agreement, Clause 13, entitled "Disposition of Property," the Minister may require a recipient to share the proceeds of this disposition in the same ratio as provided by Natural

Resources Canada's contribution, but not exceeding the original amount provided by Natural Resources Canada.

- 15.6.5.2 As stated in 15.6.3.1, consumable assets need not be treated as other assets and can be disposed of as they wear out or at the termination of the program.