



## RDI MEDIA BACKGROUNDER

RDI: an important new initiative with the potential to deliver significant economic gains

The Community Futures Network of Alberta (CFNA) is pleased to announce RDI: Rural Diversification Initiative, an important new initiative created to provide funds for economic diversification projects in Alberta.

For over twenty years, Community Futures has nurtured rural diversification by working with communities, entrepreneurs, and businesses that want to grow and evolve. RDI: Rural Diversification Initiative is an important new initiative with the potential to deliver significant economic gains through partnerships between communities and entrepreneurs.

### About Community Futures

Community Futures (CF) is an economic development program funded in western Canada by Western Economic Diversification Canada. Community Futures offices are non-profit organizations guided by volunteer boards of directors and staffed with business professionals. Together, they are actively engaged in helping to develop and implement community-based economic development and diversification strategies.

Our core services include:



**Small Business Loans:** We offer eight different loan products, each designed to meet a particular business need.



**Community Economic Development:** We work alongside community leaders and other key stakeholders to develop a strategic vision for the future of our rural communities.



**Self Employment Program:** This program (available only in some areas) provides business training and financial assistance to new entrepreneurs while they get their business up and running.



**Entrepreneurs with Disabilities Program:** This program provides business training, mentoring and business loans to entrepreneurs with disabilities.



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The Community Futures Network of Alberta (CFNA) was created in 1995 to support the 27 individual Community Futures offices in the province.

### **What is rural diversification, and why does it matter?**

In the simplest terms, rural diversification involves changing and growing local economies so that they no longer rely completely on one particular industry. In Alberta, rural economies have traditionally been based on primary activities such as farming, oil and gas extraction, mining and forestry. If one of these industries experiences a slump, or even collapses, the local economy suffers extreme consequences.

Since diversified economies produce revenues from a variety of sources, they are far more resilient during economic downturns. For example, marketing to local, domestic and international markets means that sales will be less affected by any regional crises. When a primary industry, such as forestry, goes into a slump, secondary industries in the same field, such as wood manufacturing, may still be viable. And if there are several sources of jobs in a region, then having one industry fail doesn't create such dire economic repercussions.

### **How does rural diversification happen?**

In the best case scenario, rural economic diversification happens naturally and organically. Take for example the town of Drumheller, which was able to capitalize on its fossil-rich environment and transform itself into a booming tourism destination, while still maintaining its farming and oil extraction industries.

Often, however, diversification is achieved only after careful planning and hard work. Communities that want to continue to succeed in the new economic climate must look ahead and make careful decisions about how to create a viable and sustainable future.

Rural diversification is best achieved by focusing on:

- Innovation: this can mean developing new products or services, creating enhancements within an existing industry – such as computerization – or using new technology or materials.
- Human Capital: this is the knowledge, skills, and abilities of the people in an area, and it can be increased through education, training, and by attracting talented new people to the region. Increased human capital is linked to increased rural diversification.
- Cluster Development: this can be defined as a geographic grouping of related companies or businesses – think of how IT businesses and their support services set up shop close to one another in high-tech “parks,” or how restaurants, gift shops and hotels spring up around a major tourist attraction.

**How does RDI: Rural Diversification Initiative support rural diversification?**

RDI provides funds to Community Futures organizations for economic diversification projects in Alberta. Its goal is to build communities that have long-term sustainability, resiliency in the face of change, and a broad economic base with a variety of types of businesses and jobs.

RDI is a funding grant of up to 60% of project costs for projects that have:

- A minimum size of \$100,000
- Clear, measurable economic outcomes
- Established partnerships with other organizations
- Strong private sector support

RDI is not a grant to business. Rather, it is funding for projects – either brand new initiatives or value-added endeavours to existing initiatives – that provide benefits to communities and/or industries.

**Who can apply for RDI: Rural Diversification Initiative?**

Applicants can be from almost any sector, including

- Private sector organizations

- Not-for-profit organizations
- Community organizations
- Municipal governments

The applicants must demonstrate that their project is broadly supported and that they have established strong partnerships among various stakeholders. Any organization interested in making an application for RDI funding must do so through their local Community Futures organization. A list of local Community Futures offices can be found at [www.cfna.ca](http://www.cfna.ca).

Once an application is received, the Community Futures office will work with the applicants and their partners to determine eligibility and prepare the final funding submission. If the project is not eligible, the team will work with the applicants to either re-structure the project or look for other sources of funding. The typical length of time between submitting an application and obtaining funding approval is between 2 weeks and 3 months.

#### **What types of projects can receive funding?**

##### **Cluster Development**



A cluster is a geographic grouping of linked companies that benefit both from working together collaboratively and from competing against each other. They can be joined horizontally – meaning similar firms in the same location, like antique dealers all on the same street. Or, they can be joined vertically, meaning firms in different stages of one industry grouped together – like hay compression plants set up near hay producers. Finally, they can be joined diagonally, where businesses offer distinct services but add value to each other, like the many activities available in a tourism area.

##### **Productivity Enhancement**



Productivity enhancement is linked to innovation. It could mean increasing productivity in a cluster by adopting new technology, using new materials or new processes, introducing lean manufacturing or industry training, or creating a business incubator project that allows different firms to share ideas, skills, equipment or services.



#### **Import Replacement**

This means replacing imported goods or services with locally made goods or services. It could involve “buy local” campaigns, creating connections between local suppliers and local businesses, or attracting new businesses to fill gaps in local manufacturing or food production.



#### **Development of New Markets**

This could include working with a cluster to develop new export markets, or to develop new markets in targeted sectors.



#### **Innovative Access to Capital**

This could include the development of angel investor networks, creating programs that encourage innovative funding for business, or providing innovative access to growth capital.

### **Examples of RDI: Rural Diversification Initiative at work**

#### ***South East Alberta Technology Strategy***

A group of partners has been working to develop the technology sector in south eastern Alberta since 2005. They started with a Business First Technology Incubator pilot project, then developed a technology strategy, which they will implement over the next three years using funding from RDI. Key objectives include: increasing the number of well-trained individuals working in the technology sector, increasing investment in the sector, increasing the management capacity of technology companies, and building on new technology-related opportunities. Partners include: Community Futures Entre Corp, Medicine Hat College, Province of Alberta, Auto-Star Compusystems, the Business Link, and Redtech Inc Incubator. Supporters include: the Canadian Centre for Unmanned Vehicle Systems, Val-U-Soft, City of Brooks, City of Medicine Hat, Accessible Accessories, and The Litebook Company.



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### *Building Tourism Clusters in the Canadian Badlands*

The Canadian Badlands Ltd is a partnership of 52 rural municipalities working together to make the Badlands region in Southern Alberta a highly recognizable tourism destination. This would diversify a region that has historically been economically challenged and reliant on oil, natural gas, and agriculture. Activities for the project include: developing an inventory of tourism experiences; identifying “clusters” of tourism experiences; providing workshops and one-on-one facilitation on topics related to tourism marketing; pitching media tours for promotion and awareness of the region; and marketing the new tourism “clusters”. Partners include: Community Futures Big Country, Community Futures Wild Rose, Community Futures Chinook, Chinook Country Tourist Association, Medicine Hat Tourism, SouthGrow Regional Initiative, Palliser Economic Partnership, EnCana, Alberta Municipal Affairs and Housing, Drumheller and District Chamber of Commerce, and Canadian Badlands Ltd.

For more information about RDI: Rural Diversification Initiative, please visit our website at [www.ruraldiversification.com](http://www.ruraldiversification.com)

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