



Technology Partnerships
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INVESTMENT APPLICATION GUIDE

Canada

TECHNOLOGY PARTNERSHIPS CANADA INVESTMENT APPLICATION GUIDE

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*This Guide provides answers to key questions and explains how to apply for a
Technology Partnerships Canada (TPC) investment.*

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I. WHAT IS TECHNOLOGY PARTNERSHIPS CANADA (TPC)?

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 advances and supports government initiatives by investing strategically in research, development and innovation in order to encourage private sector investment, thereby maintaining and growing the technology base and technological capabilities of Canadian industry.

Some of TPC's guiding principles include:

- **Fostering Research and Development (R&D):** TPC promotes innovation by investing in R&D initiatives with private sector companies.
- **Responding to Need:** All decisions by TPC to invest in R&D initiatives must reflect the need of companies for TPC contributions. Specifically, Investment Outlines and Proposals must demonstrate that TPC contributions are necessary to ensure that projects proceed within the desired scope, timing or location(s).
- **Sharing Risk and Reward:** TPC's investment decisions take account of the degree and nature of the uncertainty and risk associated with proposed projects. TPC will share with its private sector partners in both the risks and rewards of projects, with the rewards to the government consisting of both financial returns and economic benefits to Canada.
- **Requiring Repayment:** TPC investments are typically conditionally repayable. Repayment is not limited to the face amount of the contribution. Actual repayment terms are negotiated on a case-by-case basis, and are based on an assessment of the nature and risk of the project, need of the applicant and benefits to Canada.
- **Limiting the Amount of TPC Investment:** TPC's sharing ratio will normally range between 25 percent and 30 percent of eligible costs of the project, except in exceptional cases where the sharing ratio may reach 50 percent. However, on average, the TPC sharing ratio will not exceed 33 percent.
- **Paying Based Upon Claims:** TPC does not provide advance or fixed payments. Companies regularly submit claims substantiating the eligible expenses which have been incurred as projects progress. TPC validates the claims and issues payments reflecting its share of the incurred eligible costs. TPC targets to pay acceptable claims within 30 days.
- **Reinvesting Repayments:** All repayments are reinvested into TPC to help grow the fund.

2. IS THERE A LIMIT ON THE SIZE OF PROJECTS OR COMPANIES WHICH CAN BE SUPPORTED BY TPC?

TPC has partnered with the National Research Council (NRC) to provide pre-competitive or pre-commercialization assistance to small and medium-sized enterprises (SMEs) through NRC's Industrial Research Assistance Program's (IRAP) national network of Investment Technology Advisors. If the forecast eligible costs of your project *do not exceed* \$1 500 000, and you operate an SME (a company having 500 or fewer employees), you should contact IRAP at 1-877-994-4727 or through the IRAP Web site: <http://www.nrc.ca/irap>.

If the forecast eligible costs of your initiative *exceed* \$1 500 000, then you should deal directly with TPC through the processes outlined in this Guide. While the upper limit to the size of a project may be constrained by the availability of funds, there is no restriction on the size of company which can be supported by TPC.

3. WHAT TYPES OF RECIPIENTS, AREAS, ACTIVITIES AND COSTS ARE ELIGIBLE FOR TPC INVESTMENT?

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.

Eligible Areas

Eligible areas are Environmental Technologies, Enabling Technologies and the Aerospace and Defence Sector, which are outlined below.

- 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 **advanced manufacturing and processing technologies**, **advanced materials processes and applications**, **applications of biotechnology** and **applications of selected information technologies**.

- 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.

Eligible Activities

The following activities are eligible for TPC funding:

- **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;
- **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 service alternatives; initial demonstration or pilot projects, and prototypes; and other related pre-production activities; and
- **Studies:** studies pertaining to potential industrial research or pre-competitive development projects and studies for related activities.

Eligible Costs

Eligible costs include labour, material and other costs which are directly attributable to the project. Overhead expenses such as indirect labour, materials and supplies, and general and administrative expenses are also eligible. Specialized equipment for the project may be eligible as well. TPC does not support costs associated with land and buildings. If required, further details on eligible and ineligible costs are available from a TPC investment officer. No costs will be considered eligible if they are incurred prior to the date which TPC accepts and confirms that the Investment Proposal received from your company is complete.

Additional Eligibility Criteria

In certain cases, there may be eligibility criteria in addition to those on recipients, areas and activities identified above. It is suggested that you contact TPC, or check the TPC Web site, to confirm whether there are additional eligibility criteria that apply to your company or proposed project.

4. WHAT IS THE PROCESS FOR APPLYING FOR TPC INVESTMENT?

Step 1 — Eligibility Self-assessment

You should assess your company and project against the eligibility criteria identified above to determine whether you should proceed to the next step.

Step 2 — Investment Outline

You should prepare and submit an Investment Outline using the format and instructions provided later in this Guide. TPC has three operational directorates covering Aerospace and Defence, Enabling Technologies and Environmental Technologies. When your Outline is received at TPC, an investment officer from the appropriate directorate will be assigned to act as a single point of contact and work with you during all stages of the project. The assigned investment officer will review your Investment Outline and communicate with you on the following basis:

- If the Outline is complete, you will be advised, within two (2) weeks, whether or not your proposed project appears to meet TPC's eligibility and assessment criteria.
- If your project does appear to meet TPC's eligibility and assessment criteria, an investment officer will arrange for further discussion and a possible presentation by your company.
- Within a few weeks you will be advised if you should proceed to the next step in the process and submit a detailed Investment Proposal.

Step 3 — Investment Proposal

Your assigned TPC investment officer will work with you to determine the specific information required to expand your Outline into an Investment Proposal which will be reviewed and assessed by appropriate technical and business analysts. If approval is recommended, the investment officer will present a summary of your Proposal and the analysis to appropriate approval authorities. Depending on the scope, size and complexity of the project, availability of data, access to company personnel, etc., this process should take between 3 and 6 months.

Note: TPC investments are not made on a first-come first-served basis. Rather, Proposals are reviewed as they are received and prioritized to achieve maximum technological and economic benefits for Canada. After your eligibility is determined, your Proposal must compete for relatively scarce resources. Throughout the process we will endeavour to keep you informed on the feasibility of your Proposal being approved.

5. WHAT ARE THE CRITERIA THAT TPC USES FOR SELECTING INVESTMENTS?

Investment Outlines and Proposals are assessed in the context of their relevance to the objectives of TPC, namely the extent to which they demonstrate:

- that the project contributes to the strategic objectives of the government, including technological and net economic benefits to Canada (increasing economic growth, creating jobs and wealth, and supporting sustainable development);
- 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;
- 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
- that the contribution will be repaid.

TPC will be administered in accordance with Canada's international agreements. The granting of assistance to enterprises that export will not be precluded merely because they export. Contributions will not, however, be contingent, either in law or in fact, upon actual or anticipated export performance, and administering officials will not request or consider information concerning the extent to which applicant or recipient enterprises do or may export.

6. WHAT ELSE DO I NEED TO KNOW ABOUT TPC?

The following additional information on TPC may be helpful as you develop your Investment Outline:

- **Work in Canada:** It is expected that all development activities and production of resulting technologies will take place in Canada unless specifically approved otherwise.
- **Other Government Obligations:** It is TPC policy not to make investments if applicants are not current in their obligations to the federal government. TPC verifies that applicants are up-to-date in any obligations within Industry Canada. Also, TPC requires that companies certify that they are current in their obligations to all other parts of the federal government.
- **Funding from other Government Sources:** You must identify all sources of government funding obtained for the project, including federal, provincial or municipal government assistance. If funding from any sources, other than federal and provincial tax credits, becomes available during the course of the project, you must inform TPC and we will have the right to reduce our contribution to the extent of any such assistance.
- **Monitoring and Reporting:** Throughout the project period, in addition to the submission of claims, you will be required to report on the progress of the project, including updating forecasted costs, schedules and repayments, as well as any forecasted benefits of the project. You will also need to submit annual financial statements, and be prepared to allow government officials access to your premises and data in order to audit the progress of the project and reports submitted.

- **Intellectual Property Rights:** It is expected that your company will retain all rights to the intellectual property for any technology developed in your TPC-supported project.
- **Environmental Certification:** Before funding for your project can be approved, an environmental screening will be completed to ensure compliance with the *Canadian Environmental Assessment Act* (CEAA). Thereafter, with the first claim, and subsequently on an annual basis, you will certify that you have implemented, and will maintain, all necessary environmental protection measures in relation to your project and that all regulatory bodies have been satisfied.
- **Confidentiality:** No commercially confidential information which you submit to us will be disclosed unless otherwise specified by you; required to be released by law; or required by the Minister of Industry to be released to an international or internal trade panel for the purposes of the conduct of a dispute in which Canada is a party or a third party intervener. Information on the federal government's *Access to Information Act* is available on the following Web site: http://canada.justice.gc.ca/atip/index_en.html. Any information that you wish to be considered as commercially confidential should be annotated accordingly.
- **Announcements:** TPC has the right to formally announce any project in which it invests, and your company may not announce it in advance of such an event. It is TPC's policy to announce all investments.
- **Lobbyists:** You will be required to declare if you have used, or intend to use the services of a lobbyist for the purpose of obtaining funding from Technology Partnerships Canada. Use of any lobbyist engaged for this purpose will have to be in compliance with the *Lobbyist Registration Act*.

7. WHAT IS THE FORMAT FOR PREPARING A TPC INVESTMENT OUTLINE?

The following information **must** be included in your Investment Outline in order for it to be assessed by TPC. TPC will not accept or consider information concerning the extent to which your company does or may export.

In order to ensure that TPC can review your Outline as quickly as possible, the document should not exceed 10 pages, including attachments.

1. Company Information

- | | |
|--------------------------|--|
| a) Legal name of company | e) Fax number |
| b) Mailing address | f) E-mail address |
| c) Principal contact | g) Preferred language of communication |
| d) Telephone number | |

2. Company Profile

- Ownership and form of organization (legal status)
- Brief summary of your company's history, main business lines and employment
- Nature of your company's research and development (R&D) program
- Most recent annual financial statements

3. Proposed R&D Initiative

- a) Initiative name
- b) Work location(s)
- c) Eligible area of activity (see pages 3 and 4 of Guide)
- d) Description of work proposed (scope, present stage of development, expected results, degree of innovation, key technical challenges, etc.)
- e) Overall budget for work proposed, including major cost components
- f) Proposed funding sources, both public and private sector
- g) Timing of your project

4. Benefits to Canada

- a) Potential technological benefits to Canada (for example, innovation, technology transfer, technology capacity of the sector, impact on other R&D, etc.)
- b) Potential economic benefits to Canada (for example, jobs created or maintained, economic growth, wealth creation, sector or supplier development, contribution to sustainable development, new corporate mandates, leveraged investments, strategic alliances, etc.)

5. Need for TPC Investment

- a) Amount of TPC investment that you are seeking
- b) Rationale for requested investment (for example, inadequate financing, competing needs for internal funds, need to maintain project scope, timing or location, risk reduction, etc.)

8. WHO SHOULD I CONTACT TO ANSWER ADDITIONAL QUESTIONS?

For additional information or guidance, please contact us at:

Technology Partnerships Canada
Jean Edmonds North Tower
300 Slater Street, 10th Floor
Ottawa ON K1A 0C8

Tel.: Outside the Ottawa area: 1-800-266-7531
Ottawa area (613) 954-0870

Fax: (613) 954-9117

E-mail: tpc@ic.gc.ca

Web site: English: <http://tpc.ic.gc.ca>
French: <http://ptc.ic.gc.ca>

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