



FedDev Ontario Applied Research and Commercialization Initiative Guidelines

Background

The **Applied Research and Commercialization Initiative** is a pilot initiative aimed at addressing the gap between research and commercialization in southern Ontario and encouraging collaboration between small- and medium-sized enterprises (SMEs) and post-secondary institutions.

The Federal Economic Development Agency for Southern Ontario (FedDev Ontario) is delivering the Initiative to address the unique research and innovation challenges faced by SMEs, defined as enterprises with less than 1000 employees, in the region. SMEs often could benefit from:

- Internal research and development (R&D) capacity;
- Critical mass to allow production lines to be taken offline for experimentation of a process or product;
- Working capital; and
- Awareness of how post-secondary institutions can assist them in meeting their R&D and commercialization needs.

To help address these challenges, the Initiative will provide up to \$15 million in funding to eligible post-secondary institutions in southern Ontario to encourage them to create or increase partnerships with SMEs and undertake pre-commercialization applied research, technology development, piloting and/or demonstration activities that will help these SMEs develop innovative products, practices and processes.

Objective

The Initiative aims to encourage greater collaboration and partnerships between post-secondary institutions with applied research development expertise and SMEs with pre-commercialization needs. Its goals are to accelerate innovation and to improve productivity and competitiveness in SMEs located in southern Ontario.

Eligibility

I. Eligible Recipients

Eligible recipients under this initiative will be not-for-profit post-secondary institutions (PSIs) located in southern Ontario that are directly or indirectly authorized by agreement, under the terms of Government of Ontario statutes, to deliver post-secondary courses or programs that lead to recognized and transferable post-secondary credentials. This includes public and not-for-profit private institutions, including Aboriginal-controlled post-secondary institutions.

Under the Initiative, these institutions must be planning to undertake defined pre-commercialization activities (e.g., applied R&D, product testing, etc.) in partnership with SMEs located in southern Ontario

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Southern Ontario is defined by the following 2006 Statistics Canada Census Regions:

1 Stormont, Dundas and Glengarry; 2 Prescott and Russell; 6 Ottawa; 7 Leeds and Grenville; 9 Lanark; 10 Frontenac; 11 Lennox and Addington; 12 Hastings; 13 Prince Edward; 14 Northumberland; 15 Peterborough; 16 Kawartha Lakes; 18 Durham; 19 York; 20 Toronto; 21 Peel; 22 Dufferin; 23 Wellington; 24 Halton; 25 Hamilton; 26 Niagara; 28 Haldimand-Norfolk; 29 Brant; 30 Waterloo; 31 Perth; 32 Oxford; 34 Elgin; 36 Chatham-Kent; 37 Essex; 38 Lambton; 39 Middlesex; 40 Huron; 41 Bruce; 42 Grey; 43 Simcoe; 46 Haliburton; and 47 Renfrew.

A list of the communities that form part of each Census Division is available online at: <http://stds.statcan.gc.ca/sgc-cgt/2006/sgcss-cgtrs1-fin-eng.asp?criteria=35>

II. Ineligible Recipients

Ineligible recipients under this initiative include:

- Federal and provincial government departments, agencies, boards, corporations, and commissions;
- Municipal governments; and
- Private sector businesses and business associations.

III. Eligible Activities

The Initiative will support eligible post-secondary institutions offering services focused on improving innovation, productivity and commercialization to help individual SMEs move innovative products, practices or processes to market. Only incremental project activities are eligible under the Initiative. These activities may include:

- Product and process applied research;
- Engineering design;
- Technology development;
- Product testing;
- Certification;
- Proof of concept;
- Piloting and demonstration; and
- Problem solving.

Approved recipients may use up to 5% of their total Applied Research and Commercialization Initiative contribution for outreach and promotion activities related to engaging potential SME clients.

IV. Eligible Costs

Post-secondary institution direct eligible costs for outreach and promotion of the Initiative may include:

- Labour and operating expenditures
- Materials and supplies
- Consulting and/or professional fees
- Travel and meeting costs

Post-secondary institution direct eligible costs for partnerships with SMEs may include:

- Labour and operating expenditures
- Materials and supplies
- Consulting and/or professional fees
- Travel and meeting costs
- Minor and non-capital acquisitions (e.g., software)

V. Ineligible Costs

Costs that are deemed unreasonable, not incremental, and/or not directly related to the eligible project activities will be ineligible. Administration fees levied by the post-secondary institution and major infrastructure and capital acquisitions such as land, building and related construction are ineligible under the Initiative. Costs incurred prior to the date of approval of the post-secondary institution's Applied Research and Commercialization Initiative proposal are not eligible.

Funding

Under the Initiative, post-secondary institutions will be eligible for a contribution up to a maximum of \$50,000 per project with a collaborating SME. A maximum of one project per SME can be conducted under the Initiative.

Only costs that are reasonable, incremental and relate directly to the eligible activities will be accepted under the Initiative. FedDev Ontario will reimburse up to 100% of the PSIs total eligible costs, constituting two-thirds (66⅔%) of total project costs. SMEs collaborating with post-secondary institutions under the initiative will be expected to contribute a minimum of one-third (33⅓%) of total eligible project costs in the form of cash and/or in-kind contributions to the post-secondary institution performing pre-commercialization activities for the SME.

Contributions will not exceed \$750,000 per eligible southern Ontario post-secondary institution.

Application Process

To apply to the Initiative, post-secondary institutions must:

1. Complete and submit an Applied Research and Commercialization Initiative application, available on the FedDev Ontario website at www.feddevontario.gc.ca, outlining how the proposal meets the eligibility criteria; and
2. (a) Submit a detailed proposal work plan, including activities, timelines, roles and responsibilities as they relate to:
 - i. Conducting outreach to promote the initiative and engage potential SME clientele;
 - ii. Negotiating shared agreements between the post-secondary institution and collaborating SMEs, including provisions related to ownership of intellectual property, confidentiality, roles and responsibilities, and project deliverables;
 - iii. Undertaking defined pre-commercialization activities in keeping with the needs of SMEs;
 - iv. Ensuring accountability for project funds and achievement of performance measures.
- (b) Include a summary of the expected results of the proposal.

Applications for the Initiative must be submitted online by or postmarked no later than June 14, 2010.

Note

- You must answer all questions completely in order for FedDev Ontario to determine your proposal's eligibility.
- Before completing your application, carefully review the Guidelines for the Initiative available at www.feddevontario.gc.ca to ensure your post-secondary institution is an eligible recipient and your proposal activities and objectives fit within the initiative's objectives and criteria.

Application Review

Applications will be evaluated on their ability to meet the following Applied Research and Commercialization Initiative criteria:

- Applicant can demonstrate that it has the scientific, technical, laboratory and/or other expertise and resources required to support potential SME partners;
- The end beneficiaries are SMEs, defined as having less than 1,000 employees, located in defined geographic areas of southern Ontario (see Eligible Recipients);
- Project addresses a gap in SME internal capacity to conduct pre-commercialization activities;
- Project will significantly contribute to the commercialization of sustainable and economically viable practices, processes, or products identified by southern Ontario SMEs; and
- All agreements with SMEs must be established and funding committed to SME projects by March 31, 2011. All project activities must be completed by March 31, 2012.

An applicant's capacity to deliver will also be assessed based on the following:

- Demonstrated outreach strategy to increase or expand SME partnerships;
- Applicant's capacity to undertake pre-commercialization activities needed to support SMEs in southern Ontario;
- Clearly articulated decision-making process for selection of projects to be undertaken with SMEs;
- Accountability mechanisms in place to ensure due diligence in administering public funds and ability to report on performance measures; and
- Identification of person and position responsible for the Initiative delivery.

Priority may be given to post-secondary institutions that do not currently have well developed partnerships with SMEs.

FedDev Ontario will take other government funding into consideration when determining eligibility under this Initiative. Contributions under the Initiative will be conditional upon total government assistance (as defined in the Treasury Board Policy on Transfer Payments) with a stacking of all government funding limited to 100% of eligible costs. In no instances will the total government assistance be allowed to exceed the eligible costs.

All recipients of financial assistance are required to inform FedDev Ontario before the start and at the end of a project of any other government assistance (federal, provincial/territorial or municipal) received or requested for the eligible costs of the project that are described in the contribution

agreement. The contribution agreement also contains a “continuing disclosure” obligation concerning other government assistance and provides for the right of FedDev Ontario to reduce the contribution to the extent of any such assistance or require the recipient to repay the excess to the Crown.

Reporting Requirements

Recipients must submit to FedDev Ontario reports of proposal and SME project expenditures and completion of deliverables, including achievement of performance indicators identified in contribution agreements.

Contact Us

For more information on FedDev Ontario’s Applied Research and Commercialization Initiative, please call 1-866-593-5505 or email info@feddevontario.gc.ca.