

Federal government opens new agricultural clean technology program to applicants



JUNE 24, 2021 5 MIN READ

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On June 16, 2021, Marie-Claude Bibeau, federal Minister of the Department of Agriculture and Agri-Food Canada (AAFC) announced that the new \$165.7 million Agricultural Clean Technology Program (ACTP) is now open to applicants. The new program is part of the federal government's *A Health Environment and a Healthy Economy* climate plan, under which it hopes to create more than one million jobs and restore employment to pre-pandemic levels.

The ACTP is aimed at reducing greenhouse gas emissions and enhancing the competitiveness of Canadian farmers and agri-businesses by providing them with funding to develop and adopt green technologies. This program expands on the original ACTP introduced in 2018, which represented a \$25 million investment over three years to support research, development, and the adoption of clean technologies in the agriculture industry. Approximately 10% of Canada's greenhouse gas emissions are from crop and livestock production^[1], and Agriculture and Agri-Food Canada estimates that the new ACTP has the potential to remove up to one megaton of greenhouse gases from the Earth's atmosphere.^[2]

Funding under the ACTP is now split into two separate streams: the Research and Innovation Stream and the Adoption Stream. Within each stream, funding will be directed toward three priority areas: Green Energy and Energy Efficiency, Precision Agriculture and The Bioeconomy.

The Research and Innovation Stream

Program funding for the Research and Innovation Stream is an aggregate of up to \$50 million over seven years, ending on March 31, 2028. Support under this stream is available in the form of repayable and non-repayable contributions from Agriculture and Agri-Food Canada, and will be prioritized for near market-ready technologies that demonstrate potential in reducing greenhouse gas emissions through green energy and energy efficiency, precision agriculture, and the bioeconomy.

The maximum amount payable to a recipient will generally not exceed \$2 million per project, or a total of \$5 million for multiple projects. The default project cost share ratio is a maximum contribution of 50% from the program and a minimum contribution of 50% from the applicant, but more favourable cost-share ratios may be accepted where the majority of the business is owned or led by one or more under-represented groups.

Eligible activities under the Research and Innovations Stream include applied research and development of clean technologies, piloting and evaluating clean technologies, knowledge and technology transfer activities, and commercializing and scaling up clean technologies. Examples of potential projects that could be funded are the development of zero-emissions on-farm equipment and machinery, the development of decision support tools and technologies that improve real-time nutrient management, and biofuels production. For more information on the types of activities covered under the Research and Innovation Stream, see the applicant guide [here](#).

Eligible applicants under the Research and Innovation Stream include:

- for profit-organizations, including agri-food processors
- not-for-profit organizations, including co-operatives
- Indigenous groups.

This stream is not open to financial institutions, academic institutions, Crown corporations, the federal government, foreign governments, or individuals.

The Adoption Stream

Program funding allocated toward the Adoption Stream is an aggregate of up to \$100 million over five years, ending on March 31, 2026. These funds will support the purchase and installation of commercially available clean technologies and processes by on-farm and agri-food sector participants. A total of \$50 million will be specifically allocated for the purchase of more efficient grain dryers for farmers, and \$10 million will be directed towards moving farms away from fossil fuels and towards alternative energy. Support will be provided in the form of non-repayable contributions from Agriculture and Agri-Food Canada.

The Adoption Stream will focus its funding on projects valued at \$50,000 or more of total eligible project costs. The maximum amount payable to a recipient generally will not exceed \$2 million per project, or a total of \$5 million for multiple projects. The default project cost share ratio is a maximum contribution of 50% from the program and a minimum contribution of 50% from for-profit applicants, while not-for-profit applicants are eligible for up to a 75% contribution from the program. Again, more favourable cost-share ratios may be provided where the majority of a business is owned or led by one or more under-represented groups.

Examples of eligible activities under the Adoption Stream include the purchase and installation of solar panels, energy-efficient irrigation systems and watering systems for livestock, heat pumps and frequency converters, nutrient management technologies that optimize fertilizer application, and anaerobic digesters for processing agricultural waste into bioenergy. For more information on the types of activities covered under the Adoption Stream, see the applicant guide [here](#).

Eligible applicants under the Adoption Stream include:

- for-profit organizations, including farm businesses and agri-food processors
- not-for-profit organizations, including co-operatives
- individuals, sole proprietors
- Indigenous groups

This stream is not open to financial institutions, Crown corporations, federal government departments and agencies, or foreign governments.

Additional support for farmers

In addition to the expansion of the ACTP, Budget 2021 announced the federal government's intention to return a portion of proceeds from the price of pollution directly to farms in backstop jurisdictions (currently Alberta, Saskatchewan, Manitoba, and Ontario) beginning in 2021-22. This decision was made in recognition that many farmers use natural gas and propane in their operations. It is estimated that farmers would receive \$100 million in the first year and that returns in future years will be based on proceeds from the price on pollution collected in the prior fiscal year. Further details are expected to be provided later in 2021 by the Minister of Finance. Like the ACTP, this initiative is intended to help farmers transition to greener and more fuel-efficient ways of farming. More information on proposed support for farmers related to the green energy transition can be found in [Chapter 5 of Budget 2021](#).

The foregoing is not intended to be a comprehensive overview of the ACTP. For further information regarding the ACTP, or other questions relating to agriculture in Canada, please contact members of Osler's [AgriBusiness](#), [AgTech](#) and [Cleantech](#) teams.

[1] Agriculture and Agri-Food Canada, "Greenhouse gases and agriculture" (30 January 2020), online: *Government of Canada*

Website <www.agr.gc.ca/eng/agriculture-and-the-environment/climate-change-and-air-quality/greenhouse-gases-and-agriculture/?id=1329321969842>

[2] Agriculture and Agri-Foods Canada, "Helping farmers and agri-businesses adopt clean technologies to reduce emissions and enhance competitiveness" (4 June 2021), online: *Government of Canada*

Website <www.canada.ca/en/agriculture-agri-food/news/2021/06/helping-farmers-and-agri-businesses-adopt-clean-technologies-to-reduce-emissions-and-enhance-competitiveness.html>