



Investments in Forest Industry Transformation (IFIT)

APPLICANT GUIDEBOOK 2023



STREAM 1 – CAPITAL INVESTMENT PROJECTS

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Table of Contents

1. INTRODUCTION	2
1.1. What’s New.....	2
1.1.1. Expansion of Eligible Projects	2
1.1.2. Expansion of Targeted Innovation Categories.....	2
1.1.3. Updated Application Process	3
2. PROGRAM OVERVIEW	3
2.1. Background and Objectives.....	3
2.2. Program Duration	4
2.3. Funding Streams	4
2.4. Program Eligibility.....	4
2.5. Funding Rules.....	6
3. APPLICATION PROCESS	9
3.1. Expression of Interest (EOI).....	10
3.2. Full Project Proposal (FPP)	10
3.3. Summary of Application Process	13
4. APPLICATION EVALUATION	15
4.1. Mandatory Criteria	15
4.2. Rated Criteria	15
5. DUE DILIGENCE ASSESSMENT	18
6. DIVERSITY, EQUITY, AND INCLUSION MEASURES	19
6.1. Diversity, Equity, and Inclusion (DEI) Plan.....	19
6.2. Diversity, Equity, and Inclusion (DEI) Questionnaire.....	20
7. ADDITIONAL INFORMATION FOR RECIPIENTS	21
7.1. Contribution Agreement.....	21
7.2. Basis and Timing of Payments.....	22
7.3. Impact Assessment Considerations.....	22
7.4. Duty to Consult.....	23
7.5. Confidentiality and Security of Information	24
7.6. Tax Treatment.....	24
7.7. Audit Rights	24
7.8. Intellectual Property.....	25
8. PROGRAM CONTACT	25

1. INTRODUCTION

This guidebook was developed to assist applicants in their submissions to Natural Resources Canada's (NRCan) Investments in Forest Industry Transformation (IFIT) program. It provides guidance on the type of information to be included in the Expression of Interest (EOI) and the Full Project Proposal (FPP) application forms. It also explains how the IFIT program will review EOIs and FPPs in a consistent, fair, and transparent manner and how the program will communicate with applicants at different stages of the process.

Applicants are advised to read this guidebook prior to completing the application forms to gain a better understanding of the IFIT program and its assessment and selection processes. Applicants with additional questions are encouraged to visit the [IFIT program website](#) or contact the program as per the information found in *Section 8 – Program Contact*. Timing of intake windows and any program updates will be made available on the program website.

1.1. WHAT'S NEW

The IFIT program launched its last call for proposals in 2021. Since that time, the program has introduced three new elements: an expansion to eligible projects, new targeted innovation categories, and an updated application process.

1.1.1. EXPANSION OF ELIGIBLE PROJECTS

Two aspects of project eligibility have expanded to support advancing innovation in the forest sector. First, projects must now be primarily based on wood fibre OR integrated within industrial processes in the forest sector. This will allow additional projects to apply for IFIT funding while ensuring that benefits are retained within the sector. Secondly, projects that demonstrate early adoption of technologies that require further de-risking in a range of conditions before widespread implementation are now eligible. By supporting early adoption, the program aims to accelerate the sector's transformation by supporting innovative advances that still carry substantial investment, technology, or market risk.

1.1.2. EXPANSION OF TARGETED INNOVATION CATEGORIES

Two new categories have been added to the Targeted Innovation Categories compared to IFIT's previous call for proposals.

The new categories are as follows:

- Process Efficiency and Decarbonization
- Improved Fibre Utilization

The inclusion of these new categories allows for a greater range of projects eligible for IFIT funding while supporting objectives under Canada's Emission Reduction Plan and the National Adaptation Strategy.

1.1.3. UPDATED APPLICATION PROCESS

The project application process has been broken into two phases:

1. An EOI phase - open to all eligible applicants
2. An FPP phase - by invitation only

The introduction of an EOI will allow IFIT to validate the project alignment with the program's eligibility criteria and provide feedback to applicants prior to the FPP phase.

2. PROGRAM OVERVIEW

2.1. BACKGROUND AND OBJECTIVES

Since 2010, the IFIT program, delivered by NRCan, has supported its recipients in de-risking the implementation of innovation in the Canadian forest sector. The program accelerates the adoption and diffusion of innovation in the forest sector by bridging the gap between the development and commercialization of innovative products and processes. Overall, the program aims to create a more competitive and sustainable forest sector, with a focus on low-carbon projects that result in new or diversified revenue streams.

The IFIT program has supported the forest sector and the communities that depend on it by promoting advancement and transformation of the industry. It has helped diversify markets, increase competitiveness, and bolster economic sustainability. It has also improved the environmental performance of the sector by supporting projects that produce renewable energy, provide potential alternatives to single-use plastics, and lead to the production of next generation building products that contribute to greening construction across Canada.

Expected outcomes of the program include:

- improved environmental, social, and economic sustainability of the forest sector;
- development of innovative products and processes within the forest sector; and
- engagement of Canada's forest stakeholders in implementing projects.

2.2. PROGRAM DURATION

IFIT program funding will be available to recipients until March 31, 2026. All IFIT eligible expenditures must be incurred on or before March 31, 2026. However, completion of physical work paid for by the applicant or the applicant's partner(s) may extend past the program's end date, up to March 31, 2028, to allow recipients to complete project work.

2.3. FUNDING STREAMS

The IFIT program provides support to industry through two funding streams:

- **Stream 1: Capital Investment Projects:** transformative projects by forest sector firms to diversify product streams, promote responsible resource use, and improve environmental performance.
- **Stream 2: Studies:** studies by forest sector firms or industry accelerators that aim to advance key topics for innovation with widespread sharing of results.

For full information regarding Stream 2, please see the *Applicant Guidebook Stream 2 – Studies*.

2.4 PROGRAM ELIGIBILITY

2.4.1. Eligible Recipients

Recipients under the Capital Investment Project Stream must be for-profit companies located in Canada. They must either produce forest products in an existing forest product facility (for example, pulp, paper, or solid/engineered wood products facility) OR are/will be new entrants in the forest sector for the purpose of the project. This includes clusters, joint ventures, and consortiums, provided that a for-profit company acts as the lead applicant.

For clusters, joint ventures, and consortiums, a for-profit organization must be designated as the recipient of IFIT program funding. This organization will become the legal signatory for the funding agreement and will be responsible for managing the project and reporting on results.

2.4.2. Eligible Projects

Eligible Capital Investment projects (Stream 1) must meet all the following criteria:

- be primarily based on wood fibre OR integrated within new or existing industrial processes in the forest sector;
- represent an innovative advancement of a technology or process improvement to ensure the competitiveness of operations in Canada's forest sector; and

- demonstrate a first-in-kind innovation or an early adoption of technology that requires further de-risking in a range of conditions before widespread implementation.

Early adoption refers to the implementation of a process or technology before widespread adoption. It is likely to result in higher costs than what later adopters will pay.

IFIT has expanded from supporting only first-in-kind innovation to also supporting early adoption of innovative technologies. As such, the proposed project must be either the first installation at the proposed scale and specifications OR must install recently developed technology under unproven conditions. Examples of unproven conditions may include installation in a new region with differing power supplies, regulations, or logistical constraints. It may also include utilizing a different species of wood fibre and significantly adapting processes to distinct operating parameters.

2.4.3. Targeted Innovation Categories

The IFIT program will focus on targeted innovation categories to align with current Government of Canada regulatory and policy drivers.

The categories are as follows:

- **Advanced Biomaterials and Biochemicals:** Advanced materials and high value chemical applications derived from wood components (i.e., lignin, cellulose, and hemicellulose).
- **Pulp and Paper Diversification:** Projects that lead to innovative products that significantly diversify revenue streams in an existing pulp and paper facility or lead to innovative products derived from pulp in a stand-alone facility.
- **Next Generation Building Products:** Innovative structural and architectural applications such as advanced wood-based building systems/products that displace traditional building materials such as concrete, steel, and fossil-based insulation materials.
- **Advanced Biofuels:** wood fibre derived biofuels from thermochemical or biochemical processes in liquid, gaseous and solid form.
- **Process Efficiency and Decarbonization:** Projects leading to reduced energy consumption, greenhouse gas (GHG) emission reductions, or process improvements. Please note that projects advancing BioEnergy with Carbon Capture and Storage (BECCS) are eligible within this category. BECCS has been identified as an area with special considerations within the context of the IFIT program. Applicants proposing work on this topic are asked to contact the program for additional guidance prior to completing application materials.

- **Improved Fibre Utilization:** Projects that increase the use of harvest residuals, pest/fire damaged wood, reclaimed/recycled wood fibre, and other sources of underutilized wood fibre, resulting in the value generated from the harvest wood.

Some projects may fall within more than one category. Applicants are advised to select the category most reflective of the primary objective of the project. Projects that do not fall within the above categories will not be eligible under this solicitation process.

2.5 FUNDING RULES

2.5.1. Amount Payable

The maximum amount payable by the IFIT program to a recipient will be **50% of the total cost** of a capital project. The maximum IFIT contribution to any project over the course of the program is \$10 million.

For projects selected for funding, it is possible that the applicant may not receive the full amount requested. The amount of funding contributed to each project will be based on the number of successful projects, the results of the proposal evaluation, and the funding envelope available in any given year. The determination of the amount of the contribution will also consider the documentation, financial plan (including sources and amount of funding from other funders), a risk-based due diligence assessment, and other documents provided through the application process.

2.5.2. Stacking Provisions

Prior to signing a contribution agreement (a legal document that will lay out the conditions surrounding the transfer of funds from the Government of Canada to the recipient), recipients will be required to disclose all expected sources of funding applicable to the proposed project. This includes contributions from other federal, provincial/territorial, and municipal governments, as well as private sector sources.

As a means of verification, the recipient will be required to disclose all sources of funding again upon completion of a project.

Total government assistance (federal, provincial/territorial, and municipal) will not exceed 100% of the total eligible project cost. Funding exceeding the stacking limit will be subject to recovery.

2.5.3. Eligible Expenditures

For funding under the IFIT program, eligible expenditures (as listed below) can only be incurred on or after the date on which the contribution agreement is signed by both parties. Costs are considered incurred when they are owing and due to the goods/service provider.

Any costs associated with the production or exports of softwood lumber products are ineligible under this program.

Eligible costs for an approved project under this program must be directly related to, and necessary for, the implementation and conduct of a project and will include:

- cost of salaries and benefits;
- overhead expenditures provided they are directly related and essential to the conduct of the project, up to 1.5% of eligible expenditures;
- professional and technical services, such as, but not limited to research, consulting, engineering, trades, and laboratory services;
- travel expenses, including transportation, accommodation, and meals (based on National Joint Council rates);
- training;
- publication, printing, and other media services;
- data collection services, including processing, analysis, and management;
- licence fees and permits;
- capital expenses;
- retrofitting and upgrading of existing capital;
- material and supplies;
- meeting hospitality and space rental;
- costs associated with environmental assessments; and
- technical audits associated with project activities.

To help applicants determine eligible project expenditures, the following definitions have been provided. Not all eligible expenditures have been defined below. Applicants can contact the program for further clarification if necessary.

Cost of Salaries and Benefits	Salaries include wages for all personnel with direct involvement in the project, such as engineers, construction staff and technical advisers. All eligible personnel must be employees on the proponent's payroll. Payments such as shares, stock, stock options,
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	<p>etc., are not eligible. The amount invoiced shall be actual gross pay for the work performed and shall include no markup for profit, selling, administration, or financing.</p> <p>The eligible payroll cost is the employee's gross pay (normal periodic remuneration before deductions). Normal periodic remuneration rates are the regular pay rates for the period excluding premiums paid for overtime or shift work. The payroll rate does not include any reimbursement or benefit conferred in lieu of salaries or wages. When hourly rates are being charged for salaried personnel, the hourly rates shall be the periodic remuneration (annual, monthly, weekly, etc.) divided by the total paid hours in the period, including holidays, vacation, and paid sick days.</p> <p>Labour claims must be supported by suitable documentation, such as time sheets and records, and be held for verification at the time of audits. Management personnel are required to maintain appropriate records of the time devoted to the project.</p> <p>Benefits are defined as a reasonable prorated share of expenses associated with the direct labour cost, such as the employer's portion of the Canada Pension Plan, Quebec Pension Plan and employment insurance, employee benefits (such as health plan and insurance, workers' compensation, sick leave, and vacation), and any other employer paid payroll-related expenses. Items with no relationship to the project or that have been charged on an indirect basis are non-eligible. The determination of the fringe benefit amount shall be in accordance with Generally Accepted Accounting Principles (GAAP). In general, the fringe benefit rate provided in the project estimate shall be computed once during the life of the project and agreed on prior to the signing of the agreement. If retroactive adjustments are made, they must be indicated on claims for progress payments for NRCan approval.</p>
<p>Professional and Technical Services</p>	<p>Professional services are defined as costs for the purchase of additional support required for the completion of the project. These costs can cover the following types of services: scientific, technical, and management activities; contracting; engineering; construction; installation, testing and commissioning of equipment; data collection; and logistics. The amount eligible for a sub-contractor or a consultant shall be the actual contract amount.</p>
<p>Travel Expenses</p>	<p>Reasonable travel and accommodation costs will be reimbursed for</p>

	activities directly related to the realization of the project. Unless stated otherwise in the contribution agreement between NRCan and the applicant, Treasury Board meal rates (https://www.nic-cnm.gc.ca/directive/d10/v238/s659/en) that are in effect at the time of signing the contribution agreement shall be used in reimbursing the cost of meals for activities directly related to the realization of the project.
Capital Expenses	These expenses include equipment acquired or constructed exclusively for the project, including informatics hardware and software. To be eligible, equipment must be identified in the project cost estimate and approved by the IFIT program. Equipment shall be charged to the project at the net price after deducting all trade discounts and rebates.
Materials and Supplies	Products include those consumed in carrying out the project. Products purchased solely for the project or issued from the applicant's inventory are eligible. All products shall be charged to the project at the net price after deducting all trade discounts and rebates. Surplus products shall be credited to the project at the original purchase price.

3. APPLICATION PROCESS

The project solicitation process is broken down into two phases:

1. An EOI phase - open to all eligible applicants
2. An FPP phase - by invitation only

Applicants are advised to consult the program's website for details on key dates related to the intake process. Submission of an EOI or FPP does not guarantee applicants will receive funding under the program. Any approvals under this process will be conditional upon the negotiation and execution of a contribution agreement.

Until a written contribution agreement is signed by both parties, no commitment or obligation exists on the part of the IFIT program to make a financial contribution to any project.

3.1. EXPRESSION OF INTEREST (EOI)

The Expression of Interest (EOI) process is intended for two main purposes:

1. To assess project alignment with all program eligibility criteria.
2. As a means for the IFIT program to provide basic feedback to applicants on eligibility prior to the FPP phase.

To apply to the IFIT Capital Investment Stream, applicants must complete and submit an EOI via NRCan's [Online Submission Portal](#) within the application intake windows. The EOI will also be made available on the IFIT website for download to allow applicants to review questions and formulate responses prior to accessing the online portal.

EOIs will be reviewed by the IFIT program to ensure projects meet all eligibility criteria as demonstrated through alignment with:

- program timing (i.e., the project will be completed within the Program Duration as described in *Section 2.2*);
- the eligible recipient definition (*Section 2.4.1*);
- the eligible project requirements (*Section 2.4.2*);
- the program's targeted innovation categories (*Section 2.4.3*);
- the mandatory criteria (*Section 4.1*).

Applicants will be notified of the assessment outcome with three possible results:

- The project will be invited to the FPP phase where strong program alignment is demonstrated.
- The project will be declined from further consideration if it fails to demonstrate program eligibility.
- Where alignment with program eligibility remains unclear, projects may be asked to provide additional information or to reapply in a future intake window.

Applicants are advised to consult the program website for details on key dates related to the intake process. However, please note that the final EOI intake window will close on June 30, 2024. Any submissions received after this date will not be eligible for funding under the current iteration of the IFIT program.

No modifications to submitted EOIs will be accepted after the closing date and time, unless specifically requested by the IFIT program.

3.2. FULL PROJECT PROPOSAL (FPP)

The FPP phase is by invitation only. Projects that were not successful in the EOI phase will not be invited to submit an FPP. FPPs must be consistent in overall scope to the successful EOI and accept that minor changes to project tasks and timing may occur.

Applicants who are invited to the FPP phase will be notified by the IFIT program via email and will receive instructions regarding FPP timelines and submission requirements.

The FPP will be used by the program as the basis to select projects for funding. Projects will be evaluated based on mandatory and rated criteria (see details in *Section 4 – Application Evaluation*) and shortlisted based on recommendations from an interdisciplinary evaluation panel. Shortlisted projects will move on to the due diligence step as outlined in *Section 5 – Due Diligence Assessment*.

Once an FPP is submitted, the IFIT program reserves the right to share the information provided by applicants in the sections that are clearly marked for public disclosure. All other information will be considered confidential. The IFIT program aims to safeguard the confidential information provided as part of the application process. Please see *Section 7.5 – Confidentiality and Security of Information* for more information.

As part of the FPP, applicants must submit the following information through NRCan's Online Submission Portal.

1) FPP and annexes	The FPP and accompanying annexes must be completed in full through NRCan's Online Submission Portal.
2) Business plan	For commercial scale projects, a complete and credible business plan will include financial indicators, financial forecasting, project goals, anticipated issues and solutions, and market considerations. For projects at a demonstration scale, it is understood that not all the above will be fully developed and the applicant may choose to focus on the strategic gap the project aims to close.
3) Organizational chart	Applicants should include an organizational chart showing their corporate structure with ownership information.
4) Project schedule (Gantt chart or equivalent)	The project schedule should identify project milestones and deliverables, go/no-go decision points, and major milestones that form the critical path (such as environmental or construction permits, or procurement lead times for critical equipment).
5) Process flow diagram	This diagram should indicate the general flow of the proposed processes and equipment. This is not meant as a detailed diagram but should allow the IFIT program to understand the

IFIT APPLICANT GUIDEBOOK—STREAM 1: CAPITAL INVESTMENT PROJECTS

	integration of proposed key equipment or the integration of a new process. It is recommended that new elements be identified as such when integrated in an existing process flow.
6) +/- 20% cost estimate	The IFIT program expects that project costs be estimated within the range of approximately +/- 20% accuracy at the time of application.
7) Diversity, Equity, and Inclusion Plan	A Diversity, Equity, and Inclusion Plan (a template will be provided for reference) should describe the recipient's approach to improving gender balance and increasing diversity within their Canadian corporate structures and supply chains in Canada.
8) Preliminary engineering study (or equivalent)	The preliminary engineering study should enable the IFIT program to understand the overall project configuration and key construction parameters. The level of detail should reflect the complexity of the proposed project and include all information that would enable the applicant to obtain third party funding, corporate approvals or apply for permits.
9) Site layout	This includes an overview of the proposed new facility or how the project will tie into an existing facility.

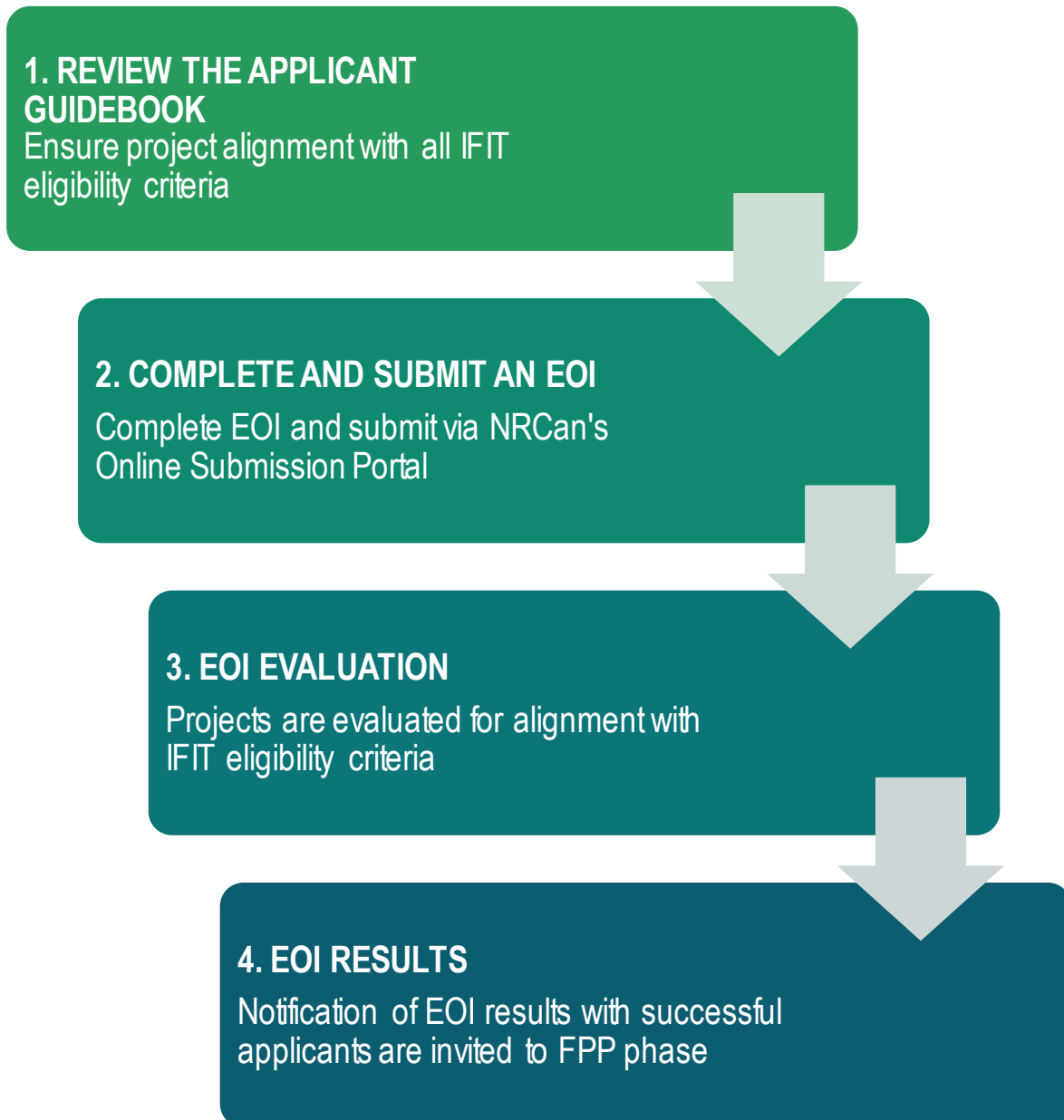
The following documents are not mandatory but should be considered for inclusion if applicable for the proposed project.

10) Results from studies or trials	Applicants should include any studies or trials that validate the proposed technology, product, or application with a representative feedstock at a representative scale. Third-party validated results, if available, should be included with the application.
11) Letters of support	Any letters that confirm the validity of the project should be included in the application. This includes, but is not limited to, partnership agreements (including confirmation of funding), offtake agreements, confirmation of community support and letters that support the technical viability of the project.

Any additional documents that applicants wish to include in their submission that are not listed above will require justification for inclusion and must be referenced within the application form.

3.3. SUMMARY OF APPLICATION PROCESS

Phase 1: Expression of Interest (EOI)



Phase 2: Full Project Proposal (FPP)

5. REVIEW THE APPLICANT GUIDEBOOK AND FPP FORM

Applicants receive the FPP package directly from the program

6. COMPLETE AND SUBMIT A FPP

Complete all FPP materials including supporting documentation and submit via NRCan's Online Submission Portal

7. FPP EVALUATION

Proposals reviewed by an interdisciplinary committee of experts

8. PROJECT SELECTION

Notification of FPP results. Shortlisted projects move to the due diligence phase

4. APPLICATION EVALUATION

4.1. MANDATORY CRITERIA

To be eligible for funding under the IFIT program, projects must meet all mandatory criteria. The responsibility lies with the applicant to demonstrate that the project clearly meets each mandatory criterion. Failure to clearly demonstrate that the project meets every mandatory criterion may result in the project being eliminated from consideration for funding.

1. **Recipient Eligibility:** Eligible recipients under IFIT's Stream 1: Capital Investment Projects are for-profit companies located in Canada. They must either produce forest products in an existing forest product facility (for example, pulp, paper or solid/engineered wood products facility) OR are/will be new entrants in the forest sector for the purpose of the project. This includes clusters, joint ventures, and consortiums, provided that a for-profit acts as the lead applicant.
2. **Advancement of an Innovation:** The proposed project must constitute a technological advancement or a process improvement in the Canadian forest sector. The project should be the first installation, at the proposed scale and specifications, or an early adoption of technology that requires further de-risking before widespread implementation. Once implemented, projects will showcase innovative sustainable processes or advance the development of forest bioproducts. Projects must be at demonstration or commercial scale, with preference given to projects nearest to commercial scale in Canada's forest sector.
3. **Based on Wood Fibre or Integration within the Forest Sector Supply Chain:** The proposed project must use material that is derived from wood fibre. This includes, but is not limited to, by-products generated by industrial wood processing and wood residues.

OR

The project must be connected to an existing forest sector industrial process OR a stand-alone project within the supply chain (for example, production of an innovative new product at a designated facility).

4.2. RATED CRITERIA

Projects that clearly meet each of the mandatory criteria will then be evaluated against the program's rated criteria as outlined below. Proposals must meet or exceed the minimum threshold to be considered for funding.

1. **Technical Feasibility:** This criterion requires applicants to substantiate the claims that the project can be executed as planned and generate the desired outcomes.

This includes process implementation, expected performance, and how quality expectations will be achieved. Preference will be given to projects that meet standards, possess technological risk mitigation strategies, and have a technical team with experience in project implementation.

2. **Innovation:** Projects will be evaluated based on their ability to demonstrate greater innovation. Replicability of projects in other facilities within the sector will also be considered.

This criterion requires applicants to demonstrate the level of innovation of their project. Projects implementing technology for the first time in the forest sector or being adapted for the first time from other industrial sectors will be preferred over technologies that are already operational in the forest industry. As the IFIT program aims to support the commercialization of innovative technology, preference will be given to projects involving commercial scale technology designed to produce a marketable quantity of a product rather than demonstration scale technology. Projects demonstrating a higher level of Canadian innovation, where the intellectual property or intelligence of the technology originates in Canada, will also be given greater consideration.

3. **Partnerships:** Preference will be given to projects involving Indigenous partnerships and strategic partnerships with companies, ideally from industrial sectors not traditionally associated with forest sector projects (such as the plastics, chemical, or energy sectors). These companies would ideally be directly involved, have an active/engaged role, and have a stake in the success of the proposed project. Preference will also be given projects demonstrating a high proportion of total project costs leveraged from industry partners and/or other government programs and those with confirmed partnerships.
4. **Business Plan:** Preference will be given to projects with a strong financial analysis, as well as credible and complete business plans. For projects at the commercial scale, priority will be given to projects with stronger financial prospects based on key economic indicators (such as return on investment, return on capital equity, earnings before interest, taxes and amortization, etc.).

All project proposals, regardless of the amount of funding requested, are required to submit the Financial Analysis Workbook (Annex to the IFIT program's Project Proposal form).

Preference will be given to proposals with a complete and credible business plan including financial indicators, financial forecasting, ability to mitigate risk, knowledge and accessibility of the market, and the project team's experience in completing projects on budget and schedule.

5. **Fibre Supply:** Understanding that not all projects will include a fibre component, preference will be given to projects that consume fibre from underutilized sources, use waste streams produced by the industrial processing of wood fibre, and do not divert fibre from existing higher value uses. Preference will also be given to proposals that have a positive impact on the local fibre supply chain, including at product end of life.

Proposals should clearly demonstrate how they will access the fibre required to implement and operate the project. For example, a secure long-term supply mechanism/strategy. Applicants should outline the impacts of the project on the fibre supply chain and address any fibre restrictions or opportunities in their local region.

6. **Timing/Project Readiness:** Preference will be given to applicants who propose the most credible and defensible project schedule information that can be substantially completed within the IFIT program funding window.
7. **Value for Investment:** The maximum amount payable by the program to a recipient is 50% of total project costs up to the maximum of \$10 million. However, preference will be given to projects where requested IFIT funds are of a lower proportion (i.e., below 50% of total project costs). Projects can receive other sources of funding, provided total government assistance doesn't exceed the limits outlined in *Section 2.5.2 – Stacking Provisions*.
8. **Diversity, Equity, and Inclusion:** Preference will be given to projects that demonstrate a strong approach to improving diversity and inclusion within their Canadian corporate structures through the contents of their Diversity, Equity, and Inclusion Plan.
9. **Benefits to Canadians:** Applicants are asked to provide information on the project's environmental, societal, and economic benefits; advantages for local communities; and strategic contribution to the transformation of the Canadian forest sector. The IFIT program encourages applicants to describe direct benefits resulting from the project, as well as any spillover benefits.

The IFIT program will notify all applicants of their status in the selection process once a shortlist of highly ranked projects has been compiled. Shortlisted Capital Investment Project proposals will move through to the IFIT program's due diligence analysis. Applicants must be successful in this due diligence stage to be given funding consideration.

5. DUE DILIGENCE ASSESSMENT

Project applications will undergo a due diligence assessment to evaluate the capacity and experience of the applicant to implement the proposed project. Shortlisted applicants will be asked to provide additional information regarding their managerial and technical capability, financial situation, project risks and mitigation strategies, and an updated work plan.

If all criteria for funding are met, a contribution agreement will be negotiated between the applicant and NRCan. This due diligence step is mandatory to be considered for funding.

Shortlisted applicants will be asked to provide key documentation, including but not limited to:

- **Financial information** that may be assessed by an independent third-party institution to complete a financial risk assessment on behalf of the IFIT program at the expense of the IFIT program. The financial risk assessment will evaluate the overall financial viability of the project, the applicant firm, and any significant financial partners of the project.
- **Completed IFIT risk assessment questionnaire** that will be used to support a technical due diligence assessment. The questionnaire covers technical, market, organizational, and environmental risks associated with the project and the applicant's plan to mitigate risks. This includes prior experience managing similar risks.
- **Summary of permits/approvals** required in relation to the project. This outline includes details on the regulatory framework for the project, a summary of the permits/approvals required in relation to the project, a status and timeline to obtain these documents, and an explanation of how any delays in obtaining these documents may impact the overall project execution.
- **Detailed work plan and expected results.** The proposed work plan must fully describe how the applicant will achieve the project objectives. It must provide a clear description of all activities to be conducted over the duration of the project. If selected for funding, the work plan will form the basis for funding negotiations, during which revisions or updates may be required to establish the Description of Work for the contribution agreement. The work plan will contain at least the following information:
 - A paragraph describing each specific task to be completed to meet the project's objectives (for example, detailed engineering, equipment procurement, etc.). Tasks should be broken down into a collection of activities that describe the work required to complete the task.

- Key milestones demonstrating project progress toward completion, including the time range to achieve each milestone.
- The general approach to execute the project (for example, in-house personnel, contractors, or vendors).
- A list of key performance indicators used to track project success.
- Project go/no-go decision points in appropriate sections of the work plan. The applicant should provide the specific criteria to be used to make the go/no-go decision.
- **Update on project costs and budget.** Applicants will be asked to provide an updated budget, confirmation of corporate approval to proceed with the project, and confirmation of sources of funds to complete the project.

The IFIT program will contact applicants advancing to the shortlist to provide specific instructions and templates relating to due diligence requirements.

Failure to submit any information supporting the shortlist project analysis in a timely fashion may result in elimination from the application process.

The results of the due diligence will be used as the final decision point for financial support of projects. The IFIT program will contact applicants once the final funding decisions have been made. Program officials will then work with successful applicants to negotiate contribution agreements.

6. DIVERSITY, EQUITY, AND INCLUSION MEASURES

NRCan recognizes how the contributions of a diverse and inclusive workforce enhance the resilience and competitiveness of Canada's forest sector. To gain a better understanding of diversity, equity, and inclusion (DEI) within the forest industry, IFIT will collect DEI Plans and Questionnaires. For the total project duration and two years after project completion, recipients will be required to update both documents. They will also need to submit the results of the plan implementation on an annual basis (see details in *Section 7.1 – Contribution Agreement*).

6.1. DIVERSITY, EQUITY, AND INCLUSION (DEI) PLAN

Applicants are required to provide a DEI Plan as part of their FPP package. This plan will be assessed as part of the rated criteria in the application evaluation.

The DEI Plan should describe the recipient's approach to improving gender balance and increasing diversity within their Canadian corporate structures and supply chains in Canada. Examples could include efforts to increase the proportion of designated groups as defined in the *Employment Equity Act* (for example, women, Indigenous peoples, persons with disabilities, and visible minorities) in the construction and operation phases of the project or selecting suppliers that have gender and diversity plans.

The plan may include, but is not limited to:

- internal policies related to discrimination or harassment;
- existing or planned training to educate the organization's workforce on diversity and inclusion;
- statistics on the proportion of designated groups employed at all levels of their firm in Canada;
- approaches for factoring gender and diversity into its supplier selection methods in Canada;
- funding advocacy groups or promotional activities that promote workforce diversity;
- conducting research or studies to better understand barriers and identify solutions that support workplace diversity and inclusion; and
- strategies to increase workforce diversity in the composition of the board of directors, board sub-committees, and at senior management level.

A DEI Plan template will be provided for reference. However, applicants are permitted to submit a plan in the format of their choice.

Details of the DEI Plan will not be disseminated unless otherwise specified by the applicant.

6.2. DIVERSITY, EQUITY, AND INCLUSION (DEI) QUESTIONNAIRE

If selected for funding consideration, applicants will also be asked to complete and submit a DEI Questionnaire. This condition must be met to become an IFIT funding recipient.

All information collected regarding diversity and inclusion will be treated confidentially. Employees of NRCan will have access to data collected by the DEI Questionnaire. This information will not be available outside of the department. Questionnaire results will be kept confidential and NRCan will never identify an organization's name in reporting of any kind. When questionnaire results are reported, they will always be aggregated (individual questionnaire results are combined and presented as a group).

To ensure that personal information is not discernible, the questionnaire will not be mandatory for companies with fewer than ten (10) employees.

7. ADDITIONAL INFORMATION FOR RECIPIENTS

This section contains information that will be relevant only to applicants who are selected to receive IFIT program funding.

7.1. CONTRIBUTION AGREEMENT

Following project approval, a contribution agreement will be signed by the successful applicant and NRCan. The applicant will then become a funding recipient and will be required to meet the obligations as outlined in the agreement. Until a contribution agreement is duly executed by the parties, no obligation exists on the part of NRCan to contribute funding to a project.

The IFIT program requires reporting both during project execution and after the project is complete. Full details of reporting will be laid out in the contribution agreement. However, recipients can expect the following:

1. Quarterly reports during the project execution stage. These will include:
 - financial information for the project including cash flows, equipment purchases, and overhead descriptions;
 - a progress report to describe activities undertaken to meet project objectives; and
 - an updated DEI Questionnaire for the last quarterly report of each fiscal year.
2. A final report once the project activities have been completed. This will include:
 - a financial component to describe how IFIT funds have been spent;
 - a narrative report that describes project activities, benefits, diversity, equity, and inclusion measures, and the achievement of key performance indicators; and
 - an updated DEI Plan and Questionnaire.
3. Semi-annual reports for two years following project completion. These will include:
 - project results and benefits; and
 - an updated DEI Plan and Questionnaire for the second report of each fiscal year.

7.2. BASIS AND TIMING OF PAYMENTS

The Government of Canada's fiscal year is the period beginning on April 1 of any year and ending on March 31 the following year. Multi-year agreements will establish a funding amount per fiscal year adding up to the total contribution under the agreement.

Details will be provided within each contribution agreement regarding the documentation that is required when submitting a claim for payment. The contribution agreement will also stipulate the start date and end date of eligible costs for each project.

Payments may be made based on receipt and approval of financial reports signed by the recipients' Chief Financial Officer (or duly authorized officer) outlining actual eligible costs incurred for the project. Payments will typically be made on a quarterly basis.

For agreements signed in the first year of the program (April 1, 2023 to March 31, 2024), IFIT may accommodate retroactive reimbursement of eligible expenditures incurred from April 1, 2023, to the date of execution of the contribution agreement with NRCan, where it is deemed appropriate to ensure the success of the project. Retroactive expenditures will be limited to 50% of NRCan's contribution.

For agreements signed after March 31, 2024, IFIT will not reimburse any project costs incurred by the recipient before an agreement is signed.

Advance payments may be permitted, where requested by the proponent, and based on an assessment of their need, risk levels, and cash-flow requirements.

Final payment will not be made until all agreed-upon project activities outlined in the Description of Work included in the contribution agreement have been completed by a recipient and are deemed acceptable by the IFIT program. To ensure appropriate project oversight, a reasonable holdback may be applied and released once all conditions of the contribution agreement have been met.

7.3. IMPACT ASSESSMENT CONSIDERATIONS

The *Impact Assessment Act* and its regulations establish the legislative basis for the federal practice of impact assessment in most regions of Canada. Projects in Canada's north are assessed under separate legislation, depending on the region in which the proposed project will occur.

Under the Act, an impact assessment (potential environmental, health, social and economic impacts of proposed projects, including benefits) may be required for Designated Projects. A Designated Project includes one or more physical activities that

are listed in the Physical Activities Regulations (commonly known as the Project List), as well as any physical activity incidental for the listed physical activities. If you are unclear as to whether your project and its physical activities are captured under the Physical Activities Regulations, please contact the Impact Assessment Agency of Canada.

Projects not on the Designated Project List may require a federal impact assessment if they occur on federal lands or outside of Canada, involve a physical activity related to physical work, and involve NRCan funding. Additional information on Impact Assessment for projects on federal lands or outside of Canada can be found in sections 82 through 91 of the *Impact Assessment Act*. Applicants are not required to submit any additional information regarding Impact Assessment at the application stage. In cases where the *Impact Assessment Act* might apply to a proposed project, the IFIT program will work with project applicants to assess the requirements specific to their project.

7.4. DUTY TO CONSULT

The Supreme Court of Canada affirmed that the Government of Canada has a legal duty to consult with Indigenous groups and, where appropriate, to accommodate when a contemplated Crown conduct may have adverse impact on existing or potential Aboriginal or treaty rights. This is true whether those Aboriginal rights have been established (proven in court or agreed to in treaties) or whether there is potential for rights to exist.

The duty to consult is an important part of the federal government's activities, including regulatory project approvals and provision of funding, licensing and authorization of permits, operational decisions, policy development, negotiations, and more. Federal departments and agencies are responsible for understanding how and when their activities could have an adverse impact on Aboriginal and treaty rights. Consultation should occur prior to any action by the federal government.

For each project proposal that advances to the shortlist, IFIT program officers will review applications to determine if the proposed project is likely to result in an adverse impact on established, claimed or potential Aboriginal or treaty rights. Where appropriate, a meaningful and adequate consultation process, commensurate with the severity of adverse impact and the strength of the claims, will be undertaken.

Proponent consultation with Indigenous groups is not required under the IFIT program as part of the application process. However, applicants are encouraged to report if they have already conducted consultation or engagement activities in relation to the project proposal, or as part of the applicant's ongoing operations/corporate commitments. Applicants are asked to identify the Indigenous groups they have interacted with and describe the type and frequency of activities undertaken.

7.5. CONFIDENTIALITY AND SECURITY OF INFORMATION

The *Access to Information Act* (the “Act”) governs the protection and disclosure of information, confidential or otherwise, supplied to a federal government institution.

Paragraph 20(1) (b) of the Act states that:

a government institution [such as Natural Resources Canada] shall refuse to disclose any record requested under the Act that contains financial, commercial, scientific or technical information that is confidential information supplied to a government institution by a third party and is treated consistently in a confidential manner by the third party.

Paragraph 20(1) (b) of the Act sets out two mandatory criteria to protect the confidential information supplied by an applicant to NRCan from disclosure. First, the applicant’s documents supplied to NRCan must contain financial, commercial, scientific, or technical information. Second, the applicant must consistently treat such information in a confidential manner. In other words, NRCan will protect the applicant’s confidential information in its possession as much as the applicant protects said confidential information in its own establishment.

For more information on this subject, a careful reading of the entire Section 20 of the *Access to Information Act* is greatly encouraged (<http://lois-laws.justice.gc.ca/eng/acts/A-1/index.html>).

7.6. TAX TREATMENT

All questions concerning the tax treatment of funds received under IFIT should be directed to the Canada Revenue Agency (www.cra-arc.gc.ca).

7.7. AUDIT RIGHTS

Funding recipients will be required to:

- keep proper accounts and records for at least 5 years after the project completion date;
- permit Government of Canada representatives to audit, inspect and make copies of those accounts and records at all reasonable times, up to 5 years after the project completion date;
- grant the Government of Canada’s authorized representatives access to audit and inspect the qualifying project and related facilities;

- furnish the Government of Canada’s authorized representatives with such information as they may reasonably require with reference to the specified documents; and
- promptly refund any overpayments of the contribution disclosed by an audit to NRCan.

7.8. INTELLECTUAL PROPERTY

Any background intellectual property required for the project must vest with the applicant, or the applicant must 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.

8. PROGRAM CONTACT

Applicants are encouraged to consult the IFIT program’s website <http://forest-transformation.nrcan.gc.ca> for updates regarding the timing and availability of funding opportunities.

Enquiries can be sent to the IFIT team at ifit-itif@nrcan-rncan.gc.ca.