



Innovation, Science and
Economic Development Canada

Innovation, Sciences et
Développement économique Canada



STRATEGIC INNOVATION FUND

PROGRAM GUIDE

INNOVATION
FOR A *Better* CANADA

Canada 

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A) What is the Strategic Innovation Fund?

The Strategic Innovation Fund (SIF) is a program that was launched in 2017. It provides repayable and non-repayable contributions to support four distinct Streams of activities:

- **Stream 1:** Encourage research and development (R&D) that will accelerate technology transfer and commercialization of innovative products, processes and services;
- **Stream 2:** Facilitate the growth and expansion of firms in Canada;
- **Stream 3:** Attract and retain large scale investments to Canada; and
- **Stream 4:** Advance industrial research, development and technology demonstration through collaboration between academia, non-profit organizations and the private sector.

The program is available to firms of all sizes across all of Canada's industrial and technology sectors.

The program is managed by Innovation, Science and Economic Development Canada (ISED).

B) Who is eligible to apply?

Streams 1, 2 and 3

The Applicant must be a for-profit corporation—small, medium or large-sized—incorporated pursuant to the laws of Canada and proposing to carry on business in Canada.

The Recipient is responsible for managing the project, submitting claims, receiving and repaying (if applicable) the government contribution and reporting on results.

Stream 4

Applicants are a consortium that may include Canadian universities, colleges, research institutes, for-profit corporations (including SMEs) and/or not-for-profit entities. The projects need to have a Lead Applicant which must be incorporated pursuant to the laws of Canada, carry on business in Canada and propose to conduct industrial research and technology demonstration activities. The Lead Applicant will be responsible to submit a project application and manage the project.

Networks can also apply under Stream 4. In this case, the Lead Applicant must be a not-for-profit organization incorporated in Canada. Its role will consist of distributing funds to research partnerships consisting of industry, academic institutions and research institutions for the purpose of co-funding collaborative research and technology development projects. The Lead Applicant will be responsible for managing the project, submitting claims, receiving the Government contribution and reporting on results.

C) What is an eligible project?

Each Stream of the program has its own criteria as to what is an eligible project.

Stream 1—R&D and Commercialization

The project must involve activities related to the research, development and commercialization of innovative products, processes and/or services.

Activities in this stream must be within Technology Readiness Levels (TRLs) 1-9 (see [Annex A](#) for more information on TRLs) and should support the development of a technology to a higher readiness level which then has the potential to lead to the implementation or commercialization of a resultant product, process or service.

For example, projects could focus on:

- R&D to test the commercial potential of an early TRL concept or finding;
- Adaptation of research findings for commercial applications that have the potential for market disruption;
- Development of current products through the implementation of new technology that will enhance the Recipient's competitive capability; and
- Development of process improvements which reduce the environmental footprint of current production through the use of new technologies.

Stream 2—Firm Expansion and Growth

The project must support the expansion or material improvement of existing industrial or technological facilities, or projects.

Activities in this Stream are within TRLs 8-9 and should result in the improved viability of the Recipient through company growth, increased efficiency or output capacity.

For example, projects could focus on:

- Increasing manufacturing capacity to meet demonstrated market demand;
- Improving production efficiency through improvements to plant and equipment; or
- Improving processes to increase efficiency.

Stream 3—Investment Attraction and Reinvestment

The project must support new investment in industrial or technological facilities in Canada.

Activities in this Stream are a minimum of TRL 2 and should support the establishment of new facilities or bring new mandates to Canada.

For example, projects could focus on:

- A Canadian company establishing a new production facility which did not previously exist in Canada;
- Obtaining a production mandate for a product which was previously produced outside Canada or is being produced for the first time; and
- Obtaining an R&D mandate which was previously held outside Canada or is being established for the first time.

Stream 4—Collaborative Technology Development and Demonstration

The project must support industrial research, including activities related to the discovery of new knowledge that aim to support the development of new technology-driven products, processes or services at early-stage technology readiness levels; and, large-scale technology demonstration, including the advancement and development of new technologies into product-specific applications at mid-to-late stage technology readiness levels.

Activities in this Stream are within TRLs 1-7 and should support the development and demonstration of pre-commercial technologies and involve a high degree of collaboration that enhances the supply chain and linkages between academia and/or research bodies. For example, projects could focus on:

- Development by a lead Tier 1 original equipment manufacturer company of a potential new product utilizing academic research findings, conjunction with SME suppliers and research councils.

Eligible Network activities will be those that facilitate collaboration among key players in the Canadian R&D community, including researchers from industry, national and regional research institutes, and academic institutions, and provide financial support for collaborative projects.

The Networks will be solely responsible for assessing, approving and managing the projects they will support.

D) What are eligible costs?

For all Streams

Eligible costs are limited to non-recurring costs that are specifically related to the project, including:

- direct labour
- overhead (program limits apply)
- subcontracts and consultants
- direct materials and equipment
- other direct costs
- land and buildings

Costs associated with land and buildings must be necessary and reasonable to carry out the activity to which they relate. Examples of eligible land and building costs include the construction of new or the expansion of existing facilities, the development of industrial landscapes and testing facilities, and investments in modern buildings. Additional conditions may apply to project applications that include costs related to land.

Under Stream 4, for Networks, eligible costs include expenditures directly related to the operation and activities of the Network such as the costs related to the organization of networking events, the participation in collaborative research and technology development activities, conferences and workshops in support of collaborative R&D activities and the operation of regional offices across Canada. The eligible costs for the operation of the Network include salaries, office equipment, professional services, overhead, travel, and other operational costs as appropriate. The eligible costs of the Network-supported projects will be the amount of money the Network provides to ultimate Recipients for a given project.

E) What are examples of ineligible costs?

For all Streams

Certain costs will not be reimbursed, regardless of whether they are reasonably and properly incurred in the context of an approved project.

The following are examples of ineligible costs:

- allowance for interest on invested capital, bonds, debentures, bank or other loans together with related bond discounts and finance charges;
- losses on investments, bad debts and expenses for the collection charges;
- losses on other projects or contracts;
- federal and provincial income taxes, goods and services taxes, excess profit taxes or surtaxes and/or special expenses in connection with those taxes;
- provisions for contingencies;
- premiums for life insurance on the lives of officers and/or directors;
- amortization of unrealized appreciation of assets;
- depreciation of assets;
- fines and penalties;
- unreasonable compensation for officers and employees;
- product development or improvement expenses not associated with the project;
- advertising, except reasonable advertising of an industrial or institutional character placed in trade, technical or professional journals for the dissemination of information for the industry or institution;
- entertainment expenses;
- donations;
- dues and other memberships other than regular trade and professional associations;
- selling and marketing expenses associated with the products or services or both being developed under the Contribution Agreement.

F) What is the application and assessment process?

Streams 1, 2 and 3

Application process

Applications for the first three Streams are accepted on a continuing basis. There are no submission deadlines.

Step1 Statement of Interest: Applicants are required to submit a high-level overview of their project. In this document, Applicants need to describe their project and how it meets the objectives of the Strategic Innovation Fund. Applicants will also be asked to provide current and/or past corporate information to allow an initial assessment of their basic corporate capability to complete the project.

More detailed information on how to complete the Statement of Interest can be found in the [Statement of Interest Guide](#).

After the Step 1 review is complete, Applicants will be provided feedback on whether the Statement of Interest indicates potential for program funding and if advancing to Step 2 is advisable.

Step 2 Full Application: Applicants develop and submit a detailed project application. The information provided will be used to complete a due diligence and benefits assessment.

More detailed information on how to complete a Full Application will be made available later.

Benefits Assessment

Full Application submitted under the first three Streams will be assessed against the anticipated benefits of the project, such as:

Innovation Benefits: The proposed project's expected contribution towards the enhancement or development of new industrial or technological innovations. Assessment factors may include: potential spillover benefits, creation of intellectual property, impact on productivity of the new technology, etc.

Economic Benefits: The proposed project's forecasted impact on the growth of Canadian firms, clusters and supply chains, as well as its expected benefits for Canada's workforce. Assessment factors may include: number of jobs created, number of high-paying jobs, project-related revenue growth, etc.

Public Benefits: The project's expected contribution to the broader public good, including inclusive business and hiring practices, such as gender balance, investment in skills and training, and environmental best practices. Assessment would consider the degree to which the Applicant demonstrates that the project is expected to generate social, environmental, health, security or other benefits to Canada. Assessment factors may include: project-related environmental benefits, investment in local communities and project-related impact on Indigenous communities

Due Diligence Assessment

All project applications will undergo a due diligence process where they will be evaluated against the capacity and experience of the Applicant to implement the proposed project, to achieve the stated objective and to fulfill repayment obligations (if applicable). Factors taken into consideration may include managerial, technical and workforce capability, technical feasibility and financial and market risk.

Contribution Agreement

Once the assessment of the project application and the due diligence process are complete, Applicants will be informed of the status of their application. The Minister of Innovation, Science and Economic Development Canada will exercise his or her discretion on which projects to fund.

Following project approval, a Contribution Agreement will be prepared for signing by the successful Applicant (which then becomes the Recipient) and Innovation, Science and Economic Development Canada, laying out the legally binding responsibilities and obligations of both parties.

Stream 4

Application Process

Applications will be assessed on a competitive basis to identify those projects which will provide strong benefits as outlined above (see benefits assessments section), and which also best demonstrate a commitment to further develop the technology for potential commercialization or research purposes.

Networks, in assessing individual project applications requesting support, will consider similar assessment criteria.

Due Diligence Assessment

All project applications will undergo a due diligence process where they will be evaluated against the capacity and experience of the Lead Applicant and that of other Consortium or Network members to implement the proposed project and to achieve the stated objective. Factors taken into consideration may include managerial, technical and workforce capability, technical feasibility and financial and market risk.

Contribution Agreement

Once the assessment of the project application and the due diligence process are complete, Applicants will be informed of the status of their application. The Minister of Innovation, Science and Economic Development Canada will exercise his or her discretion on which projects to fund.

Following project approval, a Contribution Agreement will be prepared for signing by the successful Applicant (which then becomes the Recipient) and Innovation, Science and Economic Development Canada, laying out the legally binding responsibilities and obligations of both parties.

For funding provided under Stream 4, all Recipients (not only the Lead Recipient) may be required to sign the Contribution Agreement.

G) What are the contribution amounts?

Streams 1, 2 and 3

The amount of the contribution is based on the minimum amount required to allow an eligible activity to proceed. The sharing ratio (contribution vs costs of activities) will be based on the type of activities proposed for a given project. It will not exceed 50% of the costs for eligible activities and the maximum level will only be considered in exceptional circumstances.

Stream 4

Contributions will be non-repayable and the program contribution to any Recipient will not exceed 50% of its total eligible costs, except for Recipients that are academic institutions and Networks, where the contribution provided may cover 100% of their eligible costs. If the Recipient is a Network, it may receive 100% of its eligible costs.

H) Assistance from other governments

Streams 1, 2 and 3

The combined level of assistance from all governments (federal, provincial, territorial, and municipal), shall not normally exceed 75% of eligible costs.

Stream 4

The combined level of assistance from all governments (federal, provincial, territorial and municipal) to any one Recipient shall not normally exceed 75% of Eligible Costs, except for Recipients that are academic institutions for whom the maximum assistance would be 100%.

The combined level of assistance provided to Networks from all government sources will not exceed 100% of the total eligible costs of the Network.

I) What are the repayment conditions?

Streams 1, 2 and 3

The program contributions are:

- 1) conditionally or unconditionally repayable;
- 2) non-repayable; or
- 3) a combination of 1 and 2.

Repayments will be performance-based and reflect a risk-sharing approach. Non-repayable contributions will only be considered for eligible activities that demonstrate strong economic, innovation and public benefits with clear strategic value or global significance (see next section for more information). The amount and terms of repayment will be determined during the due diligence review.

The program contains broad flexibilities to reflect the different needs and realities of a variety of companies and other stakeholders. This includes the possibility of non-repayable contributions under appropriate circumstances where the benefits to Canada would be significant, and in keeping with our international obligations.

Stream 4

Contributions made under Stream 4 are non-repayable.

J) What are the reporting requirements during and after the project?

Recipients are required to submit periodic reports, annual consolidated financial statements, repayment forecasts (if applicable), project status updates and reports of project benefits.

After the completion of the project, Recipients may be required to submit annual consolidated financial statements and, annual reports on project benefits including fulfilment of specific commitments.

The reporting period will vary according to the type of contribution:

- For **repayable contributions**, Recipients will be required to report on an annual basis for a specified period until all contractual obligations have been met.
- For **non-repayable contributions**, Recipients will be required to report, on an annual basis, for a minimum period of five years after completion of the project.

Networks will be required to submit an annual Corporate Plan and an Annual Report.

K) Other important considerations

Applicants should read and consider all of the following prior to submitting an application.

Additional information

As part of the application process, Applicants are required to provide the following:

- An affirmation that any person, including any consultant or in-house lobbyist who lobbies on its behalf to obtain funding under the Strategic Innovation Fund, and who is required to be registered pursuant to the *Lobbying Act*, is registered pursuant to the Act. For more information on lobbying and the *Lobbying Act*, consult the [Office of the Commissioner of Lobbying of Canada](#);

- An affirmation that the Applicant has not, and neither has any person on its behalf, engaged or employed any person (other than an employee) for the purposes of obtaining funding from the Strategic Innovation Fund; and paid, or agreed to pay that person, a commission, contingency or success fee or any other consideration (whether monetary or otherwise) that is dependent upon the Applicant receiving program funding;
- Assurance that any former public servant, who derives benefit from the Contribution Agreement, will be in compliance with the [Values and Ethics Code for the Public Service](#), the [Values and Ethics Code for the Public Sector](#), and the [Policy on conflict of interest and Post-Employment](#);
- Assurance that any former public officer holder, who derives benefit from the Contribution Agreement, will be in compliance with the [Conflict of Interest Act](#);
- Assurance that no member of the House of Commons or Senate will benefit from the Contribution Agreement;
- An attestation from key executives indicating that any contributions from the program is not included in the evaluation of, nor be used for, executive performance pay.

Intellectual Property

Recipients must own the background intellectual property or hold sufficient background intellectual property rights to allow their project's activities to be carried out. Additionally, they must hold sufficient rights to permit them to exploit the intellectual property resulting from their project's activities.

Recipients must take appropriate steps to protect the intellectual property resulting from activities supported through the program. Recipients may be required to provide the department with information regarding their intellectual property strategy as it relates to their project's activities.

Security of company information

The Strategic Innovation Fund will not disclose to any party outside of the federal government (other than external parties retained to review technical aspects of an application) any commercially confidential information an Applicant submits, except in the following circumstances:

- The company authorizes the release;
- Innovation, Science and Economic Development Canada is required by law to release the information;
- The information ceases to be confidential;
- The Minister of Innovation, Science and Economic Development Canada is required to release the information to an international or internal trade panel due to a dispute in which Canada is a party or a third-party intervener.

Applicants must mark any commercially confidential information in its application as such. Applicants may also wish to become familiar with the terms of the [Access to Information Act](#), which governs the release of information held by federal organizations.

International agreements

The Strategic Innovation Fund is administered according to Canada's international agreements. Contributions are not contingent, in law or in fact, on actual or anticipated export performance.

Contact information

Telephone (toll-free in Canada): 1-800-328-6189

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Annex A—Technology Readiness Level Scale

Technology Readiness Level	Description
TRL 1—Basic principles observed and reported	Lowest level of technology readiness. Scientific research begins to be translated into applied research and development (R&D). Examples might include paper studies of a technology's basic properties.
TRL 2—Technology concept and/or application formulated	Invention begins. Once basic principles are observed, practical applications can be invented. Applications are speculative, and there may be no proof or detailed analysis to support the assumptions.
TRL 3—Analytical and experimental critical function and/or characteristic proof of concept	Active R&D is initiated. This includes analytical studies and laboratory studies to physically validate the analytical predictions of separate elements of the technology.
TRL 4—Product and/or process validation in laboratory environment	Basic technological products and/or processes are tested to establish that they will work.
TRL 5—Product and/or process validation in relevant environment	Reliability of product and/or process innovation increases significantly. The basic products and/or processes are integrated so they can be tested in a simulated environment.
TRL 6—Product and/or process prototype demonstration in a relevant environment	Prototypes are tested in a relevant environment. Represents a major step up in a technology's demonstrated readiness. Examples include testing a prototype in a simulated operational environment.
TRL 7—Product and/or process prototype demonstration in an operational environment	Prototype near or at planned operational system and requires demonstration of an actual prototype in an operational environment (e.g. in a vehicle).
TRL 8—Actual product and/or process completed and qualified through test and demonstration	Innovation has been proven to work in its final form and under expected conditions. In almost all cases, this TRL represents the end of true system development.
TRL 9—Actual product and/or process proven successful	Actual application of the product and/or process innovation in its final form or function.