Q&As – Regional Relief and Recovery Fund - support for businesses in rural southern Ontario through southern Ontario CFDCs

Q1. What does this new funding include?

A1. This is special one-time relief funding established by the Government of Canada to support businesses, organizations and communities impacted economically by the COVID-19 pandemic.

The national $962-million Regional Relief and Recovery Fund (RRRF) provides funding to small- and medium-sized enterprises (SMEs) that are unable to access the government's existing support measures, and access to capital for rural businesses.

Of this funding, $252.4 million is available through the Federal Economic Development Agency for Southern Ontario (FedDev Ontario).

On May 13, FedDev Ontario launched the RRRF application process for SMEs facing financial pressures due to COVID-19. FedDev Ontario is delivering $213 million to help support fixed operating costs of SMEs, where business revenues have been affected by the COVID-19 pandemic.

In addition, $39.4 million is being delivered by southern Ontario's Community Futures Development Corporations to provide rural businesses with access to capital and business support.

As strategic partners, CFDCs are well-positioned as key resources in your communities to offer the targeted support needed by local small businesses.

Q2. What does this funding support?

A2. The government has introduced several measures to support businesses affected by COVID-19, as part of the Government of Canada's COVID-19 Economic Response Plan. Small businesses are the backbone of our economy and many have limited access to

traditional financial institutions or other business service providers. The government is working around the clock to give these businesses the support they need to get through this challenging time.

The RRRF is targeted support for SMEs that do not qualify for, or have been declined for, current Government of Canada COVID-19 relief measures.

Funding is available through two streams:

1. Direct support through FedDev Ontario for SMEs facing financial pressure dueto COVID-19.
2. Support through CFDCs for rural main street businesses and small/micro enterprises in communities serviced by CFDCs. Eligible SMEs can apply directly to these CFDCs for financial support to relieve the economic challenges posed by COVID-19.

If you have attempted to access other relief federal supports and were ineligible or declined, or require additional support , you may apply. Note that priority will be given to applicants who were ineligible for other federal relief supports.

Applicants must demonstrate through an attestation that they have not or will not apply for or accept other equivalent Government of Canada support.

Q3. How much money will be allocated to this new initiative?

A3. Funds will be allocated under two streams:

1. $675 million nationally ($213 million through FedDev Ontario) to support businesses in regions all across Canada. Applications under this stream are to be submitted directly to FedDev Ontario at http://www.feddevontario.gc.ca/RRRF;

2. $287 million to support the national network of Community Futures Development Corporations ($39.4 million in southern Ontario), which will provide support targeting critical businesses and

organizations in rural communities. Applications under this stream are to be submitted directly to local CFDCs.

Q4. How much will be available through southern Ontario's CFDCs?

A4. Of the $287 million announced for the Community Futures Program, $39.4 million is allocated for CFDCs across southern Ontario.

Q5. What support does this funding offer to small businesses in rural southern Ontario?

A5. Through the RRRF, loans provided by CFDCs to businesses in their communities are intended to help support fixed operating costs of SMEs, where business revenues have been affected by the COVID-19 pandemic.

CFDCs will be able to issue loans to a maximum of $40,000 at zero percent interest. If the loans are repaid in full prior to December 31, 2022, 25 percent (to a maximum of $10,000) will be forgiven.

Applicants interested in higher amounts should apply directly to FedDev Ontario.

Q6. Who can apply for funding and what are the eligibility criteria?

A6. This new funding supports businesses impacted by the COVID-19 pandemic who are unable to access existing federal relief measures.

If you are an SME interested in a loan of up to $40,000 to help your business, you may be eligible to receive RRRF support from your local CFDC.

Eligible Applicants:

- Funding is available to SMEs that are either ineligible or rejected from other government relief measures, or that have operating expenses in excess of the support received.

- CFDCs may give priority to “main street” businesses and small/micro enterprises, including, for example, retail shops, restaurants, corner stores etc. and businesses of strategic importance to the community.

- Eligible applicants must also meet the following criteria which will be captured in an attestation form to be provided by FedDev Ontario:
    - established prior to March 1, 2020
    - impacted adversely due to the COVID-19 pandemic
    - viable and not experiencing financial difficulties prior to March 1, 2020
    - have attempted to access other federal relief supports and were ineligible, rejected, or require funding for expenses in excess of support already received, with priority given to applicants who were ineligible or rejected from other federal relief supports.

  * Note that businesses may also be eligible to receive RRRF funds from FedDev Ontario, but may not receive RRRF assistance from both a CFDC and FedDev Ontario.

  Applicants must demonstrate through an attestation that they have not or will not apply or accept other equivalent Government of Canada support.

Q7. What is the application process?

A7. Funding is now open for application here [link to where to apply on CFDC site].

Applicants are encouraged to contact their local CFDC for more information and to apply.

The application process will be publically available until all funding is allocated.

Q8. When does the window for applications open and when will it close?

A8. *[This response is to be tailored by each CFDC depending on their launch date].* Applications are accepted on an ongoing basis with no

submission deadlines. However, do not delay in applying as interest in the RRRF is expected to be high. Applications will be accepted and reviewed when received until the Fund is fully committed.

Q9. How much funding are applicants eligible to receive from their local CFDC?

A9. Loans of up to $40,000 are available through the CFDCs. Those seeking loans over $40,000 should consult the program guidelines and eligibility criteria for RRRF funding through FedDev Ontario.

Q10. What considerations will drive funding decisions?

A10. CFDCs will prioritize assistance to “main street” businesses, including, for example, retail shops, restaurants, and corner stores, etc., as well as businesses of strategic importance to the community.

Eligible SMEs will have to demonstrate the financial hardship they are experiencing as a result of COVID-19 and the need for financial assistance to support their fixed operating costs during this period.

While SMEs that have already received funding from other federal relief measures can still apply if their funding requirements exceed support received to-date, priority will be given to SMEs who have been deemed ineligible or declined from accessing other COVID-19 federal relief measures.

Q11. When will decisions on applications be made and announced?

A11. Applications will be assessed as they are received. It is expected that CFDCs will respond as quickly as possible using a streamlined approach and communicate directly with the applicant once a decision has been made.

Q12. Can I apply if I am already receiving Government of Canada funding?

A12. This funding is intended to address gaps for firms that are ineligible under other Government of Canada COVID-19-related support programs.

If you have attempted to access other relief federal supports and are ineligible or were declined, or if you received funding and have operating expenses in excess of the support received, you may apply (please note that priority will be given to those who have been rejected or ineligible for receiving other government relief measures).

Applicants must demonstrate through an attestation that they have not or will not apply or accept other equivalent Government of Canada support.

Q13. How does this Fund differ from other COVID-19 funding measures announced?

A13. This funding is intended to help support fixed operating costs of SMEs, where business revenues have been affected by the COVID-19 pandemic. It is intended to address gaps for firms that are ineligible under other federal COVID-19-related support programs, or that have operating costs in excess of the funding they have received (priority will be given to those SMEs who have thus far been deemed ineligible or rejected from accessing these other government supports).

Q14. Can a tourism-related business or organization apply for funding?

A14. Yes, tourism-related businesses can apply. However, funding is not available for not-for-profit tourism organizations.

Q15. Is there support available to Indigenous businesses?

A15. Yes. Indigenous SMEs are encouraged to apply through the CFDC that services their community. They are also eligible to apply directly to FedDev Ontario for support under the RRRF.

Similar to other applicants, Indigenous SMEs will have to demonstrate that they were either unable to access other government relief measures, or require additional support.

Q16. How long will this funding be available?

A16. This funding aims to mitigate the financial pressure experienced by small businesses and organizations in Canada's rural regions, allowing them to continue their operations. This funding is for the 2020-21 fiscal year.

Applicants are encouraged not to delay in submitting applications as demand is expected to be high.

Q17. What are the lending terms required for the loans coming from this funding?

A17. Loans made by CFDCs using this funding will include the following terms:

- Zero percent interest until December 31, 2022.
- No principal payments until December 31, 2022.
- Principal repayments can be made voluntarily at any time.
- 25 percent up to a maximum of $10,000 in loan forgiveness is available, provided the outstanding balance is repaid by December 31, 2022.
- If any part of the balance is not paid by December 31, 2022, the remaining balance will be converted to a term loan at up to five percent annual interest. Effective January 1, 2023.
- The full balance must be repaid no later than December 31, 2025.

Q18. Does a portion of this funding provide for non-repayable contributions to CFDC clients?

A18. 25 percent, up to a maximum of $10,000 in loan forgiveness, is available, provided the outstanding balance is paid back by December 31, 2022.

Q19. At which rate are CFDCs lending this new funding?

A19. Loans will be made at zero percent interest.

Q20. Can a business apply to both FedDev Ontario and a CFDC?

A20. A business may apply to both FedDev Ontario and a CFDC, but

cannot receive RRRF funding from both.

If you are a rural “main street” businesses including, for example, retail shops, restaurants, and corner stores or a social enterprise interested in a loan of up to $40,000 to support your COVID-19-affected business, you should consider applying for RRRF support from your local CFDC.

Other rural SMEs seeking up to $40,000 or firms interested in higher rates of support should apply directly to FedDev Ontario. Please visit the FedDev Ontario website and review the program information and applicant toolkit for more information and help determining which stream is right for you. Should you have additional questions, please call your local CFDC.

Q21. How will FedDev Ontario and the CFDCs work together to ensure a business receives assistance from only one or the other?

A21. FedDev Ontario will ask all applicants to identify if they have submitted an application to a CFDC. In these instances, FedDev Ontario will consult with the CFDC to ensure no duplication of support is provided to the SME.

In addition, CFDCs will request the completion of an attestation from all applicants to indicate they will not receive equivalent Government of Canada support from other sources and specifically, no RRRF funding from FedDev Ontario.

Q22. Can a loan client who received a preferred rate for COVID-19 relief transfer their approved loan to this funding given 25 percent is potentially forgivable?

A22. Under no circumstances can an existing loan be converted to a loan under the RRRF. Existing recipients must re-apply for support under RRRF.

If a loan client received a preferred rate loan for COVID-19, they would not receive priority under the RRRF intake.

Q23. Will CFDCs retain these funds after the loans are paid back?

A23. Yes. CFDCs are required to track the investments separately for the duration of their contribution agreement and will repurpose the funds for the CFDC lending activity permitted under existing provisions of the CFP.

Q24. Does the interest rate have to be zero percent?

A24. Yes. All investments made under the RRRF will be issued at zero percent interest.

Q25. What support is available for businesses that do not fit into the two streams?

A25. The Government of Canada has introduced a number of measures to support businesses, organizations, workers and communities through the COVID-19 global challenge, as part of Canada's COVID-19 Economic Response Plan.

As well, FedDev Ontario offers a number of existing programs and services to help businesses, not-for-profits and communities grow.

Your local CFDC is also there to offer support, financing and assistance with strategic planning for rural businesses.

Q26: Since our CFDC offered emergency loans for COVID relief since March 21 at preferred interest rates, can these loans be redone under the new RRRF stream at zero percent?

A26: The intent of the RRRF funds is to support businesses that have been rejected or ineligible for other government relief measures. If a SME is already receiving assistance through a CFDC emergency loan, it would be difficult to argue they meet that criteria. If the financial need is greater than what was already provided through the CFDC emergency loan, these SMEs can be encouraged to apply for additional support under the RRRF if they meet the criteria. To be clear, under no circumstance can an existing CFDC emergency loan be transferred/ported over into an RRRF loan.

Q27: Can loans be back-dated to March 16, when the economic shut-

down started?

A27: Given that the new three-year contribution agreements commence April 1, 2020, this is the earliest possible start date for use of these funds.

Q28: Can the CFDC modify the eligibility criteria for loans in order to narrow the eligibility?

A28: No. CFDCs must advertise/market the same RRRF loan product as the RDAs and the other CFDCs to ensure consistency. However, individual CFDCs can prioritize funding to align to the local economic context to be inclusive of strategic businesses and sectors within a CFDC catchment area.