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# TRADE ROUTES

*Application Guidelines for the  
Trade Routes CONTRIBUTIONS PROGRAM*

Canada

# Using These Application Guidelines

The Department of Canadian Heritage has prepared this document to assist applicants seeking project funding from the Trade Routes Contributions Program.

It provides information on:

- ▶ the Program and what is required of projects that the Program supports;
- ▶ how to complete the application form; and
- ▶ how to develop a project proposal in line with Program requirements.

Department of Canadian Heritage Trade Routes officers can respond to more detailed questions on the topics described throughout this document. They can guide arts and cultural organizations in the preparation of project applications.

*For more INFORMATION on Trade Routes Contributions Program,  
and for specific advice on Program application elements, contact:*

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**Department of Canadian Heritage**  
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**ANNEX A OFFERS A LIST OF TERMS AND THEIR DEFINITIONS THAT ARE USED IN THIS DOCUMENT**

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# 1. Foreword – Trade Routes

Canada's arts and cultural sector is an important part of Canada's economy – and an increasingly important part of Canada's export story.

On November 28, 2001, the Ministers from Canadian Heritage and International Trade, announced the three year, \$23 million Trade Routes program. Trade Routes is Canada's first innovative, market-driven strategy designed specifically to help the arts and cultural sector take full advantage of international business opportunities. Trade Routes was developed with the advice of leaders in the sector through Trade Team Canada – Cultural Goods and Services (formerly the Cultural Trade Advisory Board).

Trade Routes provides Canada's arts and cultural entrepreneurs with access to the full range of government trade programs and services that operate under the Team Canada Inc banner. It helps arts and cultural organizations and entrepreneurs to strategically increase their export capacity and sell in international markets. Support is available across all cultural sectors: performing arts; visual arts; film/video; broadcasting/television; music and sound recording; publishing; design; crafts; heritage; and new media.

Trade Routes has two objectives: to assist arts and cultural entrepreneurs to become more "export-ready" for international markets, and to assist them in increasing trade in arts and cultural products and services.

Trade Routes support is focused on initiatives that will help to achieve the following goals:

- ▶ increased Canadian exports of cultural products and services;
- ▶ an expanded cultural export product base;
- ▶ more Canadian cultural exporters;
- ▶ stronger international positioning for Canada's English and French language cultural products and services;
- ▶ improved Canadian share of global cultural trade;
- ▶ cultural exports to the United States at levels that capture the full market potential;
- ▶ diversification of markets beyond the United States; and
- ▶ a stronger "brand" for Canada through our arts and cultural exporters.

Trade Routes has a three-stream approach that provides:

- ▶ **project assistance**, through the **Trade Routes Contributions Program**;
- ▶ **trade advisers** at the Government of Canada's International Trade Centres in Vancouver, Winnipeg, Toronto, Montreal, Halifax and St. John's, at Canadian missions abroad in Singapore, Los Angeles, New York, Paris and London, and through the Trade Routes head office in the Trade and Investment Development Directorate of the Department of Canadian Heritage;
- ▶ **strategic market information**, including targeted market information on priority countries, reports on trade shows, surveys and profiles of Canadian cultural sectors, and collection of data on Canadian cultural exporters and cultural trade.

## 2. The Trade Routes Contributions Program

Trade Routes Contributions Program supports organizations in the arts and cultural sector to develop and pursue effective, long-term export strategies. It helps organizations take concrete actions to:

- ▶ prepare themselves to reach out to the international marketplace;
- ▶ identify international market opportunities; and
- ▶ connect with potential buyers and partners.

These actions can be as diverse as the development of marketing strategies, participation in trade shows, gathering of market information, development of alliances or partnerships, or development of innovative advertising tools.

The Trade Routes Contributions Program encourages the broadest range of organizations and businesses in the arts and cultural sector to become exporters.

The Trade Routes Contributions Program has two components:

### a) Export Preparedness

This component contributes to arts and cultural organizations becoming more “export-ready.” It assists them to do business and compete on a global scale through activities including:

- ▶ professional development in international business;
- ▶ first-hand and on-line exposure to markets and their business practices;
- ▶ development of new alliances and financial partnering;
- ▶ development of marketing strategies; and
- ▶ innovative advertising tools and approaches.

### b) International Market Development

This component assists organizations in the arts and cultural sector that are generally export-ready to build their capacity for successful international sales through activities including:

- ▶ market information and market services;
- ▶ feasibility studies;
- ▶ strategic support at key trade shows and contact events;
- ▶ innovative in-market tools (virtual trade shows, catalogues, etc.);
- ▶ incoming and outgoing trade/buyers missions (support for and participation in);
- ▶ business to business networking at international events in Canada or internationally; and
- ▶ attendance at international trade shows and visits to new markets.

### 3. Who can apply

The Trade Routes Contributions Program provides financial support to organizations in the following arts and cultural sectors:

- ▶ performing arts;
- ▶ visual arts;
- ▶ film/video;
- ▶ broadcasting/television;
- ▶ music and sound recording;
- ▶ publishing;
- ▶ design;
- ▶ crafts;
- ▶ heritage; and
- ▶ new media.

To receive Trades Routes Contributions Program funding, an organization must be either:

- ▶ a Canadian-owned and controlled cultural organization (including for-profit and not-for-profit corporations and associations) **incorporated** under the laws of Canada or of a province or territory (see Annex A for a more complete definition); or
- ▶ a national, provincial, municipal or community association; or
- ▶ an export-service provider, such as an industry association, business, academic institution or chamber of commerce.

**In order to be eligible, all applicants must demonstrate that:**

- ▶ their organization has been active for at least one year;
- ▶ their organization has an elected or appointed governing body (if applicable);
- ▶ their organization either owns the intellectual property rights attached to products it wants to export or has a clear mandate from the owners of the property rights; and
- ▶ the Canadian content of goods and/or services identified under the proposed project must be produced by Canadian-owned and-controlled companies.

The Department of Canadian Heritage **cannot** provide Trades Routes Contributions Program to:

- ▶ individuals;
- ▶ companies that are registered but not incorporated; or
- ▶ federal, provincial and territorial government institutions, organizations and Crown corporations.

## 4. When to apply

The Trade Routes Contributions Program operates on a Government of Canada fiscal year basis, which begins on April 1 of a given year and ends on March 31 of the following year. Applications can be submitted throughout the fiscal year. The Program will not provide funding for a multi-year project that extends over two Government of Canada fiscal years.

There are no routine preset deadlines. However, since the time needed for due diligence assessment of a proposal may be as long as approximately six months, applicants are encouraged to submit their proposals well in advance of the expected starting date of the initiative.

The Department of Canadian Heritage reserves the right not to consider applications that do not account for this assessment timeline, or if all available funds have already been committed for a fiscal year.

**Note:** *Applications cannot be processed until all information required under the application guidelines is complete.*

## 5. Funding criteria

Trade Routes Contributions Program proposals are assessed and recommended by Department of Canadian Heritage staff for approval by the Minister of Canadian Heritage. These assessments are based on the Program's funding criteria.

The Department gives priority to projects that reflect a long-term export strategy and that also demonstrate partnerships, including the use of contributions from different sources ("leveraging"). The Department reserves the right to determine the type and amount of operating expenses that are eligible for financial assistance under the Program.

All agreements and subsequent payments are subject to the availability and approval of program funds by the Minister of Canadian Heritage. Any activities initiated before this approval would be at the organization's risk.

### **Funding criteria for the Trade Routes Contributions Program:**

- ▶ All applicants for Trade Routes Contributions Program funding must be registered, or in the process of registering, in the Canadian Exporters Database, "The Virtual Trade Commissioner" (formerly WinExports) at [www.infoexport.gc.ca](http://www.infoexport.gc.ca);
- ▶ The goods and/or services identified under the proposed project must not, in the view of the Department of Canadian Heritage, contain material considered to be hate propaganda, sexual exploitation, excessive or gratuitous violence, denigrating to an identifiable group, or in any other way offensive;
- ▶ Proposals must demonstrate the presence of Canadian content;
- ▶ The applicant must have a demonstrated strategic business development plan within the arts and cultural sector it represents;
- ▶ The total assistance for a project from all government sources, (federal, provincial, territorial and municipal) cannot exceed 75% of total project budget (*this criterion is described in more detail in the box on "Stacking Limits"*).
- ▶ The amount of funding requested under the Program cannot exceed 75% of the total eligible project costs (see below).

### Eligible Project Costs:

Typical eligible project costs include, but are not necessarily limited to:

- ▶ the production and distribution of marketing tools and training;
- ▶ implementation and reporting of domestic and international surveys;
- ▶ provision of export services;
- ▶ international business research and development;
- ▶ transportation of personnel and sample materials necessary to attain project objectives;
- ▶ accommodation;
- ▶ market information and services;
- ▶ consulting fees;
- ▶ market entry support;
- ▶ entry fees and operating costs for trade fairs and related events; and
- ▶ translation and interpretation fees.



### **Ineligible Project Costs:**

Some costs are not eligible. These typically include:

- ▶ staff salaries and benefits;
- ▶ capital costs;
- ▶ legal fees;
- ▶ touring costs;
- ▶ allocations of costs that are not directly attributable to the project; and
- ▶ allowance for profit.

#### **“Stacking Limits”**

- ▶ These application guidelines point out that the maximum financial assistance provided per application for Trade Routes Contributions Program funding is \$100,000 per Government of Canada fiscal year, and that the maximum amount payable to each recipient cannot exceed \$100,000 per Government of Canada fiscal year. They point out that assistance from this Program cannot exceed 75% of eligible project costs.
- ▶ Trade Routes encourages applicants to use, or “stack”, assistance from other levels of government or other Government of Canada sources to support a project. However, the total assistance for a project from all government sources, (federal, provincial, territorial and municipal) cannot exceed 75% of the total project budget.
- ▶ If a project or activity funded by the Trade Routes Contributions Program is found to exceed the “stacking limits”, the recipient will have to repay the Crown on a prorated basis (based on the federal proportion of total assistance received).

## 6. The assessment process

The Minister of Canadian Heritage makes a final decision on funding proposals only after the Department has conducted its due diligence assessment and recommendation process. The process involves the following major steps:

- ▶ acknowledgement of receipt of the application package;
- ▶ review of the application for completeness and general eligibility;
- ▶ communication with the applicant if additional information is required;
- ▶ assessment of the proposal on the basis of its merits and against Trade Routes' objectives and priorities; and
- ▶ development of a recommendation to the Minister of Canadian Heritage for final approval.

Officials of the Department of Canadian Heritage are required to identify the best possible initiatives based on:

- ▶ Canadian content;
- ▶ innovative and forward-looking elements; and
- ▶ contribution to a positive international image of Canada.

Those officials also analyze and assess how well a project meets effective project management criteria, including:

- ▶ expected direct business impact of the project, using demonstrable qualitative and/or quantitative measures;
- ▶ ability of the applicant to implement the project successfully;
- ▶ feasibility of the project budget;
- ▶ feasible business case; and
- ▶ financial and in-kind commitments or other sources of funding, including contributions from other partners for the project.

In developing a proposal for Trade Routes Contributions Program funding, an applicant is expected to show how the project:

- ▶ will help generate results that are consistent with Trade Routes' goals;
- ▶ reflects a long-term export strategy; and
- ▶ will add to skills and information development in Canada's arts and cultural sector.

## 7. Other significant project conditions

The agreement between the Department of Canadian Heritage and any organization receiving Trade Routes Contributions Program support has a series of specific terms and conditions. Some are important to recognize at the time the organization is preparing its proposal.

- ▶ An organization receiving Trade Routes Contributions Program funding can only use it for the purposes set out in the contribution agreement. Any funding not used for these purposes must be returned to the Department of Canadian Heritage. Once funding has been provided, no substantial changes can be made to the project without the written consent of the Department.
- ▶ All recipients of Trade Routes Contributions Program funding must prepare and submit final reports on the results of their projects and complete a questionnaire that is designed to assist the Trade Routes Contributions Program to assess performance measurements and results feedback. In addition, all recipients are required to cooperate fully with any evaluation of the contribution conducted by the Minister or anyone authorized to act on the Minister's behalf and must provide such data and facilities to any person conducting such evaluation as may be necessary to the proper conduct of such evaluation.
- ▶ The Department of Canadian Heritage may examine and audit a recipient's financial records and accounts to verify that funds were used in ways that were consistent with the contribution agreement.
- ▶ The recipient shall ensure that its communications with and services to the public are provided in both official languages in accordance with the spirit and intent of Part IV of the *Official Languages Act*.

**The Trade Routes contribution agreement requires the recipient of funding to recognize the financial support provided by the Government of Canada by printing the "Canada" wordmark and including the following sentence in all public announcements, news releases, publicity and other products related to the project:**

**"We acknowledge the financial support of the Government of Canada through the Trade Routes program of the Department of Canadian Heritage for this project/*Nous reconnaissons le soutien financier du gouvernement du Canada, par l'entremise du programme Routes commerciales, du ministère du Patrimoine canadien, pour ce projet.*"**

**Successful applicants are also expected to provide copies of all their public relations material related to the project financed under the Trade Routes Contributions Program.**

## 8. How to complete a project application

- A** Trade Routes Contributions Program application package consists of three parts:
- ▶ a completed Trade Routes Contributions Program application form;
  - ▶ background documentation to support the application; and
  - ▶ a project proposal.

An application may include more than one activity. Organizations that are requesting support for more than one activity should indicate their priorities for support.

### **A) The Trade Routes Contributions Program Application Form**

This form is included with this guide. The organization requesting support from the Trades Routes Contributions Program uses this form to provide general information about itself to the Department of Canadian Heritage.

**Part A** asks for full information on the delegated signing authority and on the status of the organization, business or other entity that is requesting Trade Routes Contributions Program funding. This will be used to determine if the applicant is eligible for funding as described in Section 3 of this guide.

**Part B** asks for information that describes the organization's mandate, history, profile, resources and sales (see "*Background Documentation*" below for further requirements).

**Part C** asks for project information including a detailed budget representing all sources of revenue and items of expenditure relating to the project, as well as a monthly cash flow statement.

**Part D** asks for required supporting documentation including articles of incorporation papers, letters patents, etc. Please see Section B entitled **Background Documentation** below.

**Part E** asks for the signature of the representative who is duly authorized by the organization to make this application.

### **B) Background Documentation**

The following supporting material is required for all applications:

- ▶ a copy of the letters patent, or corporate charter and article of incorporation, and any other official documents providing evidence of ownership and control as described in "Annex A";
- ▶ proof that the board of directors or responsible officers have authorized the project where applicable, such as a letter signed by the chief executive officer or a copy of the minutes of a meeting showing formal authorization of the project;
- ▶ a strategic business plan of the organization submitting the application;

- ▶ the most recent financial statements — audited, if available — (for example, a balance sheet and statement of operations) signed by a person with appropriate signing authority;
- ▶ a list of all sources of financing and partners for the project;
- ▶ a disclosure of the fact that the applicant is not in default with the Crown;
- ▶ a copy of the organization’s Virtual Trade Commissioner (formerly WinExports) registration or application; and
- ▶ a list of all federal, provincial/territorial and municipal funding programs to which the applicant has applied seeking support for the project.

### C) The Project Proposal

The project proposal provides the details that will enable the Department of Canadian Heritage to understand all aspects of the proposed project in order to make an informed assessment. The detailed project proposal (no more than five pages) should be organized as follows:

- ▶ A short project title that summarizes the project (e.g., “*Alberta Heritage Restorers – Trade Show Strategy*”)
- ▶ A description of the applicant’s current overall export strategy that clearly identifies how the project will help to achieve the export objectives.
- ▶ The following project details:
  - **Trade Routes Contributions Program Component:** Indicate the Trade Routes Contributions Program component(s) – Export Preparedness and/or International Market Development – for which support is requested.
  - **Project Objectives:** Describe the project’s goals, briefly and clearly. They should demonstrate a relationship to the objectives of the Trade Routes Contributions Program and to the objectives, mandate, overall business plan and export strategy of the organization making the application.
  - **Project Description:** The proposed start and end dates of the project must be indicated. The **Project Start Date** corresponds to the date when the first eligible expense is incurred, and the **Project End Date** corresponds to the date when the final eligible expense is incurred or anticipated. Project applicants need to demonstrate precisely how they intend to achieve their goals through the proposed project. The plan should include information, such as target markets and opportunities, primary and secondary activities that will form part of the project, scheduling of major activities, the human and financial resources to be used, as well as sufficient information to prove the organization has the expertise and capacity to meet the expected goals of the project. It should include information on any partner or partners who will participate in the project.

## 8. How to complete a project application - *cont'd*

- **Measurement of Results:** Project applicants need to demonstrate the way they will track the project's success. This can include quantitative results (e.g., sales) and qualitative results (e.g., demonstrable awareness of potential for exporting, information sharing, increase in knowledge).
- **Financial Details:** The proposal must show the expected total cost of the project and the amount of funding being requested from the Trade Routes Contributions Program. The financial details must also include an itemized budget for the entire project. That budget is expected to show projected expenditures as well as anticipated and confirmed revenues. It is expected to include a list of all sources of private and public financing, including in-kind contributions. It must show expected contributions from all partners in the project.

### Formatting and Submitting the Project Application

1. Carefully review the application to ensure that all required documentation is enclosed. Missing or incomplete applications will delay the assessment process.
2. Submit two copies of the application package. The project proposal must be printed on single-sided paper.
3. Pages are to be held together by staples or paper clips only – not a binding that makes it difficult to take the application apart for copying and filing.
4. Mail the project application to:  
Trade and Investment Development Directorate  
Department of Canadian Heritage  
6<sup>th</sup> floor, 15 Eddy Street  
Hull, Quebec  
K1A 0M5

**The Department of Canadian Heritage requires an actual original signed copy of the application form *by the organization's delegated signing authority.***

# Annex A - Important definitions

## ***Canadian Ownership and Control***

For the purposes of the Trade Routes Contributions Program, “Canadian” means:

- (a) Canadian citizen;
- (b) permanent resident within the meaning of the Immigration Act;
- (c) Canadian corporation;
- (d) partnership, trust or joint venture in which a person or any combination of persons referred to in (a), (b) or (c), beneficially owns or controls, directly or indirectly, interests representing in value at least 51% of the total value of the assets of the partnership, trust or joint venture, as the case may be, and of which the chairperson or other presiding officer and more than half of the directors or other similar officers are persons referred to in (a) or (b) above; or
- (e) non-profit organization in which more than half of its members and directors are persons referred to in (a) or (b) above.

“corporation” means a corporation:

- (a) that is incorporated under the laws of Canada or a province/territory;
- (b) whose principal place of business is in Canada;
- (c) whose chairperson or other presiding officer and more than half of the directors or other similar officers are Canadian citizens or permanent residents within the meaning of the Immigration Act;
- (d) in the case of a corporation with share capital, of which Canadians beneficially own or control, other than by way of shares held only as security, directly or indirectly, in the aggregate at least 51% of all the issued and outstanding voting shares representing more than half of the votes; and
- (e) in the case of a corporation without share capital, of which Canadians beneficially own or control, directly or indirectly, interests representing in value at least 51% of the total value of the assets.

For the purpose of this Program, a person who is controlled in any manner by a person or entity that is not a Canadian, whether directly through the ownership of securities or indirectly through a trust, an agreement, an arrangement or otherwise, is deemed not to be a Canadian.

## ***Contribution Agreement***

For the purpose of this Program, contribution agreements are undertakings between a donor department and a prospective recipient of a contribution that describe the obligations of each.

## ***Due Diligence***

For the purpose of this Program, due diligence means ensuring that funding decisions take all of the criteria set by Treasury Board and the Department of Canadian Heritage into account and are based on reliable information.

## Annex A - Important definitions - cont'd

### **Financial Statements**

For the purpose of this Program,

- (a) unaudited financial statements means any examination of the accounts and records of an applicant;
- (b) financial report includes a detailed statement of all sources of revenues and items of expenditure incurred by the recipient for the project funded under this Program. The financial report shall be prepared in accordance with generally accepted accounting principles and signed by one representative duly authorized of the organization.

### **Fiscal Year**

This refers to the Government of Canada fiscal year, which runs from April 1st of a given year to March 31st of the following year.

### **In-kind Contribution**

The contribution by an individual, business or organization of materials, goods, services or time to the project that would otherwise require a financial expenditure to achieve the same results.

### **Team Canada Inc**

Team Canada Inc (TCI) is a network of more than 20 federal government departments and agencies working with provinces and territories and other partners to help Canadian businesses succeed in world markets.

TCI's purpose is to provide the Canadian business community with single-window access to fully integrated Government of Canada services, with a view to enhancing exporter capability and preparedness and international market development success.

TCI is a Canadian company's first stop en route to the information, skills, counselling, market entry support, financing and in-market assistance they need to make export venture a success.