

TRANSLATION

**MANAGEMENT FRAMEWORK OF THE FONDS D'APPUI AU RAYONNEMENT
DES RÉGIONS
FOR NUNAVIK**

Fonds d'appui au rayonnement des régions, in brief

The Fonds d'appui au rayonnement des régions (FARR – Regional Outreach Fund) is a new program of the Ministère des Affaires municipales et de l'Habitation (MAMH). It covers all regions of Québec, except the Capitale-Nationale and Montréal regions, for which other funds are provided. The amounts allocated to the FARR will serve completely for the funding of development projects, aligned to the priorities determined by each region. The projects will bear the distinctive stamp of regional outreach. By this approach, the Gouvernement du Québec is focusing its action on the regions. This document presents the management framework for Nunavik.

About regional outreach

Any project has regional outreach if it has impacts in the territory of more than one northern village. Local projects carried out in several northern villages and that contribute to the achievement of the same regional priority are also eligible. In this case, it is the sum of the projects, and not each project taken individually, that will have regional outreach.

Regional priorities and preferred actions

As a body responsible for acting in regional development, Kativik Regional Government (KRG) was invited to present the region's regional development priorities to the MAMH. Each priority may be associated with preferred actions. The fundamental issues of Nunavik are identified in the Parnasimautik consultation report, which is published on the KRG website.

Each October, the KRG Executive Committee establishes the regional priorities and preferred actions that could be supported by the FARR from April 1st to March 31st of the next year.

To be eligible for funding, a project must match a regional priority.

If it also matches a preferred action, it then will be more likely to be chosen by KRG.

The Regional Selection Committee

In Nunavik, the selection of the projects is made by the KRG Executive Committee. The composition of the committee is available on the KRG or the MAMH websites.

The Executive Committee prioritizes and chooses the projects to support under the FARR. The MAMH will look after the administrative aspects regarding the granting of assistance: verification of compliance with standards, memoranda of understanding with the beneficiaries, disbursement of assistance granted, and accountability.

The Executive Committee also determines the conditions of submission of projects and the region's specific selection criteria which are added, if applicable, to the basic criteria. Finally, it can determine rates of assistance or maximum amounts of assistance lower than those stipulated by the FARR. This document integrates the decisions made by the Executive Committee.

It should be noted that the committee members are bound by rules of conduct governing integrity, impartiality, confidentiality and announcement of projects. They may not disclose in any way the content of the projects received or the analysis performed. Only the general parameters of the projects and the funding granted will be made public, if applicable. They must also ensure they do not place themselves in a conflict of interest.

Special conditions – Nord-du-Québec

For geographic, cultural and legal reasons, Jamésie, Nunavik and Eeyou Istchee are distinct entities for the management of the FARR. In these entities, the projects must have outreach in multiple communities.

Jamésie has a Steering Committee and a Selection Committee. The Cree Nation Government and the Kativik Regional Government will present the projects directly to the MAMH for Nunavik and Eeyou Istchee.

Eligible bodies

The following bodies are eligible:

- Municipal bodies and northern villages;
- Private enterprises, except financial sector enterprises;
- Non-profit organization;
- Social economy enterprises, except financial sector enterprises;
- Cooperative, except financial sector enterprises;
- Bodies of the education networks;
- Legal persons wishing to start a private or social economy enterprise;
- Professional artists or groups of professional artists as part of agreements between KRG and the Conseil des arts et lettres du Québec.

A body registered in the Enterprise Register not eligible for public contracts is not eligible, however. A body in litigation before a court with the Gouvernement du Québec or in default of its obligations to the MAMH might not be eligible, depending on the nature of the litigation or the default and the issues raised.

Eligible projects

The FARR participates in funding of the eligible projects prioritized and chosen by the KRG Executive Committee, within the financial envelope determined and the FARR's standards. The granting of assistance is conditional on the availability of the appropriations.

The FARR may also participate in the funding of agreements between KRG and government departments or bodies, submitted by KRG, providing for the clauses required to qualify as an eligible project.

To be eligible, a project must contribute to the attractiveness of the living environments or business development:

- A project contributes to the attractiveness of the living environments if it improves the conditions related to the desire to stay in an environment for tourism purposes, or to settle or remain there to contribute to its prosperity;
- A project contributes to business development if it seeks the establishment of a new enterprise or the growth of an existing enterprise.

To be eligible for a grant, the project must also:

- Be carried out in the region's territory;
- Match a regional priority;
- Have regional outreach or in more than one northern village;
- Obtain sectoral funding when a government program exists and an envelope is available, since the FARR must not replace the existing programs but complement them;
- Not contradict a government policy or measure approved by the Conseil du trésor or the Gouvernement du Québec, or cover an activity already funded by budget rules approved by it;
- Comply with the legal and regulatory framework in force and the applicable national or international agreements;

- Not generate additional expenditures that could be induced for the Government subsequent to its performance or have major negative consequences for a sector of activity covered by the mission of a department or a body of the Gouvernement du Québec.

The MAMH will solicit the collaboration of the other departments concerned to verify the eligibility of the projects, particularly with regard to the last three points mentioned above, because they are relatively technical and probably very rare, and this verification cannot be strictly incumbent on the applicant for financial assistance. Unless there are exceptional reasons, this verification will be expected within 15 business days.

For the purposes of the FARR, a project is defined as time-limited initiative, ad hoc and non-recurring, and not including the permanent expenses the body must assume in order to remain active regardless of the volume of its activities.

Moves of enterprises from other Québec administrative regions are not eligible.

Project submission

The call for proposals is continuous. Proposals must be received before December 31st in order to be approved before the next March 31st.

Project evaluation

Here are the criteria to determine which projects to choose and prioritize:

- The match with a preferred action;
- The scope of the regional outreach, depending on the number of territories benefit from the impact of the project and the importance of this impact for the users, the clientele or the employees deriving benefits from it;
- The importance of the economic impacts on employment during and after performance of the project;
- The importance of the contribution requested from the FARR with regard to the scope of the regional outreach;
- The importance of the contribution requested from the FARR with regard to the contributions of other parties, including the beneficiary;
- The structuring aspect of the project, because it pertains to a field with appreciable growth potential or it allows removal of obstacles to development in this file, or it contributes to the establishment of sustainable synergy among the players for sustainable improvement of a given situation;
- The quality of the financing plan: realism of the anticipated costs, contributions of the partners involved and applicable government programs, confirmation of contributions;
 - Note that the applicant's financial contribution may also be indirect in the form of human or material resources, to be accounted for financially;
- The quality of the project implementation plan: probative connections between the steps, activities, resources and targets;
- The quality of the governance structure: clear relationships among the partners, established decision-making modes, eloquent roadmap of the project director and the project team.

Eligible expenditures

The eligible expenditures are enumerated below:

- a) The operating expenses directly related to the performance of the project (salaries, rent, acquisition of material and equipment, accountability).

- b) The costs of production of plans and studies (salaries and professional fees) pertaining to the finalization of the project:
- Production of a business plan;
 - Evaluation of the opportunity of a project, including the market analysis of a project;
 - Evaluation of the technical and financial feasibility of a project;
 - Definition and finalization of a concept;
 - Programming of activities;
 - Development and finalization of instruments or indicators allowing better measuring of a sector of activity, including the goodwill and economic impact studies related to projects.
- c) The costs of construction, development, performance or finalization of the project.

Ineligible expenditures

The assistance cannot serve to fund:

- The operating deficit of an eligible body, repayment of loans or replenishment of its working capital, unless this is part of a recovery plan that is part of the project;
- Expenditures incurred before a promise of assistance is sent by the Minister;
- Expenditures related to projects already carried out;
- Expenditures already paid by the Gouvernement du Québec, for the same project;
- The refundable portion of the taxes;
- Any expenditure not directly related to the project;
- The expenditures related to administrative or financial support for the work of the Regional Selection Committee;
- Any expenditure concerning the move of an enterprise from outside the administrative region;
- Any grant to the government administration, except for bodies of the education networks;
- Any expenditure related to activities governed by budget rules approved by the Gouvernement du Québec;
- Any expenditure concerning enterprises registered in the Register of Enterprises Ineligible for Public Contracts;
- Any form of loan;
- Any form of loan guarantee;
- Any form of equity acquisition.

Construction contract award rules

When the project seeks to fund the performance of construction work entrusted to a third party, the body eligible for financial assistance under this program, except for a private enterprise, must follow the rules regarding the awarding of construction contracts. For contracts:

- below \$25,000: by mutual agreement;
- for \$25,000 to \$99,999 : written invitation to at least three suppliers or contractors;
- for \$100,000 and over: public call for tenders.

For municipal bodies, education bodies or bodies mandated by the municipal sector, contracts for \$100,000 and over must be open to liberalization agreements.

A public call for tenders is not required, on notice by the Minister, when, due to an emergency, when the safety of persons or property is at stake or when only one contractor is possible due to a warranty, a property right or an exclusive right.

When the award rules of construction contracts of a body eligible for the program are more restrictive than the present rules, the body must apply its own rules.

Amounts of assistance and cumulative assistance

Maximum assistance amount:

- Any eligible agency and its subsidiaries, if applicable, may not receive more than one million dollars from the FARR per year, for the same project, for a maximum of 3 years.

Maximum assistance rate:

- Maximum financial assistance for a private business¹ is 50% of the eligible expenses.
- The maximum financial assistance for projects supported under specific agreements is 50 % of the eligible expenses.
- For all other projects, the maximum financial assistance is 80% of the eligible expenses.

Rule for the cumulation of assistance:

- No rule of cumulative assistance for FARR alone.
- If the project's financing is also covered by other programs, the FARR contribution will be limited by the most restrictive rule among these programs² and their definitions of eligible expenses.
- Notwithstanding any rule for cumulation under these programs, this may total 100 % for social or community projects that are rolled out on Quebec territory by a municipal entity or community agency, and for social housing projects sponsored by the Société d'habitation du Québec³. Private business projects and specific agreements may not benefit from this clause.

Term of assistance

A project cannot be financed for more than three fiscal years starting the year it is accepted.

Submission of applications for assistance

For its application to be studied, the body must:

- a) Comply with the conditions set out in the "Eligible projects" and the "Project evaluation" sections;
- b) Produce a complete application and transmit it to the Regional and Local Development Service of KRG, according to the form provided. The body must demonstrate the need for resorting to the FARR and provide the KRG with the information required to enlighten the decision of the Executive Committee.

The body may provide any other document considered relevant in support of its application.

Decision

The applicants for assistance whose projects will be selected will receive a letter from the MAMH confirming the promise of assistance.

The applications for financial assistance whose projects will not be selected will also be informed in writing by the MAMH.

¹ Including legally constituted entities whereby at least 50% of members are appointed by a private company or report directly to the latter, as well as legal persons who wish to launch a private business.

² The calculation of cumulative financial assistance includes direct and indirect assistance from federal and provincial government ministries and agencies, their crown corporations, and municipal entities (including the Fonds de développement des territoires). It excludes the beneficiary's contribution. Municipal entities: municipalities, regional county municipalities, metropolitan communities, agglomerations, and Aboriginal communities, as well as any other legally constituted entities whereby at least half of the members are appointed by or directly report to these entities. In this calculation, non-repayable assistance is considered at 100% of its value, while repayable assistance (including loans, loan guarantees, and equity investments in the form of share capital) is considered at 50% of its value.

³ When applicable and as compliant with the standards of the Société d'habitation du Québec approved by the Conseil des ministres.

Public announcement

The projects selected may be the object of a visibility protocol and a public announcement.

Information

For any question about the FARR, address the Regional and Local Development Service of KRG or the Direction régionale (regional directorate) of the MAMH.

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