



Technology Partnerships
Canada

An Agency of
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TERMS AND CONDITIONS

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TERMS AND CONDITIONS

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1. PURPOSE

The purpose of this document is to set forth the terms and conditions for the administration of contributions under the Technology Partnerships Canada (TPC) program.

2. OBJECTIVE

In a context in which innovation is essential in an increasingly knowledge-based economy, TPC is a technology investment fund established to contribute to the achievement of Canada's objectives of increasing economic growth, creating jobs and wealth, and supporting sustainable development. TPC will advance and support government initiatives by investing strategically in research, development and innovation in order to encourage private sector investment, and so maintain and grow the technology base and technological capabilities of Canadian industry. TPC will also encourage the development of SMEs in all regions of Canada.

In an environment of continuing fiscal restraint, TPC will take an investment approach, targeting an average sharing ratio of not more than 33 percent (with typical project sharing ratios ranging between 25 percent and 30 percent). TPC will share with its private sector partners in the risks and the rewards, the rewards to the program consisting of both financial returns and economic benefits. TPC will manage the contributions so that all repayments are recycled into TPC, allowing potential for future growth.

3. ELIGIBILITY CRITERIA

3.1 Eligible Areas

Eligible areas are Environmental Technologies, Enabling Technologies, and Aerospace and Defence.

The **Environmental Technologies** component encourages and supports the development and application of innovative technologies that contribute to the achievement of sustainable development, or that have significant environmental benefits. It involves projects in priority environmental areas such as the development of sustainable alternatives (better conservation of energy, water and non-renewable resources), pollution prevention through the development of clean process technologies (including clean car technologies), pollution abatement (technologies that reduce waste or harmful emissions) and pollution remediation.

The **Enabling Technologies** component encourages and supports the development, application and diffusion of those critical technologies that will have major impact and benefits within and across industry sectors. It involves projects in critical areas such as advanced manufacturing and processing technologies, advanced materials processes and applications, applications of biotechnology, applications of selected information technologies, and such other technologies as may be designated from time to time by the Minister.

The **Aerospace and Defence** component encourages and supports the development and application of those technologies essential for the development of these sectors. It involves projects that sustain and expand the technological capacity and capability of these sectors. Support is also available for defence conversion projects aimed at reducing the dependency of enterprises on military contracts.

3.2 Eligible Recipients

Eligible recipients are firms, organizations or institutions established in Canada, which are prepared to conduct research, development and innovation activities in the eligible areas, and which can demonstrate their ability to achieve the stated objectives of the proposed project. Eligible recipients may be incorporated entities, partnerships, cooperatives, or any trustee or legal representative thereof, or groups or alliances of eligible recipients where a lead recipient has been identified. Agencies of the Crown (including Crown corporations, government institutes, government laboratories, etc.) and universities may be allowed as members of alliances, but not as lead recipients.

The Minister may also provide contributions to associations, consortia or other entities to enable them to provide contributions to eligible recipients in eligible areas under conditions consistent with these terms and conditions.

3.3 Eligible Activities

- a. **Industrial research:** planned search or critical investigation aimed at the discovery of new knowledge, with the objective that such knowledge may be useful in developing new products, processes or services, or in bringing about a significant improvement to existing products, processes or services;
- b. **Pre-competitive development:** translation of industrial research findings into a plan, blueprint or design for new, modified or improved products, processes or services; conceptual formulation and design of products, processes or services alternatives; initial demonstration or pilot projects, and prototypes; and other related pre-production activities; and
- c. **Studies:** studies pertaining to potential industrial research or pre-competitive development projects and studies for related activities.

3.4 Eligible Costs

Eligible costs are those costs, excluding land and buildings, incurred by the contribution recipient and which, in the opinion of the Minister, are necessary and reasonable to carry out the eligible activities to which they relate. Eligible costs will be limited to non-recurring costs.

4. ASSESSMENT CRITERIA

Applications for contributions under TPC will be assessed in the context of their relevance to the objectives of TPC. Specifically, applications will be assessed in terms of the extent to which they demonstrate:

- a. that the project contributes to the strategic objectives of the government, including technological and net economic benefits to Canada;
- b. that the project is technologically feasible, and that the applicant possesses, or can reasonably be expected to secure, the requisite technological and managerial capabilities, and financial resources, to achieve the stated objectives of the project;
- c. that a contribution under TPC is necessary to ensure that the project (either individually or as part of a portfolio of related activities of the applicant) proceeds with the desired scope, timing or location; and
- d. that the contribution would be repaid.

5. TYPE AND AMOUNT OF ASSISTANCE

All decisions to provide financial assistance to applicants will reflect the need for a contribution under TPC, as well as the degree and nature of the uncertainty and risk associated with the proposed project.

Assistance will be in the form of repayable contributions at a level and amount deemed by the Minister to be justified in light of the anticipated benefits to Canada. The sharing ratio of assistance under TPC will normally not exceed 33 percent of the eligible costs of the project. In exceptional circumstances, when the Minister deems it essential to the success of the project and deems it justified by the potential economic benefits, the sharing ratio may reach, but will not exceed, 50 percent of the eligible costs of the project.

Contributions exceeding \$10 million will require approval by the Treasury Board, while those exceeding \$20 million will require approval by both the Treasury Board and Cabinet.

Repayments of contributions will be set by the Minister in accordance with the repayable contributions policy of Treasury Board.

In view of the risks inherent in projects of a high-technology nature, it is recognized that not all projects will succeed, and consequently, that not all contributions will be fully repaid.

6. ADMINISTRATION

6.1 General

TPC will be administered in accordance with Canada's international agreements, and in particular, the granting of contributions will not be contingent, either in law or in fact, upon actual or anticipated export performance. However, the granting of assistance to enterprises which export will not, for that reason alone, be precluded. Further, TPC will be administered in accordance with all applicable legislation and regulations (including the provisions of the *Canadian Environmental Assessment Act* and regulations thereunder) and, unless otherwise specified in these terms and conditions, all applicable Treasury Board policies and directives.

6.2 Contribution Agreement

Contributions will be administered and paid in accordance with contribution agreements which will identify all conditions pertaining to the contributions, all obligations of both parties, and the conditions under which payments and repayments will be made.

6.3 Delegation of Authority

The approval or rejection of applications, the execution and administration of contribution agreements and related administrative matters, and the approval of claims for payment in conformity with the requirements of the *Financial Administration Act*, will be administered by officials of the Department in accordance with the delegated authorities approved by the Minister.

6.4 Information Requirements

The Minister will require from applicants information which the Minister deems pertinent to the assessment of the project. Without limiting the generality of the foregoing, this will include:

- a. a detailed description of the applicant (ownership, management, business experience, financial results, etc.);
- b. a detailed description of the project, and of the technological advances to be achieved;
- c. the forecast cost of the project, and details on its financing;
- d. the forecast benefits to result from the project; and
- e. the amount of any federal, provincial or municipal assistance or tax credit, received or likely to be received for the project.

6.5 Monitoring

Contribution recipients will be required to submit periodic reports in sufficient detail to enable the Minister to assess the progress of the project.

Further to completion of the project, contribution recipients will be required to submit annual reports on project benefits, and information relevant to the calculation of repayments, to enable the Minister to:

- a. carry out the post-disbursement monitoring called for in the contribution agreement;
- b. administer the repayment of the contribution; and
- c. evaluate the effectiveness of the contribution.

7. CONTRIBUTION PAYMENT PROCEDURE

Payments will be made on the basis of documented claims for reasonable eligible costs incurred, to be submitted by the contribution recipient not more frequently than monthly. Each claim is to be accompanied by a brief report of the work completed and details of all costs being claimed, and shall be substantiated by such documents as are satisfactory to the Minister. Claims shall be certified by an officer of the contribution recipient or by such other person satisfactory to the Minister.

The Minister may request at any time that the contribution recipient provide satisfactory evidence to demonstrate that eligible costs claimed have been paid.

The Minister may withhold up to 10 percent of the contributions prior to completion of the projects or of such project audits as may be required.

8. AUDIT

The Minister will retain the right to have the necessary audits of the contribution recipient's books, records and financial statements undertaken by auditors satisfactory to the Minister, for the purpose of validating claims for reimbursement of eligible costs, and for the purpose of confirming amounts repayable to the Crown on the basis of the contribution agreement.

9. EVALUATION

TPC will be evaluated in accordance with Treasury Board's policy on program evaluation.

10. DURATION

These terms and conditions will come into effect on 18 November 1999, and will remain in effect until revised or rescinded by the authority of the Treasury Board.