

NATURAL RESOURCES CANADA - INVENTIVE BY NATURE

Investments in Forest Industry Transformation (IFIT)

Information for Applicants







Objective of the Presentation

- Overview of the IFIT program and selection process
- Please consult the IFIT Applicant's Guide for more details







Previous IFIT Program Overview

- Non-repayable contribution program through Canadian Forest Service in Natural Resources Canada
- IFIT objectives are to:
 - Demonstrate and deploy first-in-kind technologies in the Canadian forest sector;
 - Catalyze broader replication over time
 - Prove technical and economic feasibility to private investors
 - Improve sector competitiveness
- Under IFIT's two prior calls for proposals:
 - 107 unique applications received
 - \$2B in total proposals received, \$550M requested from IFIT





2010-2014 IFIT Accomplishments

- 14 projects funded across 5 provinces
- 60% are world first technologies
- 24% return on investment = \$66M/year in new revenue
- 75 jobs created / 2500 secured by investments
- 7.2MW renewable electricity capacity
- 60kt/year GHG reductions
- Over 10 new Canadian patents involved





A Renewed IFIT Program

- Budget 2014 confirmed renewed funding
- \$90.4 million over 4 years
- Program to fund the next wave of innovation
- Fundamentals remain the same with some minor implementation improvements
- 3rd call for proposals launched June 26, 2014





Application Process

Phase 1: Expression of Interest Form

- Expressions of interest must be received by the Program by TUESDAY, SEPTEMBER 9, 2014 at 5:00PM EDT
- •This is a mandatory document; the application will not be processed without it
- This is not a pass/fail measure
- Meant to assist applicants and NRCan in ensuring that solid well-justified proposals are submitted





Application Process



Phase 2: Call for Proposals

- Formal project proposals must be received by the Program by THURSDAY OCTOBER 30, 2014 at 5:00PM EDT
- Completed Proposal Form must be sent
- See the Applicant's Guide for more details





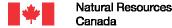
Funding Streams

Stream #1 – Small Enterprises

- Fewer than 100 employees
- Fewer than \$50M/year in sales
- More streamlined financial due diligence process and risk mitigation plan
- Can apply for up to \$2M of IFIT funding

Stream #2 - General

For companies of any size





Program Details

- IFIT funds up to 50% of eligible project costs
 - Under previous iteration, average contribution by IFIT was 35%
 - Stacking limit is 100%
- Amount funded up to a max of \$20M per recipient
 - Max applies to funding received under all IFIT Calls for Proposals, but will need to be assessed on case by case basis
- Primarily, funding under IFIT was used for capital expenses, salaries and benefits, and professional services





Eligibility and Mandatory Criteria IFIT

- Eligible recipients are:
 - companies that produce forest products
 - have at least one existing forest product manufacturing facility located in Canada (i.e. open or closed pulp, paper, panelboard or engineered wood products mills)
- Mandatory criteria are:
 - Project represents technological advancement (first time at that scale in Canada's forest sector)
 - Project located in Canada & integrated with forest industry
 - Project based on wood fibre



Rated Criteria - Preference

Technical Feasibility	Technical feasible that generate the desired outcomes.
Innovation	Greater innovation, commercial scale and greater Canadian innovation
Partnerships	Strategic partnerships especially between non traditional sectors and the higher leveraging the better
Business Plan	Strong financial analysis and complete business plans
Fibre Supply	Consuming fibre from underutilized sources and/or not compromising supply
Timing	Credible/defensible project schedules and/or completion prior to March 31, 2018
Sector Diversity	Firms ineligible for Pulp and Paper Green Transformation Program





Competitive Two-Part Evaluation Process

IFIT

Part 1: Project Screening & Evaluation

- Each application screened for mandatory criteria (each criterion is pass/fail)
- Projects meeting all mandatory criteria are evaluated against rated criteria by Expert Review Panel
- Highly-ranked projects move to "short-list"
- All applicants informed of their status at end of Part 1.





Competitive Two-Part Evaluation Process

IFIT

Part 2: Due Diligence Analysis

- NRCan will perform technical, environmental and financial analyses to support final funding decisions
- Part 2 is a confidential, bilateral process between IFIT & applicant
- Applicant must provide information in support of analyses in a timely manner
- Applicants applying for Stream #1, Small Enterprises will be subjected to a more streamlined financial risk assessment and risk mitigation plan





Key Elements to a Successful Proposal



- Be clear and concise when providing answers and have a well defined project scope
- Ensure corporate management supports project application
- Technical and financial supporting information helps credibility
- Have a clear path on how you will achieve project outcomes





IFIT Application Process

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Expressions of interest are due

September 9th 2014, 17:00 EDT.

Call for Proposals closes

October 30th 2014, 17:00 EDT.

 All application packages <u>must</u> be complete to be assessed (see Applicant's Guide)





IFIT Application Process

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Download forms and Guide at:

www.forest-transformation.nrcan.gc.ca

 Please check the website periodically throughout the call for proposals period for important updates as well as to view additional answers to application related questions





Questions?

IFIT



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